nationwide

Annual Report and Accounts 2025

Welcome to our Annual Report and Accounts 2025

For personal use only

Contents

Terms used in this report	
Nationwide/the Group	Nationwide Building Society and all consolidated subsidiaries, including the Virgin Money sub-group
the Society/ Nationwide Building Society	Nationwide Building Society, parent entity of the Group
Nationwide sub-group	Nationwide Building Society and its consolidated subsidiaries, excluding the Virgin Money sub-group
Virgin Money/ Virgin Money sub-group	Virgin Money UK PLC and its consolidated subsidiaries

Accounting reference date and basis of reporting

Following the acquisition of Virgin Money UK PLC, the Society changed its accounting reference date to 31 March. Where reference is made to the 'year' ended 31 March 2025, this represents the 361-day period from 5 April 2024 to 31 March 2025. The 2024 comparatives are presented as at 4 April 2024 and have not been restated to include the Virgin Money results prior to acquisition on 1 October 2024. See note 1 to the financial statements for further information.

Strategic report

- **Ownership model**
  Describes how we create value over the longer term. **Page 5**
- **Virgin Money**
  Our acquisition of Virgin Money and the benefits it will bring to the Society. **Page 7**
- **Our strategy**
  Our delivery against our strategic drivers is set out in the Group Chief Executive Officer review. **Page 10**
- **Risk overview**
  Includes our approach to managing risks and our assessment of our top and emerging risks. **Page 40**
- **Financial review**
  Includes information on financial performance and the main trends and factors which have impacted our financial results. **Page 46**

Banking – but fairer, more rewarding, and for the good of society.

- **Key performance indicators**
  Our performance in the year is shown against our strategic key performance indicators.
  Page 16
- **Our stakeholders**
  Listening and engaging regularly with our stakeholders is fundamental to the way we do business.
  Page 19
- **Our Mutual Good Commitments**
  We remain committed to doing business in a way that positively impacts our customers, employees and communities.
  Page 30

The Strategic report has been approved by the Board of directors and signed on its behalf by:

Deborah A Crosbie

Debbie Crosbie
28 May 2025

What Nationwide has achieved this year

We continued to prioritise customer value and service, including through our Branch Promise[1] and enhancing our digital capability:

Record £2.8 billion in member value, including direct member rewards of £1 billion through the Nationwide Fairer Share Payment and The Big Nationwide Thank You, and £1.8 billion through member financial benefit

Nationwide remained first for customer satisfaction compared to our peer group, for the 13th year running, with a growing lead[2]

This has contributed towards record growth in mortgages and deposits:

Record net lending of £15.5 billion through our Nationwide sub-group. We helped more first time buyers than any other bank or building society in the UK[3]
2024: £2.6 billion

Record deposit growth of £14.0 billion through our Nationwide sub-group
2024: £6.2 billion

Our acquisition of Virgin Money on 1 October 2024 has further strengthened our business:

Gain on acquisition of £2.3 billion, as the fair value of net assets acquired was well in excess of the £2.8 billion acquisition price

Our acquisition led to a step-change in scale in our core markets of mortgages, savings, current accounts and credit cards. It also broadened our product range, through adding a business banking capability

Our significant underlying growth, together with our acquisition of Virgin Money, has led to a strong financial performance:

£1,852 million underlying profit before tax[4]
2024: £2,003 million

£2,302 million statutory profit before tax[4]
2024: £1,776 million

5.2% leverage ratio following our acquisition, above regulatory and internal targets
2024: 6.5%

1 Further information on our branch promise can be found on page 12.
2 Nationwide brand lead as at March 2025: 7.5%pts, March 2024: 5.5%pts. © Ipsos 2025, Financial Research Survey (FRS), for the 12 months ended 31 March 2013 to the 12 months ended 31 March 2025. For more information, see footnote 11 on page 12.
3 Source based on the number of residential first time buyer mortgage completions in the UK by Banking Brand, between April 2024 to March 2025. Provided by CACI Mortgage Market database.
4 The majority of the difference between underlying and statutory profit before tax relates to the day one gain of £2.3 billion recognised on the acquisition of Virgin Money on 1 October 2024, the Nationwide Fairer Share Payment of £385 million distributed in June 2024, and recognition of The Big Nationwide Thank You one-off payment of £615 million. More information can be found on page 48.

For personal use only

We are a modern mutual banking provider

The combination of our scale, mutual model and strong reputation puts us in a unique position in UK financial services. It enables us to prioritise customer experience and value, whilst having a positive impact on wider society and growing our business to bring the benefits of mutuality to more people.

Our purpose

Banking – but fairer, more rewarding, and for the good of society.

As a modern mutual, we aim to improve banking for all, making a positive difference for our members and customers, our communities and society as a whole.

Our business model

As a mutual, the value we create is used to benefit our members as owners – who are customers with a Nationwide-branded current account, mortgage or savings.

We aim to deliver value for our members through our leading service, member-exclusive products and our Nationwide Fairer Share Payments.

We deliver our retail banking products and services to our customers by helping them with:

- **Managing everyday finances** – more than one in nine[1] of the UK's current accounts are held with us.
- **Owning a home** – we are the UK's second[2] largest mortgage provider.
- **Saving for the future** – we are the UK's second[2] largest provider of retail deposits.

We also offer other retail products, including credit cards, personal loans and insurance. And we support landlords, through our buy to let business, The Mortgage Works, and through Virgin Money.

Our acquisition of Virgin Money on 1 October 2024 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. Our business customer portfolio primarily comprises small and medium-sized enterprises (SMEs).

In total, over 60% of our funding comes from our customers, and over 85% of our lending is secured on residential property.

Our strategy

We have four strategic drivers that help us to fulfil our purpose. They are:

- **Simply brilliant experience**
- **More rewarding relationships**
- **Beacon for mutual good**
- **Simplify, integrate and grow**

For more information on:

- Delivery against our strategic drivers, see pages 12 to 15.
- Progress against our key performance indicators for 2024/25, see pages 16 to 18.
- Our Mutual Good Commitments, which measure the positive impact we have on our customers, communities and wider society, see pages 30 to 34.

1 CACI's Current Account and Savings Database, Stock (February 2025).
2 Based on internal analysis of company financial reports.

We are a modern mutual banking provider (continued)

Our stakeholders

- **Members and customers**
- **Colleagues**
- **Communities**
- **Regulators and policymakers**
- **Investors and rating agencies**
- **Suppliers**

As a mutual, we are here to support our customers. This includes our members as owners, who are our primary stakeholders. It also includes a broader set of customers who hold our retail banking products, as well as our buy to let customers and business banking customers, including registered social landlords.

In addition, we have other important stakeholders as listed above, who we engage with and consider in our decision making.

We are committed to maintaining effective communications and building positive relationships with all our stakeholders. More information on our engagement with stakeholders can be found on pages 19 to 29.

What makes us different – our ownership model

As a mutual, our members do not just bank with Nationwide, they own us. Unlike our banking peers, we do not have to pay shareholders dividends. We retain sufficient profit to remain financially strong, while sharing our success with our members through:

- **Delivering value and rewarding loyalty.**
- **Product and service propositions that meet the needs and expectations of existing and future customers.**
- **Providing brilliant and trusted service.**

We also commit at least 1% of our pre-tax profits[3] each year to charitable activities, supporting our broader communities.

3 The 1% is calculated based on average pre-tax profits over the previous three years. For 2024/25, this covered the three years ended 4 April 2024 and therefore pre-dated our acquisition of Virgin Money, which completed on 1 October 2024.

Our acquisition of Virgin Money

Our acquisition of Virgin Money, which completed on 1 October 2024, has grown and diversified our business, and will enable us to deliver even greater value for our customers.

The acquisition brought a shareholder-owned bank into our mutual group. Future profits made by Virgin Money will now be retained for the benefit of members and customers across the Group.

The acquisition has also enabled us to grow our business significantly. We are now the UK's second largest provider of mortgages and retail deposits, with total assets of £368 billion. Combined, we hold approximately £1 in every £6 of mortgage balances and £1 in every £8 of retail deposits in the UK. We are now connected to one in three people in the UK.

Bringing the established business banking services of Virgin Money into the Group has broadened our product range, and means we can start to support small and medium-sized businesses across the Group more quickly and efficiently than developing these services ourselves. Diversifying our product range also helps us to manage risks even better in the long term. It will make our income more resilient to interest rate volatility in normal economic times, helping to protect the interest rates we offer our customers on savings and mortgages.

We recorded a gain of £2.3 billion on completion of the acquisition, as the fair value of net assets acquired was well in excess of the £2.8 billion acquisition price. The gain on acquisition is expected to provide significant headroom to cover the costs associated with integration, investment in customer service and delivery of value across the Group.

The reduced funding costs and broader financial benefits that come from our acquisition make us financially stronger, which means we can continue to invest in service excellence across the Group, through our branch network, digital platforms and contact centres, as well as in fraud prevention and our support for vulnerable customers. We are also able to provide additional member value, including through the continuation of our Nationwide Fairer Share Payment, which we will pay for a third consecutive year, plus our one-off distribution – The Big Nationwide Thank You – to reward Nationwide members whose membership supported our financial strength and enabled the acquisition of Virgin Money.

Since the acquisition, trading performance has been robust. Virgin Money's lending balances increased by over £400 million, including a 0.8% increase in mortgage balances which had been in decline for a period prior to the acquisition, and a 1.8% increase in business lending balances. In addition, Virgin Money's customer deposits increased by over £500 million, representing an increase of 0.8%.

We are making good progress with our integration plans and significant improvements are being made to support our customers at Virgin Money. We are investing in delivering the capabilities needed to improve customer experience (as described on page 12), maintain business performance and growth, and build technology resilience, all supporting our integration plans. This planned investment contributed to a short-term uplift in Virgin Money underlying costs[4].

We will ensure a careful and considered approach to integrating Virgin Money into the Group, that is aligned with the interests of all of our customers. We are preparing to transfer the assets and liabilities of Virgin Money's main operating subsidiary, Clydesdale Bank PLC, into Nationwide, which we expect to complete in 2026/27[5]. This will be part of the wider integration programme that we expect to take several years to complete.

4 Between the six months post-acquisition and the six months pre-acquisition.
5 Through a proposed banking business transfer under Part VII of the Financial Services and Markets Act 2000, subject to legal and regulatory approval and completion of internal governance processes.

A letter from Kevin Parry

Chairman

Dear fellow member

This has been Nationwide's best ever year. We delivered our highest ever member value of £2.8 billion and acquired the Virgin Money business to become the UK's second largest lending and savings provider. This enabled us to reward 12 million members through The Big Nationwide Thank You, which was in addition to our second Nationwide Fairer Share Payment of £100 to 3.85 million eligible members.

Our acquisition of Virgin Money will enable us to bring the benefits of mutuality to more people in the UK. This means we can provide further value to customers and members, through a wider range of products, propositions and services, including business banking, which we intend to offer to more customers across the Group over time. We have also gained a more comprehensive credit card offering through the acquisition.

Our Group financial position remains strong, reflecting our underlying performance and the positive impact of our acquisition of Virgin Money. Our pre-tax profit of £2.3 billion enables us to continue to deliver meaningful financial value to our members, including through member financial benefit and our Nationwide Fairer Share Payment. I am pleased that we will make our third Nationwide Fairer Share Payment in June 2025 to eligible members.

We recognise the value of enabling customers to speak with our colleagues in branches, and so we have extended our Branch Promise to include Virgin Money branches. I am also particularly pleased with the increased impact we now have in communities across the country through our charitable giving programmes and Fairer Futures strategy. More information on how we have delivered for our customers and communities can be found in the later sections of the Strategic report.

My fellow Board members and I valued hearing from, and engaging with, our members at our online Annual General Meeting (AGM) in July 2024. We also benefited from meeting with members and discussing a range of topics through our Closer to Customer focus groups and branch visits. The Board benefits greatly from the insight of our Member Voice panel, and we look forward to having further conversations with our members during the year ahead.

We are an inclusive organisation that values the diversity of the communities we serve. I am pleased that our diversity and inclusion activity was again recognised in the Financial Times' list of Europe's Diversity Leaders 2025[6], where Nationwide ranked fifth out of 850 organisations. Also, in the FTSE Women Leaders Report[7], we ranked joint fifth for female representation on our Board of directors across 50 of the UK's largest private businesses.

The Governance report on page 57 sets out the key changes to the Board during the year. In September 2024, Muir Mathieson was appointed as Group Chief Financial Officer on Nationwide's Board, following Chris Rhodes' appointment as Virgin Money's Chief Executive Officer and resignation from the Nationwide Board. Anand Aithal and David Bennett were appointed as non-executive directors in October and November 2024 respectively.

As we integrate the Virgin Money business carefully over time, we will be able to increase further the impact we have in communities across the UK and the benefits we offer to members and customers. It means we can do even more to make banking fairer, more rewarding, and for the good of society.

I would like to thank my fellow directors and all our colleagues for their continued hard work and dedication to the Society. As a modern mutual, we are absolutely committed to putting our customers and members at the heart of everything we do. I look forward to making further progress on our strategy in the year ahead.

Kevin Parry
Society Chairman

6 The FT-Statista ranking of Europe's Diversity Leaders is based on independent surveys of more than 100,000 employees across Europe, on their perceptions of their organisation's diversity and inclusion practices. Employee surveys accounted for 70% of the final score, and three indicators accounted for 30% of the score (the share of women in management positions, the communications made in favour of diversity, and a diversity score calculated by data provider Denominator).

7 FTSE Women Leaders Review (February 2025).

Group Chief Executive Officer review

Reflections on 2024/25 from Debbie Crosbie

Group Chief Executive Officer

My reflections on 2024/25

We have had an outstanding year. We returned a record £2.8 billion in value to our members, including £1 billion through the Nationwide Fairer Share Payment and The Big Nationwide Thank You. Our statutory profit before tax increased to over £2.3 billion, and we increased our lead over peers for customer satisfaction[8].

We achieved our best ever organic growth in net mortgage lending and retail deposit balances and we increased our share of current accounts. More current account switches were made to Nationwide than to any other brand, and we are now connected to one in three people in the UK.

We chose to prioritise competitive rates for members and invested in customer experience, remaining first among our peer group for customer satisfaction for the thirteenth year[8].

I am especially pleased that we are now attracting more younger customers, particularly to our mortgages and current accounts. We became first choice for first time buyers in the UK[9], and we attracted a record number of students, with over 1 in 4 new student account openings in the market[10].

The Virgin Money business is now part of Nationwide and its performance was strong in the six months since our acquisition. Customer service improved and mortgage lending started to grow again.

We are investing to improve Virgin Money's customer service and systems so we can fully realise its potential in the years ahead, particularly from its strong credit card and business banking services. We are making good progress on our plans to bring Virgin Money into Nationwide and I am pleased to say that our expenditure directly on integration has been lower than we expected.

Branches remain incredibly important to our customers, and we extended our Branch Promise to include Virgin Money branches. We are also investing in our digital services and added over 30 new features and improvements across the Nationwide and Virgin Money personal banking apps.

We are improving customer experience by modernising savings and payment systems and automating processes. We are making good use of generative artificial intelligence, particularly to help our colleagues to deliver better experiences and outcomes for customers.

More people are aware of Nationwide thanks to the success of our new branding and advertising campaigns. We are promoting our mutual difference, and our brand now ranks first among our peer group when consumers rate those that they have 'heard good things about'[11]. We are in a really strong position to attract and retain more customers in the future.

We are making a real difference in communities and committed more than £20 million to charitable causes. We launched Nationwide Fairer Futures, to help tackle some of the biggest issues in society today – people living with dementia, families living in poverty, and youth homelessness. The dementia clinics that we introduced in local branches last year have been incredibly well received. Recently, we also committed to funding important cancer research at The Royal Marsden.

We will continue to focus on our strengths and advantage as a modern mutual, to build broader and deeper relationships with our customers and invest to improve customer experience.

I wish to thank our colleagues across the Group for their outstanding contribution to a hugely successful year. I look forward to another exciting year ahead as we build on our strength as a larger and stronger Society and deliver our purpose: Banking – but fairer, more rewarding, and for the good of society.

Debbie Crosbie
Group Chief Executive Officer

8 Nationwide brand lead at March 2025: 7.5%pts, March 2024: 5.5%pts. © Ipsos 2025, Financial Research Survey (FRS), for the 12 months ended 31 March 2013 to 12 months ended 31 March 2025. Results based on a 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.
9 Based on the number of residential first time buyer mortgage completions in the UK by banking brand, between April 2024 and March 2025. Provided by CACI Ltd Mortgage Market database.
10 Based on Curinos eBenchmarkers comparison of financial services providers and Nationwide analysis, April 2024 to February 2025..
11 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.

Simply brilliant experience

Collaborating to deliver a **personal, seamless, and easy experience**, 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 personalised and trusted support.

We delivered leading levels of service through our Nationwide brand and were ranked first for customer satisfaction amongst our peer group, for the 13th year running[12].

Following our acquisition of Virgin Money, we increased investment to improve customer experience. We created 370 new jobs dedicated to customer service in Virgin Money contact centres and online chat 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 contact centre and launched a new online chat platform.

In an independent survey conducted by Ipsos, on behalf of the Competition and Markets Authority (CMA), which asked personal current account customers how likely they would be to recommend their provider's branches, our Nationwide brand came first in both Great Britain and Northern Ireland, with Virgin Money ranking tenth in Great Britain[13]. Virgin Money branches are now covered by our Branch Promise, and we will invest to improve customer service through them.

Making our mobile banking apps better

Our Nationwide and Virgin Money mobile banking apps make it easy, quick and straight forward for customers to manage their money.

We added over 30 new features and improvements across our banking apps. We removed the need to use a card reader (for customers of our Nationwide app), and made our banking app interfaces and experiences more user friendly. We improved fraud prevention features and controls, modernised the way payments are made, and extended support to vulnerable customers. We will continue to innovate and deliver new functionality on our apps that further improves our customers' experience.

Our Branch Promise

We know that branches are important to customers, some of whom rely on our branches or prefer face-to-face assistance. For example, more than 30% of new Nationwide-branded current accounts and over 40% of ISAs were opened in our Nationwide branches.

This is why we are committed to our Branch Promise – we promise to keep every one of our branches open until at least the start of 2028[14]. Together with our Virgin Money branches, we now have almost 700 branches across the UK. Last year, we invested around £18 million in upgrading more than 110 of our branches.

Nationwide has the UK's largest single-brand branch network and, at the 2025 Moneyfactscompare.co.uk Awards, won the Branch Network of the Year award, for the third year running.

Providing customers with choice in how they engage with us

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. Our creation of additional customer service roles at Virgin Money has significantly improved answer rates across both its call centre and online chat channels.

Our online Mortgage Manager service also made it easy for customers to manage their Nationwide-branded mortgages.

Protecting customers from fraud and scams

We introduced a dedicated fraud telephony team at Nationwide, further improving our service for customers impacted by fraud. We continued to offer our Scam Checker Service (see page 31) and build awareness around scams, via scam warnings in our apps, online education and fraud awareness campaigns.

12 Nationwide brand lead as at March 2025: 7.5%pts, March 2024: 5.5%pts. © Ipsos 2025, Financial Research Survey (FRS), for the 12 months ended 31 March 2013 to the 12 months ended 31 March 2025. Results based on a 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.

13 According to an independent phone survey of 17,234 customers (aged 16+) of the 17 largest current account providers in Great Britain, and 5,612 customers (aged 16+) of the 11 largest current account providers in Northern Ireland, between January 2024 and December 2024, run by Ipsos. Learn more at Ipsos.uk/personal-banking-service-quality.

14 All our 605 Nationwide branches and 91 Virgin Money branches will remain open until at least 1 January 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.

More rewarding relationships

Building **deeper, broader, more lifelong** relationships that provide the best value in banking.

We aim to provide our customers with the best value in UK banking, and increase the number of customers who have deeper relationships with us.

We grew our business significantly, as a result of strong underlying performance, combined with our acquisition of Virgin Money. Our acquisition 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.

Creating value for our members

We delivered a record £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, primarily 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, and £615 million for The Big Nationwide Thank You – a one-off £50 payment to over 12 million eligible members.

Supporting our customers' banking needs

We now hold more than one in nine (2024: one in ten)[15] current accounts following our acquisition of Virgin Money. We opened 881,000 (2024: 761,000) new current accounts, supported by our successful member exclusive current account switcher incentive[16] and our Virgin Money current account and linked saver proposition. There were more gains in current account switches to Nationwide than to any other brand[17].

We attracted a record 46,000 (2024: 17,900) students with our competitive FlexStudent account, achieving a 27% share of new student current accounts opened across the market[18].

Encouraging good savings habits

Our total market share of deposit balances increased to 12.2% (2024: 9.5%) following our acquisition of Virgin Money. Over the period, retail customer deposits increased by £67.3 billion, including £53.3 billion of Virgin Money balances and record growth of £14.0 billion (2024: £6.3 billion) through our Nationwide brand.

We offered attractive rates on our savings products, including a Flex Regular Saver with an interest rate of 6.5%. Customers registered with our SavingsWatch service were informed of our latest, and best, savings rates and products.

Helping people into homes

Our share of total mortgage balances increased to 16.2% (2024: 12.3%) following our acquisition of Virgin Money. Net lending of £15.9 billion (2024: £2.6 billion) was led by record net lending of £15.5 billion through our Nationwide sub-group, as we kept rates competitive and focused on retention. This included offering existing customers rates at maturity that were the same or better than the equivalent new customer remortgage rates. As a result, we saw the highest rate of customers moving on to a new deal with us at deal maturity, compared to our peer group[19]. At the 2025 Moneyfactscompare.co.uk Awards, our Nationwide brand won High Street Mortgage Provider of the Year.

We helped 120,000 (2024: 64,000) first time buyers into a home of their own[20], including through our Helping Hand mortgage, which we extended to enable first time buyers to borrow up to six times (previously 5.5x times) their income. We continued to offer £500 cashback with Nationwide-branded first time buyer mortgages.

We are the UK's largest buy to let lender, with a 19.8% (2024: 14.3%) share of total buy to let balances following our acquisition of Virgin Money. The Mortgage Works won Best Buy-to-Let Mortgage Lender in the Your Mortgage Awards 2024/25.

We also delivered £825 million (2024: £1,323 million) of lending to social housing. This included new lending and the refinancing of existing facilities.

Broadening our product range

Business deposit balances of £21.1 billion (2024: £4.2 billion) and lending balances of £15.1 billion (2024: £5.5 billion) reflected our acquisition of Virgin Money. Business lending balances increased over the six months since acquisition, including growth in the health and social care, hotels, asset finance, and renewable energy sectors. Since the acquisition, we opened around 25,000 business current accounts.

Consumer lending balances (personal loans, credit cards and overdrawn current account balances) increased to £11.1 billion (2024: £4.3 billion) including £6.7 billion of Virgin Money balances, predominantly in credit cards. We now have a 10.7% share of the UK's credit card market. Virgin Money won Best Credit Card Provider at the YourMoney.com Personal Finance Awards 2025.

15 CACI's Current Account and Savings Database, Stock (February 2025 and February 2024).
16 Our Nationwide current account switcher incentive enabled customers to earn cashback, providing they completed a full switch to a Nationwide-branded current account, using the Current Account Switch Service.
17 Pay.UK quarterly Current Account Switch Service data, 9 months to December 2024, gross and net gains, based on the latest available data.
18 Based on Curinos eBenchmarkers comparison of financial services providers and Nationwide analysis, April 2024 to February 2025.
19 Based on Curinos eBenchmarkers comparison of lenders and Nationwide analysis of maturing assets between May 2024 and July 2024. Status 3 months post-maturity, percentage completing an internal transfer.
20 Our definition of a first time buyer is set out in the Glossary for the Annual Report and Accounts, available at nationwide.co.uk

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.

We aim to have a positive and meaningful impact in communities.

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[21] that we commit to good causes each year, as well as donations awarded by Virgin Money.

Our £18.7 million commitment was primarily put towards 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.

Nationwide Fairer Futures - our new social impact strategy

In June 2024, we launched Nationwide Fairer Futures, to help tackle 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.

Our funding for Centrepoint contributes towards their independent living programme, creating and improving homes for young people to live independently. It also helps homeless young people with deposits so they can leave supported accommodation and move into the private rented sector.

Our funding for Action for Children has been used to restart their Family Fund, which provides emergency funds to families for food, utilities and other essentials when they need it most. It is also funding the rollout of Family Clubs at 30 locations across the UK, where families can go for help and advice.

Through our partnership with Dementia UK, we are funding 30 Admiral Nurse roles and have now hosted 1,400 dementia clinics in more than 120 of our branches, offering free, specialist support and advice to those impacted by dementia.

Our partnership with The Royal Marsden Cancer Charity will fund specialist research staff who will deliver clinical trials to enable breakthroughs in cancer care.

In addition to funding these programmes, we also support each partners' headline fundraising campaigns, promoting opportunities for our colleagues and customers to get involved.

Our funding for the Nationwide Foundation

We donated £4.7 million to the Nationwide Foundation, an independent charity.

The Nationwide Foundation works to tackle the housing shortage. It funds on-the-ground advocacy work, ground-breaking research and innovation in housing, and convenes coalitions to campaign for change. More information can be found on their website[22].

Enabling financial and digital inclusion

We aim to enable financial and digital inclusion, and remove the barriers that exclude people from accessing financial products and services. We partner with charities that align with our ambitions, including Mind and SAMH (Scottish Action for Mental Health), to help support people with their money and mental health. We continued to roll out the National Databank programme across our Virgin Money branches, distributing free, data-loaded mobile SIM cards to enable internet access for those impacted by data poverty.

In addition, the Virgin Money Foundation, an independent charity, launched a new strategy dedicated to tackling digital poverty and bridging the digital divide in society. More information can be found on the Virgin Money Foundation website[23].

We are also assisting young people with financial knowledge and skills, including through our Make my £5 Grow programme at Virgin Money, and Nationwide's Money Lessons, which relaunched in January 2025.

Member voice

We regularly engage and seek feedback from customers on the issues that are important to them (see page 19). This helps us improve our services and propositions, and feeds into our engagement programme with regulators and policymakers, as described on page 21.

Our climate-related ambitions

We are committed to a net-zero future and supporting the UK in achieving its ambition to be net zero by 2050. More information can be found in our Climate-related Financial Disclosures 2025.

21 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 acquisition of Virgin Money on 1 October 2024. 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.
22 Nationwide Foundation.
23 Virgin Money Foundation | Virgin Money UK.

Simplify, integrate and grow

Unlocking our combined potential and **delivering more for customers**, together.

Our financial performance remained strong; we delivered underlying profit before tax of £1,852 million (2024: £2,003 million) and statutory profit before tax of £2,302 million[24] (2024: £1,776 million). Our leverage ratio and Common Equity Tier 1 (CET1) ratio reduced to 5.2% (2024: 6.5%) and 19.1% (2024: 27.1%) respectively, primarily as a result of our acquisition of Virgin Money. Our leverage ratio, which is one of our key performance indicators, remained comfortably above regulatory and internal threshold requirements (see page 16).

Uniting our Nationwide and Virgin Money businesses

Our acquisition of Virgin Money has grown and diversified our business, and means that future profits made by Virgin Money will be retained for the benefit of members and customers across the Group, rather than paying dividends to external shareholders. This means we can continue to invest in service excellence and provide additional member value. Our diversified product range will make our income more resilient to economic changes.

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 our mutual model.

As we carefully integrate Virgin Money within our Group, our primary objective remains to ensure that Virgin Money stays safe and secure. We have focused on three key areas: investing in customer improvements, delivering business performance and growth, and building technology resilience and readiness for integration.

We are significantly improving our support for customers at Virgin Money. This includes through our investment in customer experience (see page 12). We are also making pricing and product changes that help our customers, including reducing the standard variable rate on Virgin Money mortgages, and removing fees for late payments or breaches of credit limits on Virgin Money credit cards.

In addition, we are further investing in the technology and resilience needed to support our Virgin Money customers.

We will take a careful and considered approach to managing and mitigating the risks around integration, ensuring we prioritise good customer outcomes.

Modernising our systems and strengthening operational resilience

Over the year, we invested 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 simplifying the homebuying experience and enabling faster offers for customers of Nationwide-branded mortgages, with our new automated income verification and valuation tools, and a streamlined mortgage advice service which reduces interview times for customers whilst still ensuring appropriate products and good outcomes.

We are also enhancing our digital customer experience, including automating key processes at Virgin Money, such as 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.

At the Card and Payments Awards 2025, our Nationwide brand won Best Technology Integration for our Payments Modernisation programme, and Best Product Design for our rebranded cards.

Leveraging new capabilities

Aligned to 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 we adopt provides the right outcomes for our customers and colleagues.

The use of more traditional artificial intelligence techniques is mature across the Group, for example in aiding fraud detection and Chatbot capability.

We are also exploring the use of GenAI in software development and the contact centre, where call transcription analysis could provide better service for our customers.

24 The majority of the difference between underlying and statutory profit before tax relates to the day one gain of £2.3 billion recognised on the acquisition of Virgin Money on 1 October 2024, the Nationwide Fairer Share Payment of £385 million distributed in June 2024, and recognition of The Big Nationwide Thank You one-off payment of £615 million. More information can be found on page 48.

Our 2024/25 key performance indicators

Our key performance indicators help us to track the effective delivery of our strategy. Our four measures for 2024/25 are set out over the next two pages. Our measures were set at the start of the year, prior to the acquisition of Virgin Money on 1 October 2024. Therefore, the leverage ratio is reported on a Group basis, whilst all other measures are reported in relation to the Nationwide brand and products only.

Simply brilliant experience

Collaborating to deliver a personal, seamless, and easy experience, from start to finish.

Our key performance indicator:
Customer experience score

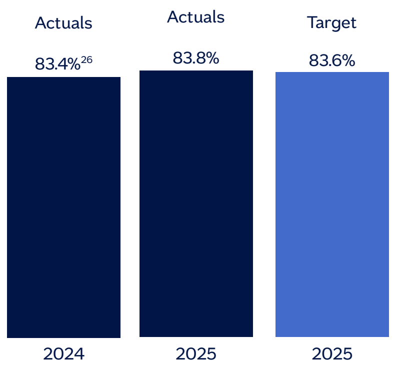
What does it measure?

Our customer experience score 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[25]. Customers are asked to rate their satisfaction with our service.

How did we perform against our target over 2024/25?

Our customer experience score of 83.8% was above our target of 83.6%. Customers were satisfied with the service across our channels, particularly from colleagues in branches. Our new banking app, and enhancements made through the year, also contributed positively to our score.

Customer experience score
%



More rewarding relationships

Building deeper, broader, more lifelong relationships that provide the best value in banking.

Our key performance indicator:
Engaged customers

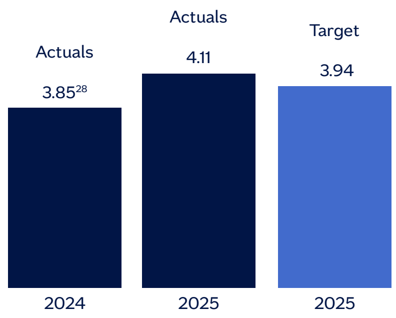
What does it measure?

Our engaged customers measure reflects the depth of active banking relationships with us, by reference to the number of customers who have a Nationwide-branded main current account, as well as a Nationwide-branded savings or mortgage account[27].

How did we perform against our target over 2024/25?

We had 4.11 million engaged customers, which is above our 3.94 million target for 2024/25. This growth was supported by the strength of our competitive products and propositions, including our current account switching incentive, Member Exclusive Bond and Flex Regular Saver.

Engaged customers
Million



25 Our customer experience score measure is based on the 12 months ended 31 March 2025, and is calculated by weighting the aggregated scores across Nationwide channels to reflect the way customers interact with us. Digital channels include our Nationwide mobile banking app, internet bank and webchat.
26 The 2024 comparative has been restated to align with the 2025 methodology, in which website surveys have been removed to improve relevancy of feedback, and channel weighting has been re-balanced to reflect overall channel usage by customers over a 12 month period.
27 Engaged customers have a Nationwide-branded main personal current account, plus either at least £100 in Nationwide-branded personal savings, or a Nationwide-branded residential mortgage of at least £100.
28 The 2024 comparative has been restated to align with the 2025 methodology, in which amendments were made to savings and current account eligibility criteria.

For personal use only

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.

Our key performance indicator:
Heard good things about

What does it measure?

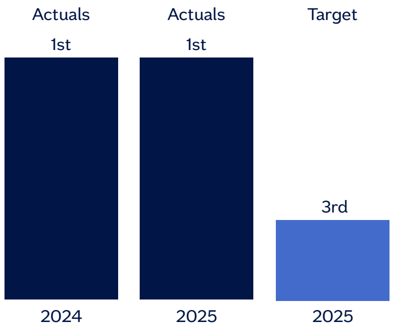
We measure the reputation of the Nationwide brand through an independent brand study, which asks consumers: "Which of the brands have you heard good things about?". Respondents are asked to rate the Nationwide brand and peer brands from a list[29].

How did we perform against our target over 2024/25?

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.

The continued success of Nationwide's new branding and advertising campaigns, focused on the difference of our brand and the benefits of mutuality over our competitors, has had a positive impact on improving awareness of, and engagement with, our brand. Signature brand propositions, such as our Nationwide Fairer Share Payment and our Branch Promise, have also had a positive influence.

Heard good things about
Ranking



Simplify, integrate and grow

Unlocking our combined potential and delivering more for customers, together.

Our key performance indicator:
Leverage ratio

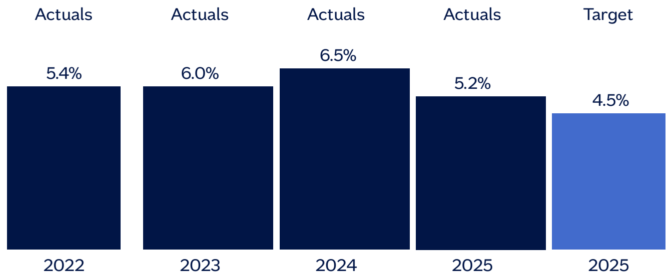
What does it measure?

Our Group leverage ratio demonstrates the financial strength of the Group, and our ability to withstand economic shocks. Our financial strength helps us to progress the delivery of our strategy. More information on the leverage ratio can be found on page 55.

How did we perform against our target over 2024/25?

Our Group leverage ratio of 5.2% was lower than the previous year, primarily as a result of our acquisition of Virgin Money. It continued to exceed regulatory requirements and our own internal minimum target threshold of at least 4.5%, set at the start of the year.

Leverage ratio
%



29 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.

Engaging with our stakeholders

Section 172(1) statement

This section describes how the directors considered matters set out in section 172(1) of the Companies Act 2006 (the 'Act'). This also forms the directors' statement required under section 414CZA of the Act. Although, as a building society, we are not required to follow the Act, we aim to apply its requirements where appropriate.

Our stakeholders

Listening to and engaging regularly with our stakeholders is fundamental to the way we do business, and it ensures we operate in a balanced and responsible way, both in the short and longer term. The views of our stakeholders are important to us and help to guide our decision making. Examples of how we have engaged with our key stakeholder groups, including at Board level, are provided on pages 19 to 22.

Members and customers

As a mutual, we are here for our customers. This includes our members as owners (who have a Nationwide-branded current account, mortgage or savings). It also includes a broader set of customers who hold retail banking products with us, as well as buy to let customers, and business banking customers.

How we have engaged

We are keen to understand our customers' views and what is important to them.

Around 270 members attended our online Annual General Meeting (AGM) in July 2024, where they could have their say and vote on important issues. We also engaged with our retail banking customers via our online research communities and our customer experience surveys.

We engaged with landlords and buy to let intermediaries through our mortgage and intermediary relationship teams respectively, as well as through our research providers and our internal research team at The Mortgage Works. We engaged with our business banking customers through our business relationship managers and customer experience surveys.

Examples of how we responded

- We explained the benefits of the Virgin Money acquisition to customers, including through emails and leaflets to our members and through regular updates on our website.
- We delivered value through competitive products and propositions, as well as through our Nationwide Fairer Share Payment and The Big Nationwide Thank You payment to eligible members (see page 13).
- We extended our Branch Promise to include Virgin Money branches (see page 12).
- We further enhanced our mobile banking apps (see page 12).
- We launched an online, self-serve mortgage home hub[30] to support landlords, and a portfolio review tool to assist intermediaries.
- We extended the opening hours of our business banking contact centre.
- We provided our Sustainable Business Coach tool and sustainability-linked loans to support businesses.

30 Manage your mortgage | The Mortgage Works.

Our Board engagement

Through the year, Board members visited branches to strengthen their understanding of customer views and needs. The Board held Closer to Customer focus groups, to hear directly from customers on a range of topics, and received updates from our online research community. The Board received updates on the embedding of the FCA's Consumer Duty to ensure good customer outcomes continued to be delivered, and endorsed the extension of the Branch Promise to include Virgin Money branches. The Board continued to review customer service and satisfaction data, and received regular updates on our engaged customer measure (see page 16) and on lending across our whole customer base. The Board also received updates from the Virgin Money Chief Executive Officer on performance against strategic priorities.

Colleagues

Our colleagues are at the heart of serving our customers and delivering our strategy. We are committed to building a high-performing, customer-first, inclusive culture, where colleagues thrive and develop rewarding careers. See page 23 for more information on our support for colleagues, and pages 24 and 34 for our progress against our diversity measures.

How we engaged

We have a strong commitment to listening to colleagues. We invite all colleagues to share their views on working at Nationwide, the challenges they face and what works well. We engaged with colleagues through surveys, listening events, including with the Group Chief Executive Officer and executive management, and through engagement with Employee Network Groups and staff unions.

Examples of how we responded

- We created action plans aligned to engagement survey results. This included making improvements to tools, processes and systems that support colleagues.
- We regularly communicated on progress made against our strategy, and on our acquisition and integration of Virgin Money. This included engaging colleagues on our updated Group Blueprint for a modern mutual (see page 23).
- We continued to integrate inclusion into our people processes and practices, and we launched a new mental health and wellbeing online platform within the Nationwide sub-group.

Our Board engagement

To ensure a strong understanding of culture, the Board received regular updates on the topic. These included colleague sentiment data and results of colleague surveys. The Board also held townhall events and visited colleagues in branches, to hear directly about the issues that matter to them. The Board received updates on culture, both pre- and post-acquisition, from Tamara Rajah, the appointed non-executive director for Employee Voice, and the Chief People Officer. The Group Chief Executive Officer and Virgin Money Chief Executive Officer have kept the Board updated on colleague sentiment across the Group from colleague engagement sessions held since the acquisition. The Board also met with the General Secretary of the Nationwide Group Staff Union. It will continue to sponsor and monitor progress in all areas of our culture in the coming year.

Communities

As a modern mutual, we aim to make a positive difference to communities and society as a whole. We commit at least 1% of our pre-tax profits each year to charitable activities. More information can be found on page 33.

How we engaged

We engaged with communities through our charity partnerships, including as part of our Nationwide Fairer Futures social impact strategy and financial and digital inclusion programmes (see page 14). Our colleague grants programme gave colleagues the opportunity to apply for a grant to benefit charity organisations they are actively involved in. We also contributed to communities through our employee volunteering programme.

Examples of how we responded

- More information on how we are supporting our charity partners can be found on page 14.

Our Board engagement

The Board approved the Nationwide Fairer Futures strategy and the appointment of our initial three charity partnerships as part of this. The Board subsequently approved our fourth charity partnership. The Board met with chief executive officers and representatives from our charity partners: Centrepoint, Action for Children and Dementia UK, to build a deeper understanding of the issues and challenges they face, and the people they are supporting. Our Chairman and Group Chief Executive Officer also visited The Royal Marsden Cancer Charity to understand the impact of the one-off donation we made in 2023, and to discuss our new partnership. Through the year, the Board received updates on progress against our Nationwide Fairer Futures strategy.

Regulators and policy makers

Regulators and policymakers oversee our activities and undertake consultations and policy reform. We aim for the highest possible standards of regulatory compliance to protect and enhance the integrity of the UK financial system and ensure good outcomes for our customers.

How we engaged

We engaged effectively with regulators and policymakers through the year to influence them on behalf of Nationwide and its customers. Most notably, we worked with others to deliver a Private Members Bill into law to modernise the Building Societies Act, and supported subsequent secondary legislation to provide a more up-to-date regulatory environment for Nationwide to operate within. In addition, we continued to engage with policymakers to encourage the development of green policies and discuss the benefits of retrofitting UK homes.

Since the general election, we have continued to engage with political stakeholders, and have focused on building links with the new Government and MPs. Our Group Chief Executive Officer attended the Government's International Investment Summit. We also held local MP visits at over 50 of our branches. Following our acquisition of Virgin Money, which is headquartered in Glasgow, we have sought to enhance our engagement with the Scottish Government and MSPs.

Examples of how we responded

- We answered information requests and Select Committee inquiries on key issues of interest. We also input into government consultations.
- We engaged on themes such as:
  - Our acquisition of Virgin Money and strategy for integration
  - Growing the mutual and cooperative sector
  - Secondary legislation to modernise the Building Societies Act
  - Regulatory change to support first time buyers
  - Government changes impacting the buy to let sector, including the Renters' Rights Bill and Minimum Energy Efficiency Standards
  - Tackling fraud, including proposals for a Fraud and Scams Security Centre
  - Our options for how customers access our services, including in branches
  - Financial and digital inclusion, and social mobility
  - Green homes and climate change

Our Board engagement

The Board received regular updates on interactions with regulators and taxation authorities, and how the changing regulatory environment impacts the Group. In the lead up to the acquisition of Virgin Money, Board members met with regulators on multiple occasions to provide insight and to discuss Board oversight of the transaction, as well as keeping them updated on progress. This engagement has continued post-acquisition, as we develop our plans for integrating Virgin Money into the Group. More broadly, Board members attended regular meetings with regulators, and regulators attended Board meetings to present on key topics.

Investors and rating agencies

Our wholesale funding investors support us in meeting our funding and capital requirements. Our investors are interested in our financial performance and sustainability practices and so, alongside our external disclosures, will leverage our credit ratings and Environmental, Social and Governance (ESG) ratings to aid their understanding.

How we engaged

We maintain an active dialogue through our investor relations programme. This provides investors with the opportunity to meet senior management and executive directors of Nationwide, particularly following financial results and other major announcements. Our engagement extends to supporting the due diligence process ahead of new funding issuances, and responding to ad hoc queries.

Last year, we updated investors on our latest financial performance, our acquisition of Virgin Money, our ESG credentials, and other areas of interest.

We also continued to proactively engage with credit and ESG rating agencies to ensure the Group is rated appropriately.

Examples of how we responded

- We provided timely strategic and financial updates to our investors, including additional disclosures related to the acquisition of Virgin Money.
- We continued to produce high quality sustainability-related disclosures which report on our progress and activity in relation to our intermediate (by 2030) net-zero-aligned science-based targets, and our Mutual Good Commitment measures.

Our Board engagement

On behalf of the Board, the Group Chief Executive Officer and Group Chief Financial Officer engaged directly with investors following our external results announcements.

Suppliers

Our suppliers help us run and improve our business and deliver quality service for our customers.

How we engaged

We engage with our suppliers through direct negotiations or within a tender, including our pre-onboarding due diligence. We also engage through our ongoing management framework and due diligence processes once a supplier is onboarded. To assist our engagement and monitoring, we collect information from suppliers, through external industry tools including the Financial Services Qualification System (FSQS), and EcoVadis.

Over the year, we updated suppliers on our Virgin Money acquisition, held a Third Party Talk on Climate Change where we shared decarbonisation knowledge, requested a further set of suppliers to take the EcoVadis sustainability assessment, and engaged with around 200 of our smaller suppliers to promote Cyber Essentials, a government-backed certification scheme, as an effective way to boost security and resilience.

Examples of how we responded

- Following our engagement with third parties, at our Third Party Talk on Climate Change, and as a result of our engagement for Anti-Slavery Day, we are developing toolkits to help our third parties to address climate change and modern slavery risks.
- We held multiple learning events for our colleagues with the support of our suppliers. This included events to mark Learning at Work Week and a ‘Connect and Collaborate’ event.

Our Board engagement

The Board Risk Committee received updates on key supplier relationships during the year and considered the management of its key supply chains and the steps being taken to avoid undue risk. Following the unexpected insolvency of a key supplier during the previous financial year, the Board Risk Committee received an enhanced update on the business continuity plans for material and higher risk suppliers of the Nationwide sub-group. The Board Risk Committee, under delegated authority from the Board, approved the Third Party Risk Policy of the Nationwide sub-group.

A focus on our colleagues

Engaging colleagues in our Group purpose, strategy and behaviours

On 1 October 2024, we completed the acquisition of Virgin Money. Throughout the acquisition process and over the six months since, we have shared regular communications to keep colleagues informed and showcase the opportunity that our combined business presents.

We also developed a Group purpose, strategy and set of behaviours that Nationwide and Virgin Money can unite behind, putting customers at the heart of everything we do. We engaged our senior leaders and then all colleagues through a series of immersive events, to build clarity, connection and commitment to our future direction and shared ambition as a combined group.

Building our inclusive culture

Inclusion is key to being a modern mutual. We want to ensure that we have an inclusive culture where everyone can thrive, and that we enhance our performance by ensuring our workforce better reflects the diversity of our society. 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.

Our Board is committed to progressing our inclusion and diversity approach, and receives regular updates on our diversity measures (see page 34). Our senior leaders are also accountable for driving our inclusive culture, and inclusion and diversity data is made available to them to enable better-informed action.

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. Our employee networks cover: disability; faith and belief; gender; LGBTQ+; race and ethnicity; social mobility; sustainability; veterans and reservists; wellbeing; working carers and working families.

In the 2025 Financial Times' Diversity Leaders list, our Nationwide brand was the highest-ranked UK high street financial services provider for the fourth year running[31].

Our latest gender and ethnicity pay gaps report can be found on our website[32].

Our diversity measures

On the next page, we have published our Group diversity measures at both an all-colleague and senior leader level.

By combining data across the Group, we have seen an overall reduction in the diversity of our all-colleague population, but an increase in the diversity of our senior leader population, when compared to 2024 data for the Nationwide sub-group only.

We have made progress in the diverse representation of colleagues at our Nationwide sub-group, achieving five of our seven diversity measures (see page 34). We will be reviewing our diversity measures to set appropriate targets for the Group going forward.

Building skills for the future

We continued to roll out our leadership development programme to senior leaders across our Nationwide sub-group, focused on developing commercial and business leadership skills, and skills for building high-performing teams. In addition, more than 2,000 people managers across our Nationwide business have now completed our People Manager Programme. Our People Manager Programme achieved City & Guilds ILM Assured status, demonstrating its quality.

31 The FT-Statista ranking of Europe's Diversity Leaders is based on independent surveys of more than 100,000 employees across Europe, on their perceptions of their organisation's diversity and inclusion practices. Surveys were conducted in the period from April to July 2024. Employee surveys accounted for 70% of the final score, and three indicators accounted for 30% of the score (the share of women in management positions, the communications made in favour of diversity, and a diversity score calculated by data provider Denominator).
32 Pay gaps at Nationwide: Gender-pay-report-2024.pdf. Pay gaps at Virgin Money: Gender-pay-report-2024.pdf.

Our diversity measures

The 2025 measures presented below reflect the diversity of employees directly employed by the Group (including Virgin Money), based on headcount and not FTE (full-time equivalent value). The 2024 measures reflect the equivalent calculation, but for the Nationwide sub-group only.

	Gender[33]		Ethnicity[34,35]		Disability[35,36]	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
All employees	59.1% (15,460 females)	60.4% (10,825 females)	13.6%	15.0%	8.3%	8.3%
Senior managers[37]	41.9% (75 females)	34.1% (31 females)	5.6%	4.4%		

33 Gender – Figures reflect female representation. Gender is as recorded in our HR systems.
34 Ethnicity – Figures reflect Black, Asian, mixed and other. Excluded from the calculation are white majority and minority.
35 The percentage of colleagues meeting this diverse characteristic is based on their voluntary self-declaration recorded in our HR systems, which states that they consider themselves to belong to this characteristic.
36 Disability – Figures reflect those identifying as disabled or as having a long-term health condition.
37 Senior manager figures reflect the Companies Act definition of an employee who has responsibility for planning, directing or controlling the activities of an entity or a strategically important part of it, which includes our Executive Committees and their executive direct reports.

Board decisions

Section 172(1) of the Companies Act 2006 requires directors to act in good faith, maintain a reputation for high standards of business conduct, and consider the long-term consequences of their decisions on the Group's key stakeholders, including our members and customers, employees, wider communities and the environment. Although Nationwide, as a building society, is not required to follow the Companies Act, we seek to apply its requirements where appropriate.

How are the impacts of key stakeholders considered?

In all its decision making, the Board considers the consequences that each decision could have on our stakeholders, as well as the need to maintain the highest standards of business conduct. The terms of reference of the Board and Board committees (available at **nationwide.co.uk**) reflect the importance of considering the requirements of the Group's stakeholders.

Our experienced and diverse Board directors bring a breadth of backgrounds and skills to the boardroom, which ensures that a wide range of stakeholders and perspectives are considered in the Board's decision making. Meeting agendas are planned carefully to ensure that they cover a sufficiently broad range of topics and stakeholder interests. Papers presented to our Board and Board committees set out clearly how the matter directly or indirectly impacts the Group's key stakeholders.

The process and approach taken by the Board in respect of three principal decisions it took during the year is set out against the backdrop of its overarching strategy on the following pages.

Principal decisions of the Board are of strategic importance, material to the operations of the business and are significant to the Group's key stakeholders.

> "Strong governance is at the heart of modern mutuality. Nationwide's experienced and diverse Board ensures that decisions are made with key stakeholders in mind. The Board remains committed to engaging directly with key stakeholders, listening to their views, and ensuring that decision making takes wider impacts into consideration."
>
> **Kevin Parry**
> Chairman

Which stakeholders were considered?

- Members and customers
- Colleagues
- Communities
- Regulators and policymakers
- Investors and rating agencies
- Suppliers

Completing the acquisition of Virgin Money

What was the decision-making process?

In March 2024, the Boards of Nationwide and Virgin Money jointly announced that they had agreed the terms of an offer for the share capital of Virgin Money by Nationwide. The Board's rationale in making the offer was that acquiring Virgin Money would enable Nationwide to grow its mortgages and savings business, as well as diversify Nationwide's income by widening its business banking and credit card offerings. The acquisition would be completed by Autumn 2024, subject to the Board's, Court and regulatory approval.

The final decision to approve the acquisition rested with the Board, in accordance with its terms of reference. Specialist financial and legal advisers were appointed to advise the Board and management on the application of laws, the deal structure and the City Code on Takeovers and Mergers. A sub-committee of the Board was established which could be convened at short notice to facilitate agile decision making.

The Board received regular updates on the progress of the acquisition, either from the Group Chief Executive Officer's Report or specific Board papers throughout the period between the announcement and completion of the acquisition. These focused on the anticipated capital position at completion date, the proposed Group governance arrangements and the required regulatory approvals. These updates enabled the Board to challenge and guide management on the progress and pace of the acquisition.

At its June 2024 meeting, the Board considered the Change in Control application to be sent to the PRA and FCA. This included plans for the proposed Group structure and integration of the two businesses which would be implemented following completion. The Board approved the combined Group Capital Assessment and proposed approach for effective risk management. This would ensure that there was clarity regarding both the Group's governance structure and regulatory capital position upon completion.

In July 2024, the Board considered the combined Group Pillar 2 liquidity assessment, the initial combined Group capital position, and whether any capital actions would need to be taken immediately following completion. It also considered how the acquisition would impact Nationwide's exposure against the Building Societies Act 1986 funding limit. Additionally, the Board considered and approved in principle the creation of the Group Management and Group Risk Committees. More information on this can be found on page 63.

The acquisition received formal approval from the FCA and PRA in early September 2024, which set out both regulators' expectations of the Board that would apply upon completion. At its September 2024 meeting, the Board considered and approved management's plans for effective completion of the acquisition, including the risk management framework. The Board approved a new Group governance framework which would apply from completion and approved the Change in Control of Virgin Money to Nationwide which would take effect on 1 October 2024.

Following discussion and careful consideration of the factors most likely to promote the success of the Society for the benefit of members as a whole, the acquisition of Virgin Money was approved by the Board on 26 September 2024.

How did the directors apply the principles of section 172 and how were stakeholders considered?

The benefits of the acquisition for members and future members were considered by the Board at every stage. This included: whether the purchase price represented good value; how the acquisition would enhance the financial strength of Nationwide; the wider range of products and services that would be available to members and customers; and the benefits of mutuality that would be brought to more people in the UK over time.

At its September 2024 meeting, the Audit Committee considered a report from the Chief Risk Officer and the Chief Internal Auditor on day 1 readiness risks and controls and was satisfied that these were appropriate.

To ensure that the acquired assets and liabilities were marked to their fair value as at the completion date following completion, the Audit Committee undertook an extensive review of approaches and assumptions that would be used in the purchase price allocation. This ensured that the purchase price was correctly accounted for in accordance with IFRS 3 and that regulators, policymakers, investors and ratings agencies would have confidence in the financial reporting.

Completing the acquisition of Virgin Money (continued)

In readiness for completion and aligned to regulatory requirements and expectations, the Board requested that the Group Chief Executive Officer provide updates on operational readiness for integration at every Board meeting.

The PRA and FCA were briefed at regular intervals on the progress of the acquisition and their feedback was taken into account.

Board directors were guided by the City Code on Takeovers and Mergers, which regulates public takeovers in the UK. These rules cover directors' responsibilities, confidentiality, market announcements, shareholdings and dealings, and processes leading up to, and following, a public announcement.

The Group Chief Executive Officer held regular townhall meetings to keep employees informed of the progress of the acquisition.

What were the actions and outcomes?

The Chairman wrote to all Nationwide customers on 1 October 2024 informing them that Nationwide had completed its acquisition of Virgin Money and that Nationwide was now stronger and able to deliver even greater value for members and customers. He further informed that communities would continue to benefit from the Branch Promise which was extended to Virgin Money, meaning that everywhere there is a Nationwide or Virgin Money branch, it will be there until at least the start of 2028.

Nationwide and Virgin Money hosted colleague events on 1 October 2024 with the Chief Executive Officers of both organisations sharing their thoughts on the acquisition and answering colleague questions. Colleague townhall events were also held one month after the acquisition for Nationwide and Virgin Money colleagues, highlighting the business opportunities that a combined group provides. Colleague engagement was assessed by culture surveys in both Nationwide and Virgin Money during October 2024.

Which stakeholders were considered?

- Members and customers
- Colleagues
- Regulators and government
- Investors and rating agencies
- Suppliers
- Communities

The Big Nationwide Thank You

What was the decision-making process?

In November 2024, the Group Chief Executive Officer presented a proposal to the Board to make a one-off special distribution to members to thank them for making the Virgin Money acquisition possible. The ambition was to include the widest number of members in The Big Nationwide Thank You, specifically those who were members of the Society in the 12 months preceding completion of the acquisition.

In the meeting, the Group Chief Financial Officer was challenged on how the proposed distribution would affect Nationwide's financial position. He assured the Board that Nationwide's capital position would remain sustainable. Detailed financial, accounting and tax information was provided at the Board's January 2025 meeting to further support this.

At its January 2025 meeting, the Board considered the proposal in greater detail. The proposed distribution had been refined to a one-off payment of £50 to each eligible member holding a qualifying current account, savings account or mortgage with the Society between 1 October 2023 and 30 September 2024. The qualifying criteria was intended to be as inclusive as possible with the majority of Nationwide's members eligible.

The Board discussed in detail the eligibility criteria for the payment at its February 2025 meeting. After challenging management on how the proposed £50 was agreed, the Board confirmed that it was satisfied that considerable thought had been given to arrive at the appropriate level of reward. The Board further recommended that the communication strategy clarify that The Big Nationwide Thank You would be distinct from the Nationwide Fairer Share. The Board sought confirmation from management that it was ready to meet the operational requirements of the payment as well as dealing with additional queries from members checking on their eligibility.

Following the above assurances from management, the Board gave formal approval for the payment of The Big Nationwide Thank You to eligible members, delegating the final approval of the proposal and the announcement to the Group Chief Executive Officer and Group Chief Financial Officer.

How did the directors apply the principles of section 172 and how were stakeholders considered?

Nationwide's strategic ambition to grow and deepen relationships with its members, agreed by the Board, is in the Group's long-term interests. Rewarding members' support during the acquisition of Virgin Money recognised these relationships and demonstrated the benefits of mutuality.

The Board considered that operational resilience and maintaining service levels for customers was crucial to the payment's success. Execution risk was considered by the Board, given the potential member and reputational impact of operational issues arising. The risk was mitigated via detailed governance and planning, and lessons learned from previous large-scale payments. Internal controls were put in place and the risk continued to be monitored closely.

The Board was assured that colleagues in branches and contact centres would be trained to handle eligibility enquiries and potential complaints. Colleagues who met the member eligibility criteria would receive the payment.

The Board was updated on regulatory engagement on the project plans. No material concerns were raised by the regulators. The Board was also informed of engagement with the Financial Ombudsman Service in preparation for the payment.

The Board was made aware of communications with investors and ratings agencies. This was to ensure the rationale for the payment was understood by these stakeholders and they understood that the payment was possible due to Nationwide's prevailing financial strength and mutual purpose.

What were the actions and outcomes?

The Big Nationwide Thank You was announced on 11 March 2025 and 12 million members received £50 during April and May 2025, with payments totalling £615 million. On the date of the announcement our website attracted one million visitors in a single day as people sought additional information or checked their eligibility.

Which stakeholders were considered?

- Members and customers
- Regulators and government
- Colleagues
- Investors and rating agencies

Approval of our Social Impact Strategy

What was the decision-making process?

Nationwide, as a mutual and guided by its social purpose, donates 1%[38] of its pre-tax profits each year to charitable activities.

Following the successful launch of the Blueprint for a modern mutual in 2023, the Board agreed this presented an opportunity to refresh the social investment strategy, which had been focussed on housing need. This would underpin the Beacon for Mutual Good strategic driver and align with the Society's new Blueprint.

In March 2024, the Board considered a proposal to support a refreshed Social Impact Strategy – Nationwide Fairer Futures – supporting those who have been dealt an unfair hand. In reaching its decision, the Board considered how the proposed new charity partners would help tackle some of the biggest issues faced by society today: youth homelessness, families living in poverty, and challenges faced by people living with dementia.

The Board approved Nationwide Fairer Futures, which was launched in June 2024. The Board also met with representatives from the new charity partners Centrepoint, Action for Children, and Dementia UK to hear about the impact that Nationwide Fairer Futures funding would have.

In April 2025 the Board endorsed an additional partnership with The Royal Marsden Cancer Charity. At its meeting in May 2025, the Board considered the first Social Impact Annual Report.

How did the directors apply the principles of section 172 and how were stakeholders considered?

The Board considered whether the new Social Impact Strategy would meet Nationwide's mutual good commitment and how the chosen charity partners would benefit the vulnerable sectors of society.

The Board considered colleague involvement, and colleagues were encouraged to attend the Nationwide Fairer Futures launch event and to find out more about the new partner charities. The retention of colleague grants was an important consideration, enabling staff members to support local charities they are personally and actively involved with.

The directors welcomed members' support for Nationwide Fairer Futures leading up to the 2024 AGM. In the AGM voting form, members were invited to select one of the three initial new charity partners to receive a voting donation of £1 per vote up to £500,000.

Investors and Environmental, Social and Governance (ESG) ratings agencies consider the delivery of social impact actions as part of their overall ESG assessments. The Board discussed how Nationwide Fairer Futures would help Nationwide demonstrate its commitment to acting responsibly and its social purpose.

What were the actions and outcomes?

Nationwide Fairer Futures was launched in June 2024 with charity partnerships launched with Centrepoint, Action for Children and Dementia UK. In April 2025 the additional partnership with the Royal Marsden Cancer Charity was confirmed.

Through our partnership with Dementia UK, Nationwide has been able to offer specialised dementia clinics in over 120 of its branches since September 2024. Anyone affected by dementia, regardless of who they bank with, can book a 45-minute appointment with a dementia nurse on specified dates in these designated branches.

Which stakeholders were considered?

- Members and customers
- Colleagues
- Communities
- Investors and rating agencies

38 The 1% is calculated based on average pre-tax profits over the previous three years. For 2024/25, this covered the three years ending 4 April 2024 and therefore pre-dated our acquisition of Virgin Money, which completed on 1 October 2024.

Our Mutual Good Commitments

Being a responsible business is part of our mutual heritage. We remain committed to doing business in a way that positively impacts our customers, colleagues, communities and society as a whole.

Our environmental, social and governance (ESG) ambitions are embedded within our strategy, and are focused in areas where we believe we can make the most significant, positive impacts across our stakeholder groups. Our ESG ambitions are articulated through a set of Mutual Good Commitments, which demonstrate how our business aligns to, and supports, the UN Sustainable Development Goals (SDGs) and our net-zero ambitions. Our Mutual Good Commitments are overseen by Nationwide's Board and Executive Committee, and the measures that support them are set out over the following pages.

Outside of our Annual Report and Accounts 2025, further information on how we are progressing against our ESG ambitions can be found in our sustainability reporting, as described on page 35.

Our strategic drivers

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

Our Mutual Good Commitments

We will offer customers a choice in how they bank with us, and support their financial resilience. More on our measures can be found on page 31.	We will help more people into safe and secure homes, both our customers who have relationships with us and more broadly. More on our measures can be found on page 32.	We will make a positive difference for our customers, communities and society as a whole. More on our measures can be found on page 33.	We aim to build a more sustainable world by supporting progress towards a greener society. More on our measures can be found on page 33 and pages 36 to 39.	We will enhance our performance by better reflecting the diversity of our society. More on our measures can be found on page 34.

UN Sustainable Development Goals supported by our Mutual Good Commitments

SDG 1 No poverty **SDG 8** Decent work and economic growth **SDG 10** Reduced inequalities	**SDG 1** No poverty **SDG 10** Reduced inequalities **SDG 11** Sustainable cities and communities	**SDG 1** No poverty **SDG 11** Sustainable cities and communities	**SDG 7** Affordable and clean energy **SDG 11** Sustainable cities and communities **SDG 12** Responsible consumption and production **SDG 13** Climate action	**SDG 5** Gender equality **SDG 8** Decent work and economic growth **SDG 10** Reduced inequalities

Our Mutual Good Commitment measures were set prior to our acquisition of Virgin Money on 1 October 2024. Through this section, where we can report on progress covering the Group, we show **Group** and where the measure relates to the Nationwide sub-group business excluding Virgin Money, we show **N**. Where we have indicated that new measures will be in place for 2025/26, more detail will be included in our ESG Disclosures 2025, to be published later this year.

Simply brilliant experience

Collaborating to deliver a personal, seamless, and easy experience, from start to finish.
We will offer customers a choice in how they bank with us, and support their financial resilience.

Our measures for 2024/25	Our progress
Group Our Branch Promise: We promise to keep every one of our branches open until at least the start of 2028[39].	We have kept all our branches open. Following our acquisition of Virgin Money, we also extended our Branch Promise to cover Virgin Money branches. See also, page 12.
N By 2025, we will protect 1.4 million customers with our Scam Checker Service[40].	We have exceeded our target, protecting almost 1.5 million customers with our Scam Checker Service. Usage was higher than expected, supported by more people using our branches (which is the main channel for use of our Scam Checker Service), and by our advertising approach and online prompts, which increased visibility and awareness of this service. This measure will be retired and replaced with a new measure for 2025/26.

39 All our 605 Nationwide branches and 91 Virgin Money branches will remain open until at least 1 January 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.
40 Set against a baseline of 31 March 2022. Our Scam Checker Service enables customers to check their payments with us before they make them, if they have concerns it could be a scam, providing them with additional support and reassurance.

More rewarding relationships

Building deeper, broader, more lifelong relationships that provide the best value in banking.

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

Our measures for 2024/25	Our progress
N By 2025, we will help 300,000 people, through our first time buyer proposition, to buy a home[41].	We have exceeded our target, helping 373,000 people into a home, through our Nationwide-branded mortgages. This reflected a stronger first time buyer market than expected over the period, and the ongoing success of our Helping Hand proposition (see page 13). We are introducing a new three-year first time buyer target for 2025/26.
N By 2025, we will have provided £2 billion of new lending to support the social housing sector[42].	We have exceeded our target, providing almost £2.5 billion of new lending to support the social housing sector. This reflected the evolution of our lending criteria, which enabled us to become more competitive and support a broader range of customers with their financing needs. We are introducing a new three-year target for 2025/26.
N We will ensure our new buy to let lending on rental properties meets our minimum standards, which are informed by and exceed the Decent Homes Standard[43].	With many of our customers in rented accommodation, we seek to enable a private rented sector that works for the mutual good of both landlords and tenants. We inspect the buy to let properties on which we originate new loans through The Mortgage Works, to ensure they meet our minimum standards. Properties that do not meet these conditions must complete remedial work prior to us lending on the property.

41 Set against a baseline of 30 November 2020. Our definition of a first time buyer is set out in the Glossary for the Annual Report and Accounts, available at nationwide.co.uk
42 Set against a baseline of 31 March 2022.
43 A Decent Homes Standard in the private rented sector: consultation - GOV.UK.

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.
We will make a positive difference for our customers, communities and society as a whole.

Our measures for 2024/25	Our progress
Group We will commit at least 1% of our pre-tax profits[44] to charitable activities each year.	We met our target in 2024/25. Over 2024/25, we committed more than £20 million to charitable activities. This included £18.7 million[44] (2023/24: £15.5 million) as part of the 1% of pre-tax profits, and also included donations awarded by Virgin Money. More information can be found on page 14.
Group New target: By 2027, we will have helped more than 200,000 people through our Nationwide Fairer Futures social impact strategy[45].	Following the launch of our Nationwide Fairer Futures social impact strategy in June 2024 (see page 14), we introduced a new target, to demonstrate our reach and impact on the causes we set out to support. All programmes, for each partner, were launched in 2024 and initial results on the reach and impact we have had are now being received and analysed. Due to the complex nature of measuring and reporting on individual beneficiary reach, we will start reporting on our progress against our target in 2025/26.

We aim to build a more sustainable world by supporting progress towards a greener society.

Our measures for 2024/25	Our progress
Group We aim to reduce our scope 1 emissions that we control across our own business operations, in line with our 2030 scope 1 science-based target. **Group** We aim to continue to source 100% renewable electricity for our own operations, in line with our 2030 scope 2 science based target. **Group** We aim to reduce our scope 3 emissions for our mortgages, business lending, other secured lending activity, and our supply chain, by taking steps to reduce those emissions within our control and encouraging our customers and suppliers to do the same, in line with our 2030 scope 3 science-based targets.	Our Mutual Good Commitment measures reflect our intermediate (by 2030) science-based targets, as described in the Metrics and targets section of our Climate-related Financial Disclosures 2025, from page 23. Our scope 1 emissions have continued to reduce in comparison to previous years, and we are currently ahead of our intermediate (by 2030) science-based target pathway. We have also continued to source 100% renewable electricity, and are on track to achieve our scope 2 science-based target. Our scope 3 emission reductions, particularly for mortgages, continue to be minimal given our limited control and influence in our ability to progress towards our science-based targets. More information on the progress towards our scope 3 targets can be found in our Climate-related Financial Disclosures 2025, from page 29. Scope 1 and 2 emissions form part of our directors' Long-Term Performance Pay awards (see page 107).

44 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 acquisition of Virgin Money on 1 October 2024. Our commitment of £18.7 million included £17.0 million of charitable donations and £1.7 million relating to supporting activity and staff costs.
45 Set against a baseline of 1 April 2024.

Beacon for mutual good (continued)

We will enhance our performance by better reflecting the diversity of our society.

Our measures for 2024/25	Our progress
N By 2028, our people will better reflect the wider society that we represent.	We achieved five of our seven diversity measure targets for March 2025, with improvements seen across all measures in the year, except for the LGBTQ+ leadership population. For the two measures where targets were not achieved, representation of women in our leadership population improved to 36.7% (2024: 35.7%), whilst the proportion of LGBTQ+ colleagues in the leadership population decreased to 3.0% (2024: 3.2%). We will utilise our data and insights to identify where focus and action are needed to design inclusion into our processes, policies and practices. We will also continue to enhance our evaluation of data to better understand the impacts of the targeted interventions we take. We are reviewing our diversity measures to set appropriate targets for the combined Group, including Virgin Money. Diversity measures are also included in our directors' long-term variable pay targets. More information can be found on page 107.

All data is as at 31 March 2025, and is based upon headcount not FTE (full-time equivalent value) of employees directly employed by Nationwide (excluding Virgin Money).

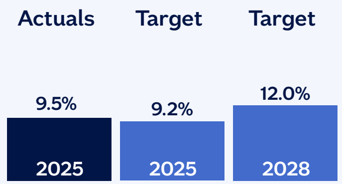
Gender[46]

Leadership population[47]

Ethnicity[48,49]

All employees

Leadership population[47]



Disability[49,50]

All employees

Leadership population[47]

Sexual Orientation[49,51]

All employees

Leadership population[47]

46 Gender – Figures reflect female representation. Gender is as recorded in Nationwide's HR system.
47 Leadership population – A targeted and broader leadership population comprising around 1,000 of our leaders.
48 Ethnicity – Figures reflect Black, Asian, mixed and other. Excluded from the calculation are white majority and minority.
49 The percentage of colleagues meeting this characteristic is based on their voluntary self-declaration recorded in Nationwide's HR system, which states that they consider themselves to belong to this characteristic.
50 Disability – Figures reflect those identifying as disabled or as having a long-term health condition.
51 Sexual Orientation – Figures reflect those identifying as bi-sexual, gay man, gay woman, lesbian and other. Excluded from the calculation are those identifying as heterosexual.

Non-financial and sustainability information statement

This statement provides an overview of topics and related reporting references as required by Sections 414CA and 414CB of the Companies Act 2006. Non-financial and sustainability (environmental, social and governance) information is integrated across the Strategic report and other publications and we have used cross-referencing in the table on the right to avoid duplication.

For further information on non-financial and sustainability matters, please see our separate reporting at nationwide.co.uk:

- ESG Disclosures
- Climate-related Financial Disclosures
- Principles for Responsible Banking report
- Modern slavery statement
- Responsible business webpages (for information on our ESG policies and statements)

Supporting our colleagues with disabilities

We are committed to fostering an inclusive culture, ensuring everyone has access to opportunities. It is our policy to afford access to training, career development, and promotion opportunities fairly to all colleagues.

We actively support colleagues with disabilities or long-term health conditions, including through workplace adjustments and supportive policies, to enable them to be at their best. Should colleagues become disabled while employed, we will, wherever possible, make adjustments to support them in their existing role or re-deploy them to a more suitable alternative role. We continue to improve our adjustments process to make the experience as clear, quick and easy as possible.

Our collaboration with employee network groups helps us learn from lived experiences, fostering a supportive community and promoting belonging and inclusion. We design spaces that work for colleagues and continue to learn from feedback, to raise accessibility standards.

We partner with organisations such as the Business Disability Forum and the Valuable500 to improve outcomes for disabled colleagues and customers. We are recognised as a Disability Confident Leader by the Government's Department for Work and Pensions, and we continue to ensure that we continuously integrate accessibility and inclusion into our policies and processes.

Reporting requirements	Section of Annual Report and Accounts	Page
Business model	We are a modern mutual banking provider	5
Key performance indicators	Our 2024/25 key performance indicators	16
Governance	Governance	56
Stakeholders	Engaging with our stakeholders	19
Social matters	Our Mutual Good Commitments	30
Key risks and their management	Risk overview	40
Colleagues Environmental matters Human rights Economic crime and anti-corruption	Our policies ensure consistent governance in respect of our colleagues, environmental matters, human rights and economic crime and anti-corruption. Our key policies and statements of intent are set out on our webpages. For our Nationwide sub-group, these can be found on our Responsible Business webpages at nationwide.co.uk. For our Virgin Money sub-group, these can be found on our ESG hub at virgninmoneyukplc.com.	

For more information on how we support our colleagues more generally, see page 23.

Climate-related financial disclosures

Our full Climate-related Financial Disclosures 2025 can be found at **nationwide.co.uk**

For personal use only

Environmental and climate consciousness are core to our strategy and align to our mutual purpose of **Banking - but fairer, more rewarding and for the good of society**. This compels us to take meaningful action by limiting the environmental impact of our business operations, helping customers to green their homes and businesses, and managing better the impacts of a more unpredictable climate. Climate change continues to present a risk to us and our customers, and so managing the risk from climate change, and aiming to build a more sustainable world by supporting progress towards a greener society, is core to us being a responsible business.

The table below outlines how we have aligned to the four categories of the Task Force on Climate-related Financial Disclosures (TCFD's) recommendations[1] (Strategy, Governance, Risk management, and Metrics and targets) and recommended disclosures. This is aligned with the Financial Conduct Authority's Listing Rules 6.6.6R(8). Across these categories are 11 sub-category headings which we have used to present our activities for this year, along with planned future activity.

Page number references have been provided to indicate where additional detail can be found in our full Climate-related Financial Disclosures 2025.

Strategy – the actual and potential impacts of climate-related risks and opportunities on us, our strategy, and financial planning		
The climate-related risks and opportunities we have identified over the short, medium, and long term		
2024/25 activity	**Future activity**	**Disclosure reference**
• We continue to manage climate-related risk across our separate but aligned Enterprise Risk Management Frameworks (ERMFs). • We consider physical, and transition, climate-related risks and opportunities over short-, medium-, and long-term horizons.	• Consider aligning our approach to climate change across the Group, where appropriate. • Assess climate-related risks and opportunities across the Group in accordance with future disclosure requirements.	Pages 3, 10-12, 18-22
The impact of climate-related risks and opportunities on our businesses, strategy, and financial planning		
2024/25 activity	**Future activity**	**Disclosure reference**
• Our climate-related impacts, risks, and opportunities were assessed through a double materiality (financial and impact materiality) lens. We continue to embed climate change into our strategic planning and financial planning processes. • This year, we published our research paper[2], which outlines the initial findings of our 0% interest Green Additional Borrowing mortgage pilot. The paper includes six recommendations of actions that policymakers, businesses, banks and building societies can take to help improve the decarbonisation of UK homes. • We also launched our Mobiliser Fund. Supported by two key initiatives, the fund aims to help businesses in higher emitting sectors to start to make the important steps in the transition towards a low-carbon economy.	• Continue to engage with government and stakeholders across the industry in the pursuit of decarbonising homes in the UK. • Continue to monitor the impact of our green finance propositions, on our customers and business customers.	Pages 5, 7-9, 11-12, 15
The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		
2024/25 activity	**Future activity**	**Disclosure reference**
• Our scenario analysis activity continues to support our understanding of the impacts of climate change on our residential mortgages, registered social landlords, and business lending portfolios. • This year, we completed sensitivity analysis on the Nationwide sub-group's residential mortgages portfolio, across two climate pathways (including a well-below 2°C scenario). We also continue to consider climate change in the Internal Capital Adequacy Assessment Process (ICAAP).	• Further enhance our climate scenario analysis capability and how we use it to manage climate-related risks.	Page 14

1 Nationwide follows the TCFD's Annex: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021).
2 How low-cost finance supports the greening of UK homes.

Our full Climate-related Financial Disclosures 2025 can be found at **nationwide.co.uk**

Governance – the organisation's governance around climate-related risks and opportunities		
The Board's oversight of climate-related risks and opportunities		
2024/25 activity	**Future activity**	**Disclosure reference**
• Our climate change governance model provides clear oversight and management of climate-related issues. Our Board has ultimate accountability for all climate-related matters and sets strategic direction for our climate change ambitions. This year, our Board engaged regularly on climate-related matters, including receiving updates on progress towards our scope 1 intermediate (by 2030) science-based target, and updates on progress being made towards our Mutual Good Commitments.	• Continue to engage the Board on climate-related issues, including progress towards our intermediate (by 2030) science-based targets, and Mutual Good Commitments.	Page 16
Describe management's role in assessing and managing climate-related risks and opportunities		
2024/25 activity	**Future activity**	**Disclosure reference**
• Climate-related Senior Managers Regime (SMR) accountabilities sit with our Group Chief Executive Officer, supported by the Chief Executive Officer of Virgin Money. This year, our executive management-level, and operational-level, committees engaged regularly on climate change, including discussing the outcomes of our 0% interest Green Additional Borrowing mortgage pilot research paper and reviewing the appropriateness of our intermediate (by 2030) science-based target for mortgages.	• Continue to engage management on climate change. • Consider further alignment of our climate-related governance model across the Group.	Page 17
Risk management – our processes for identifying, assessing and managing climate-related risks		
Our processes for identifying and assessing climate-related risks		
2024/25 activity	**Future activity**	**Disclosure reference**
• This year, we assessed the potential inbound, and outbound, climate-related impacts against our principal risks, through a double materiality lens. • Our risks were assessed across short-, medium-, and long-term time horizons.	• Continue to enhance our approach to help identify and assess climate and nature-related risks, where appropriate.	Pages 11-12, 18-20
Our processes for managing climate-related risks		
2024/25 activity	**Future activity**	**Disclosure reference**
• This year, we updated the Nationwide sub-group's Climate Change and Nature Risk Standard, to incorporate nature-related risk alongside climate change. • The Group also engaged with the PRA on the outcome of the 2023 climate thematic review.	• Continue to consider the management of nature-related risk as part of our climate risk assessments.	Pages 10, 13, 18-20
How our processes for identifying, assessing, and managing climate-related risks are integrated into our overall risk management		
2024/25 activity	**Future activity**	**Disclosure reference**
• We continue to identify, assess, and manage climate-related risk across the Group. • This year, we updated the Nationwide sub-group approach to consider nature-related risk alongside climate change as a cause to our principal risks.	• Consider aligning our approach to climate change, across the Group, where appropriate.	Pages 18-22

Our full Climate-related Financial Disclosures 2025 can be found at **nationwide.co.uk**

Metrics and targets – disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
The metrics used by us to assess climate-related risks and opportunities in line with our strategy and risk management process		
2024/25 activity	**Future activity**	**Disclosure reference**
• Our climate change management information (MI) continues to be discussed in our executive management-level and operational-level committees, to support better decision making by management. This year, we incorporated nature-related metrics into our MI dashboard, including waste and water usage data. • We also continue to monitor climate-related physical and transition risk metrics, including the flood risk exposure, and the Energy Performance Certificate composition, of our residential mortgages portfolios.	• Continue to enhance our climate- and nature-related metrics to support our climate change risk management.	Pages 17, 37-39
Our scope 1, 2, and 3 greenhouse gas (GHG) emissions and targets, and the related risks		
2024/25 activity	**Future activity**	**Disclosure reference**
• We continue to disclose our scope 1, 2, and 3 emissions, in line with the Government's Streamlined Energy and Carbon Reporting regulatory requirements. • Our emissions data continues to help track progress towards our intermediate (by 2030) science-based targets and Transition Plan.	• Continue to review our approach to calculating emissions, to support monitoring progress towards our intermediate (by 2030) science-based targets.	Pages 23-36
The targets used by us to manage climate-related risks and opportunities, and performance against these targets		
2024/25 activity	**Future activity**	**Disclosure reference**
• Our Mutual Good Commitments are supported by our scope 1, 2, and 3 emissions intermediate (by 2030) science-based targets. Progress towards our scope 3 targets, particularly for residential mortgages, will not be possible without substantial additional government-led policy, and consumer action. • This year, we conducted internal modelling on the estimated impact of the Government's green homes policy and customer behaviour on emissions reductions, to understand the potential impact on our intermediate (by 2030) science-based target for residential mortgages. Given the slow progress in UK policy and consumer action to green UK homes to date, our internal modelling demonstrates that our mortgages target is not achievable. For the time being, we have retained our target, and have aligned our targets across the Group, where feasible. However, we will be keeping our targets under active review as we continue to monitor the UK's progress towards its net-zero ambition.	• Continue to review progress towards our intermediate (by 2030) science-based targets, and keep the targets under active review. • Consider our approach to future target setting across the Group.	Pages 23-36

Our carbon emissions data[3]

We report on our most material emissions categories, in line with the Streamlined Energy and Carbon Reporting requirements[4]. More information on our emissions, methodology used, energy efficiency action taken, and progress towards our intermediate (by 2030) science-based emissions targets, can be found in our Climate-related Financial Disclosures 2025, and Basis of Reporting[5]. Reporting period for comparative year and baseline year have not been restated from Nationwide and Virgin Money historical reporting dates due to the early stages of integration in relation to the acquisition. The presented comparative and baseline data at a Group level reflects an aggregate of this historical reporting. More information is in our Climate-related Financial Disclosures: Basis of Reporting 2025. We will explore aligning better our emissions data in the future, as appropriate. We appointed Ernst and Young LLP (EY) to provide limited independent assurance over selected KPIs within our scope 1, 2, and 3 carbon emissions disclosures, as indicated by the EY symbol in the table, below. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) (UK) 3000 (July 2020), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Scope 1 and 2 emissions data	**2024/25**	**2023/24**	**(Baseline) 2021/22**
Scope 1 – Energy and travel (tCO_2e/y) EY	3,128	3,975[6]	5,673
Scope 2 – Electricity (tCO_2e/y) EY	18,165	19,383[6]	21,098
Total gross scope 1 and 2 emissions (tCO_2e/y) EY	21,293	23,358	26,771
Absolute carbon outturn – less PPA and green tariff electricity (tCO_2e/y)	3,128	3,975	5,673
Total carbon dioxide in tonnes per full time employee ($tCO_2e/y/FTE$)	0.15	0.19	0.28
Total energy usage – Electricity and gas (MWh)	103,839	115,214	131,159
Scope 3 upstream emissions data – purchased goods and services, capital goods, upstream transportation and distribution	**2024/25**	**2023/24**	**(Baseline) 2021/22**
Nationwide sub-group total upstream scope 3 carbon emissions (tCO_2e/y) EY	177,000	169,500[6]	230,000
Virgin Money sub-group total upstream scope 3 carbon emissions (tCO_2e/y) EY	54,500	53,000[6]	-
Scope 3 downstream emissions data – residential mortgages	**2024/25**	**2023/24**	**(Baseline) 2021/22**
Nationwide sub-group LTV weighted carbon emissions using interpolated EPC data (tCO_2e/y) EY	2,611,000	2,807,000	2,795,000
Nationwide sub-group LTV weighted carbon intensity using interpolated EPC data ($kgCO_2e/m^2/y$)	17.98	18.27	19.03
Virgin Money sub-group LTV weighted carbon emissions using extrapolated EPC data (tCO_2e/y) EY	529,000	574,000	617,000
Virgin Money sub-group LTV weighted carbon intensity using extrapolated EPC data ($kgCO_2e/m^2/y$)	16.50	16.40	16.88
Scope 3 downstream emissions data – business lending (Virgin Money sub-group)	**2024/25**	**2023/24**	**(Baseline) 2021/22**
Agriculture LTV weighted carbon emissions (tCO_2e/y) EY	424,000	470,000	505,000
Agriculture physical LTV weighted carbon intensity (tCO_2e/y/£m revenue)	1,369	1,535	1,431
Oil and gas LTV weighted carbon emissions (tCO_2e/y)	84,000	140,000	87,000
Oil and gas economic LTV weighted carbon intensity (tCO_2e/y/£m lent)	606	1,059	1,115
Shipping LTV weighted carbon emissions (tCO_2e/y)	65,000	100,000	273,000
Shipping economic LTV weighted carbon intensity (tCO_2e/y/£m lent)	478	738	1,934
Surface transport LTV weighted carbon emissions (tCO_2e/y)	168,000	132,000	-[7]
Surface transport physical LTV weighted carbon intensity (gCO_2e/y/km travelled)	433	434	-
Scope 3 downstream emissions data – registered social landlords (Nationwide sub-group)	**2024/25**	**2023/24**	**(Baseline) 2021/22**
LTV weighted carbon emissions using interpolated EPC data (tCO_2e/y) EY	213,000	218,000	346,000
LTV weighted carbon intensity using interpolated EPC data ($kgCO_2e/m^2/y$)	21.51	20.61	22.36
Scope 3 downstream emissions data – commercial real estate (Nationwide sub-group)	**2024/25**	**2023/24**	**(Baseline) 2021/22**
LTV weighted carbon emissions using proxy EPC data (tCO_2e/y) EY	23,000	32,000	96,000
LTV weighted carbon intensity using proxy EPC data ($kgCO_2e/m^2/y$)	23.87	25.40	46.39

3 Notes for the carbon emissions data are detailed in our Climate-related Financial Disclosures 2025, and our Climate-related Financial Disclosures: Basis of Reporting 2025. Data for scope 1 and 2 is presented for the 12-month period ended 31 December 2024 for the Nationwide sub-group, and for 12-month period ended 30 June 2024 for the Virgin Money sub-group. Data for scope 3 upstream is presented for the 12-month period ended 31 December 2024 for the Nationwide sub-group, and the 12-month period ended 30 September 2024 for the Virgin Money sub-group. Data for scope 3 downstream (investments) is presented for the 12-month period ended 31 December 2024 for the Nationwide sub-group, and the 12-month period ended 31 March 2024 for the Virgin Money sub-group (which includes emissions from residential mortgages and our business lending sectors that we assess as most carbon intensive).

4 Streamlined Energy and Carbon Reporting requirements-GOV.UK(www.gov.uk).

5 Results and accounts | Nationwide.

6 Comparative amounts have been restated following ongoing review of our emissions calculation methodology. More information is included in our Climate-related Financial Disclosures: Basis of Reporting 2025.

7 Surface transport baseline set in 2023/24.

EY Our emissions are subject to independent limited assurance by EY. Further information is in EY's limited assurance report 2025. Please refer to the report for full details of scope.

Risk overview

The Board recognises that effective risk management is essential to the Group's ongoing strength and the delivery of our strategic objectives. We adopt a prudent approach to risk management, keeping our customers' money safe and secure by ensuring that the risks we take in support of our strategy are understood, and managed rigorously through a consistent approach.

Significant analysis has taken place, both prior to and following the acquisition of Virgin Money, to understand the impact of the acquisition on the Group's risk profile. Prior to the acquisition, the two separate businesses operated in broadly similar markets and were exposed to similar risks. Whilst the risks to which the new Group is exposed are fundamentally unchanged following the acquisition, the absolute level of risk which the Group is exposed to has increased. This reflects the larger and more complex overall business and the risks associated with integration. In response, we have ensured that appropriate risk mitigations and controls are in place. Given the Group's increased market share, we also expect to be subject to increased regulatory scrutiny, particularly throughout the integration period.

Risks are managed effectively across the Group with no material deficiencies, although some specific risk management practices differ across the Nationwide and Virgin Money sub-groups. Against an evolving backdrop, with increased prevalence of financial, economic and cyber crime, the Group will continue to prioritise investment in its defences and drive towards best practice, including investment to keep our systems up to date. The Group maintains a strong financial position and remains comfortably above regulatory and internal minima for all key measures of capital and liquidity.

How risk is managed across the Group

Following the acquisition of Virgin Money on 1 October 2024, the Group operates separate but aligned Enterprise Risk Management Frameworks (ERMFs) for the Nationwide and Virgin Money sub-groups, ensuring risks are managed in a consistent and rigorous way. These frameworks define how risks are managed within each business and set out the risk management responsibilities of colleagues within an industry-standard three lines of defence model. They also ensure that all risks are appropriately and consistently identified, assessed, managed, monitored, and reported. These frameworks are supplemented by Group level governance which supports the Board in ensuring risks are managed consistently and rigorously across the Group, with appropriate escalation routes in place.

Independent oversight and challenge of risk management practices is provided by the respective independent risk functions within the two businesses, each led by a Chief Risk Officer (CRO). The respective CROs have regular meetings to ensure risks are managed appropriately across the Group. The Internal Audit functions of the two businesses provide assurance of the effectiveness of the control environments, to their respective boards.

The Board sets the Group's risk appetite, defining the acceptable levels of risk to take in pursuit of its objectives. To support this, the Nationwide and Virgin Money sub-groups also set risk appetite for the specific risks arising from their operations. The Board and management receive regular risk profile reporting, including key risk metrics, to monitor our position relative to risk appetite. We also continuously review risks to which the Group is exposed and strengthen both the framework and the controls we rely upon to mitigate these risks. Further information on how risk is managed across the Group can be found in the Managing risk section of the Risk report on page 123.

Principal risks and uncertainties

The Board is responsible for the principal risks to which the Group is exposed. These risks encompass all the different types of risk which are relevant to the Group's business and the achievement of its strategic objectives. This ensures we understand and manage all risks to which we are exposed in a comprehensive and consistent way. Further information on these risks can be found in the Risk report as indicated below.

Principal risk	Key developments	Further detail
Credit risk – The risk of loss as a result of a customer or counterparty failing to meet their financial obligations.	Despite the pressures on household finances, the Group's credit performance remains within expectations and appropriate provisions are in place. The acquisition of Virgin Money introduced substantial business banking and credit card portfolios to the Group. Whilst this has led to significant balance growth and change in the portfolios' composition, it has not resulted in a material change to the overall credit risk profile.	Page 127
Liquidity and funding risk – Liquidity risk is the risk that the Group is unable to meet its liabilities as they fall due and maintain member and other stakeholder confidence. Funding risk is the risk that the Group is 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.	Following the acquisition of Virgin Money, the Group's liquidity and funding position remains strong, with a Liquidity Coverage Ratio of 174% (2024: 191%) and a Net Stable Funding Ratio of 147% (2024: 151%).	Page 171
Capital risk – The risk that the Group fails to maintain sufficient capital to absorb losses throughout a full economic cycle and sufficient to maintain the confidence of current and prospective investors, members, the Board, and regulators.	Whilst the Group's capital resources decreased following the acquisition of Virgin Money, they remained comfortably above both regulatory and internal minima throughout the year. At 31 March 25 the Group's Common Equity Tier 1 (CET1) ratio was 19.1% (2024: 27.1%) and the Group's leverage ratio was 5.2% (2024: 6.5%).	Page 184
Market risk – The risk that the net value of, or net income arising from, the Group's assets and liabilities is impacted as a result of market price or rate changes. The Group does not have a trading book; therefore, market risk only arises in the banking book.	Whilst economic conditions impacted the Group, market risk continued to be managed prudently, resulting in a low level of exposure to interest rate risk.	Page 190
Pension risk – The risk that the value of the pension scheme assets will be insufficient to meet the estimated liabilities, creating a pension deficit.	The Group's pension schemes remain well funded, and no employer deficit contributions were required or scheduled for the year.	Page 196
Business risk – The risk that volumes decline, margins shrink, or losses increase relative to the cost or capital base, affecting the sustainability of the business and the ability to deliver the strategy due to external factors (macroeconomic, geopolitical, industry, regulatory, technological, or other external events) or internal factors (including the development and execution of the strategy).	The acquisition of Virgin Money has expanded and diversified the balance sheet, customer base, and income streams, increasing resilience to potential shocks. However, this also exposes the Group to new or increased risks, including those related to business banking and credit cards. Whilst we remain within risk appetite, these risks will be assessed further in upcoming stress testing activity.	Page 199

Principal risk	Key developments	Further detail
Operational and conduct risk – The risk of impacts resulting from inadequate or failed internal processes, conduct and compliance management, people and systems, or from external events.	The Group has continued to mature its operational and conduct risk management processes and capabilities throughout the year, most significantly in respect of change management, economic crime and technology risk. Investment is being directed to enhance cyber defence, economic crime and conduct and compliance capabilities across the Group.	Page 200
Model risk – The risk of adverse consequences from model errors or the inappropriate use of modelled outputs. Model outputs may be affected by the quality of data inputs, choice and suitability of methodology and the integrity of implementation. The adverse consequences include financial loss, poor business or strategic decision making, or damage to the Group's reputation.	Good progress has been made, improving model performance and compliance with Internal Ratings Based (IRB) roadmap regulations. Model risk management and governance capabilities continue to be enhanced in response to the implementation of the Prudential Regulation Authority's (PRA) supervisory statement 1/23 'model risk management principles for banks' and the Basel 3.1 standards.	Page 203

Top and emerging risks

Top and emerging risks are specific risks which have the potential to materially impact the Group's financial results and delivery of its strategic objectives and often impact across several principal risks. The most significant of these are described below, together with a summary of actions we are taking to reduce the risk, and the principal risks which are most likely to be impacted.

Risk	How we mitigate this risk	Related principal risks
Climate change ➔ The Group is exposed to both physical risks arising from climate change (such as damage to UK housing stock and property) and transitional risks (such as lower economic growth and government policy impacts on property values) as the country moves towards net-zero emissions. These threats continue to evolve as government policy develops and green technologies mature.	• We invest in sustainable business practices and proactively review lending criteria to limit the impact our activities have on climate change and to mitigate potential credit risk. • We continue to develop our processes to reflect potential changes in macroeconomic conditions and the housing market as we transition to a low-carbon economy, and we have completed relevant stress testing for climate change.	• Credit risk • Model risk • Operational and conduct risk
Cyber ↗ Given ongoing geopolitical tension, the threat of external parties exploiting cyber-security vulnerabilities to gain access to data, system, or assets; disrupt services; or otherwise affect the Group, our staff, and our customers, remains. Cyber-attacks are constantly evolving and increasing in terms of sophistication.	• We continuously monitor the cyber threat level and continue to invest in our cyber defences to ensure we are able to respond appropriately. • We have accelerated existing Virgin Money cyber defence enhancement programmes.	• Operational and conduct risk
Emergent technologies ➔ The emergence of viable generative artificial intelligence, as well as the continued development of quantum computing and crypto-currency technologies, creates new risks and opportunities as they are adopted internally, across the industry and potentially by malicious organisations or individuals.	• We only use generative artificial intelligence for specific activities which are subject to robust control and oversight, including human intervention where required. • We continually develop and refine our control framework for advanced and emerging technologies, and monitor the external environment for developments in industry best practice.	• Operational and conduct risk • Model risk
Geopolitical environment ↗ The geopolitical environment remains volatile, with ongoing global conflicts and a range of global tensions. This uncertainty impacts the macroeconomic environment. Conflicts and disputes also have the potential to disrupt supply chains and increase cyber threats and economic crime.	• We prepare for a range of economic outcomes and continually assess the risks arising from these. • Whilst our retail lending is restricted to the UK, we actively control our exposure to mitigate the risks arising from geopolitical events. • We proactively engage suppliers to understand and manage exposures to geopolitical events, whilst protecting services through enhanced due diligence and diversification.	• Credit risk • Operational and conduct risk • Liquidity and funding risk

Risk	How we mitigate this risk	Related principal risks
Integration risk (New) The integration activity following the acquisition of Virgin Money increases the Group's exposure to a range of risks including reputational risks arising from incidents, technology failure, people risks, ineffective group governance and reporting, regulatory risks, and risk of unknowns.	• We have established an Integration Management Office to oversee the planning and delivery of a conservative integration strategy. • Risk assessments have yielded a number of actions which will mitigate identified risks. The evolving integration landscape will be continually monitored and tracked with support from the second line oversight function.	• Operational and conduct risk
Macroeconomic environment ➚ The Group is inherently exposed to fluctuations in the UK's economic conditions, which are impacted by the global geopolitical environment, including ongoing trade disputes. The economic environment remains uncertain, with slower growth and elevated interest rates impacting customer finances, as well as other institutions and counterparties. Government policy continues to evolve, including in response to these challenges, with consequential impacts for the UK economy.	• We maintain strong capital and liquidity levels in excess of regulatory minima, and we regularly undertake both internal and regulatory stress tests to ensure our financial resources are sufficient under a range of severe but plausible scenarios. • We continuously review and adjust our credit policies so they remain appropriate for the prevailing economic conditions and continue to support customers who may experience financial difficulty. • We only have exposures to highly rated banking counterparties; these consist primarily of fully collateralised derivatives and covered bonds for liquidity management.	• Credit risk • Capital risk • Liquidity and funding risk
Technology and resilience ➔ The combination of a rapidly evolving and increasingly complex technological environment, alongside the increasing importance of services being available when customers need them, increases both the potential for, and the impact of, outages and system failures.	• We continue to prioritise strategic investment in our systems to simplify and modernise the technology estate across the Group and reduce exposure to legacy technology architecture. We have also accelerated existing activity at Virgin Money. • We continuously enhance our internal control environment, improving resilience whilst proactively balancing ongoing service provision with the need to update and develop our systems to meet the current and future needs of our customers.	• Operational and conduct risk

Key (change in underlying risk to the Group in the year)
➚ Increased level of risk
➔ Stable level of risk
➘ Decreased level of risk

Viability statement

The directors have an obligation to confirm that they believe that the Group will be able to continue in operation, and to meet its liabilities as they fall due. This viability statement considers the Group's current financial and strategic position, along with the potential impact of its principal risks, to explain the directors' assessment of the Group's prospects over an appropriate period.

Assessment of viability

In addition to taking a 12-month view of whether the Group remains a going concern, the directors have considered the viability of the Group over a three-year period. The three-year period is within the timeframe of the Group's profitability projections and entity level stress tests, which are typically considered across a five-year horizon, providing a reasonable expectation of continued operations and ability to meet liabilities as they fall due. Whilst it will always be difficult to predict the future path of the UK or the wider global economy with any degree of precision, the three-year period strikes the right balance between assessing likely outcomes using the current information we have and acknowledging an increased degree of uncertainty over a period longer than this.

In making their assessment, the directors have reviewed, alongside the strategic plan, the strength of the Group's current financial position, with the impact of key risks also considered as part of entity level stress testing activity for the Nationwide and Virgin Money sub-groups. This assessment includes consideration of the principal and top and emerging risks outlined in the Risk overview on pages 40 to 43.

Consideration of key risks

The Board is responsible for identifying and assessing the risks to which the Group is exposed. The principal risks are explored fully within the annual financial planning and stress testing framework to support the Board's understanding of how our exposure to these risks evolves over time. This is further enhanced through the layering of emerging risks as appropriate to deepen our understanding of how the top and emerging risks could interact with our principal risks. While some top and emerging risks related to operational and conduct risk were not directly modelled, the assessment concluded that the severity and impact of these risks fall within the scenarios used for this analysis. Top and emerging risks which have the potential to materially impact the Group's financial results and considered more relevant to Nationwide's strategy include:

- Geopolitical and macroeconomic environments – The Group's performance is exposed to fluctuations in economic conditions and the UK housing market. The global economic outlook remains highly uncertain, due in part to geopolitical tensions and a worsening in global trading relations, but UK households and the UK-focused businesses we support appear relatively well placed for any potential shocks. Despite this uncertainty, we maintain strong capital and liquidity levels in excess of regulatory minima, and we regularly undertake both internal and regulatory stress tests to ensure our financial resources are sufficient under a range of severe but plausible scenarios.
- Cyber security – We continuously monitor the external landscape to identify potential cyber and fraud threats, whilst operating and maturing our key financial crime and cyber controls to protect our customers and services, and to meet our regulatory obligations. We have accelerated the existing Virgin Money cyber defence enhancements programmes across financial crime prevention and cyber defence, further strengthening the Group position.
- Technology and system resilience – We continue to prioritise strategic investment in our systems to simplify and modernise the technology estate across the Group, including the acceleration of existing activity at Virgin Money. Maintaining resilient systems, infrastructure and processes remains critical as changing consumer behaviours influence customer needs in accessing our products and services and how they interact with us. We continue to monitor and strengthen our control environment whilst proactively monitoring the resilience of our services to reduce disruption to our customers.
- Climate change – The Group is exposed to both physical risks arising from climate change and transitional risks as the country moves towards net-zero emissions, which continue to evolve as government policy develops and 'green' technologies mature. We invest in sustainable business practices, proactively review lending criteria and continue to consider the potential impact on the macroeconomic and trading environment as we transition to a low carbon economy.
- Integration risk – The risk of adverse impacts arising directly from integration activity as a result of the Virgin Money acquisition is managed by the Integration Management Office, which oversees the planning and delivery of a conservative integration strategy. The evolving integration landscape will be continuously monitored and tracked.

Planning and stress testing activity during 2024/25

The directors' assessment of viability over a three - year period is undertaken at a Group level. This has been performed using a Group base case macroeconomic scenario alongside a range of plausible stressed macroeconomic scenarios undertaken by the Nationwide and Virgin Money sub-groups. The prioritisation of risks to explore within stress testing activities for 2024/25 utilised the well-established processes within the two sub-groups, with governance responsibilities undertaken by the respective Stress Testing Committee and Boards.

The scenarios explored across the Group during 2024/25 include:

- A range of macroeconomic scenarios, inclusive of sensitivities to changes in Bank rate, alongside severe but plausible stress scenarios exploring the UK entering into a major recession and house price activity falling to record lows. The output of these scenarios demonstrate that the Group remains resilient to a range of macroeconomic scenarios.
- Internally generated stress scenarios by the Nationwide and Virgin Money sub-groups, building on the macroeconomic stress scenarios in some instances to increase the severity to assess capacity to withstand the liquidity and capital implications of significant operational incidents such as a ransomware attack which could drive significant and sudden retail deposit outflows. The scenarios demonstrate the Group remains resilient to severe market-wide and idiosyncratic scenarios, supported by robust levels of management action capacity.
- Nationwide and Virgin Money sub-groups have each explored the point at which the current business model would become unviable as part of the reverse stress test. This represents one of the most severe stress scenarios, examining how internal and external risk factors such as macroeconomic and strategic risks could, individually or in combination, result in the business model failing without mitigating factors or actions being present today.
- Climate change stress testing and the continued development of capabilities remains a priority for the Group. During 2024/25, the Virgin Money sub-group executed bespoke climate scenarios, assessing physical and transition risks across a 30-year horizon alongside accelerated short-term impacts. The Nationwide sub-group evaluated sensitivities to previously executed climate change scenarios, including an extrapolation of synchronous physical and transition risk peaks. The combination supports the development of capabilities and further understanding of climate change risk exposure.

A selection of the macroeconomic scenarios have been used for expected credit loss modelling during 2024/25, and further detail can be found in note 10 to the financial statements.

Conclusion on viability

The directors have assessed the Group's current financial strength, demonstrated through strong capital ratios (CET1 ratio of 19.1% and leverage ratio of 5.2% at 31 March 2025), and liquidity position (12-month average LCR for the period ended 31 March 2025 of 174%), and the impact of the scenarios described above on the Group's key financial metrics over the three-year assessment period.

In our base case macroeconomic scenario, key financial performance metrics are projected to remain comfortably above Board Risk Appetite and regulatory buffers. In addition, internal and regulatory stress testing activity demonstrates how the Group can withstand severe macroeconomic stresses, including those linked to heightened inflation and changes to the expected path of Bank rate.

The directors have a reasonable expectation that the Group will be able to continue its operations, and to meet its liabilities as they fall due, over the three-year assessment period.

Financial review

Muir Mathieson, Group Chief Financial Officer, Nationwide Building Society, said:

"Our financial performance has been strong, with statutory profit before tax of £2.3 billion and record member value. Total underlying income increased to £5.2 billion following the acquisition of Virgin Money, and our overall underlying net interest margin remained broadly stable.

"Cost discipline is strong, with underlying Nationwide cost growth significantly below the headline level of inflation. Group underlying costs include six months of costs for Virgin Money.

"Our balance sheet remains robust and well capitalised. Arrears rates are low and stable, and we maintain a peer-leading Group CET1 ratio of 19.1% and leverage ratio of 5.2%."

Group financial highlights

- Underlying profit before tax for the year reduced to £1,852 million (2024: £2,003 million). Nationwide sub-group profit is £195 million lower, partially offset by the inclusion of six months of Virgin Money sub-group profits of £44 million.
- Statutory profit before tax for the year increased to £2,302 million (2024: £1,776 million). This is predominantly due to a net one-off benefit in relation to the acquisition of Virgin Money, partially offset by an additional £656 million for member reward payments. The net one-off benefit includes a £2.3 billion gain on acquisition, partially offset by a £456 million credit impairment charge and £367 million of administrative expenses in relation to the acquisition.
- Total underlying income increased to £5,211 million (2024: £4,664 million) as a result of the acquisition of Virgin Money. Underlying net interest margin was broadly stable at 1.55% (2024: 1.56%).
- Total member value increased to a record £2,795 million (2024: £2,194 million). This consists of £1,795 million (2024: £1,850 million) of member financial benefit, the Nationwide Fairer Share Payment of £385 million (2024: £344 million) and The Big Nationwide Thank You one-off reward to members of £615 million.
- Underlying administrative expenses increased by £634 million to £3,183 million (2024: £2,549 million), including £698 million relating to Virgin Money. Underlying administrative expenses exclude costs in relation to the acquisition of Virgin Money.
- Underlying credit impairment charges increased to £176 million (2024: £112 million), of which £164 million relates to Virgin Money. Arrears rates remain low and broadly stable. Underlying credit impairment charges exclude £456 million of one-off charges arising on the acquisition of Virgin Money.
- CET1 and leverage ratios decreased to 19.1% and 5.2% (2024: 27.1% and 6.5%) respectively, due to the utilisation of capital to acquire Virgin Money.
- The average Liquidity Coverage Ratio over the 12 months ended 31 March 2025 remained strong at 174% (12 months ended 4 April 2024: 191%). Drawings from the Bank of England's Term Funding Scheme with additional incentives for Small and Medium sized Enterprises (TFSME) have been fully repaid by Nationwide sub-group. The Virgin Money sub-group retains £900 million of TFSME drawings.

Underlying profit before tax:
£1,852m
(2024: £2,003m)

Statutory profit before tax:
£2,302m
(2024: £1,776m)

Member Value:
£2,795m
(2024: £2,194m)

Leverage ratio:
5.2%
(2024: 6.5%)

Group financial highlights (continued)

- Strong organic growth in the Nationwide sub-group, together with the acquisition of Virgin Money, has led to a significant increase in product balances.
- Retail deposit balances increased by £67.3 billion to £260.7 billion (2024: £193.4 billion). This comprises record organic balance growth for Nationwide sub-group of £14.0 billion and £53.3 billion of Virgin Money balances. The Group market share of deposit balances increased to 12.2% (2024: 9.5%).
- Mortgage balances increased to £275.9 billion (2024: £204.5 billion). This includes record net lending of £15.5 billion for Nationwide sub-group and £55.6 billion of balances relating to Virgin Money. The Group market share of mortgage balances increased to 16.2%. (2024: 12.3%).
- Consumer lending balances grew to £11.1 billion (2024: £4.3 billion), including £6.7 billion of Virgin Money balances. Total credit card balances were £7.8 billion (2024: £1.6 billion), representing 10.7% share of the UK's consumer credit card balances.
- The acquisition of Virgin Money included £17.1 billion of business deposit balances and £9.5 billion of business lending balances. This brings greater diversification of the Group's products and services.

Nationwide sub-group underlying performance highlights

- Underlying profit before tax for the year reduced to £1,808 million (2024: £2,003 million). This is due to a reduction in underlying income, partially offset by lower underlying credit impairment charges and lower underlying administrative expenses.
- Total underlying income reduced to £4,305 million (2024: £4,664 million). This is due to the timing of changes in Bank rate and the continued reduction in overall mortgage margins. Underlying net interest margin decreased to 1.49% (2024: 1.56%).
- Record member value of £2,795 million (2024: £2,194 million) has been delivered. This comprises member financial benefit of £1,795 million (2024: £1,850 million), the Nationwide Fairer Share Payment of £385 million, and The Big Nationwide Thank You of £615 million to reward over 12 million eligible members.
- Underlying administrative expenses have reduced by £64 million to £2,485 million. A decrease in provisions for liabilities and charges of £116 million is partially offset by £36 million of integration readiness expenditure. Underlying administrative expenses have increased by 0.8% on a comparable basis[1]. This is materially below inflation, despite record balance sheet growth, and reflects efficiencies within operating costs and strategic investment.
- Underlying credit impairment charges reduced to £12 million (2024: £112 million); this reflects the resilience of our lending, including the impact of reductions to provisions where the previously anticipated increase in arrears has not materialised.
- Member retail deposit balances increased to £207.4 billion (2024: £193.4 billion) with record organic growth of £14.0 billion. The market share of retail deposit balances increased to 9.7% (2024: 9.5%).
- Record mortgage net lending of £15.5 billion increased balances to £220.3 billion (2024: £204.5 billion). The market share of mortgage balances increased to 12.9% (2024: 12.3%).

Virgin Money sub-group underlying performance highlights

- Underlying profit before tax in the period since 1 October 2024 was £44 million. This includes elevated underlying administrative expenses to support integration readiness, in line with our integration plans and ambitions.
- Underlying income of £906 million includes £842 million of net interest income, with resilient net interest margin and balance sheet growth.
- Underlying administrative expenses were £698 million, of which £125 million relates to investment to support integration readiness. This investment includes expenditure to improve customer experience.
- Underlying credit impairment charges were £164 million. The credit quality of mortgage, consumer and business lending has remained stable since 1 October 2024.

Group market share of deposit balances: **12.2%** (2024: 9.5%)
Group market share of mortgage balances: **16.2%** (2024: 12.3%)
Group market share of credit card balances: **10.7%** (2024: 2.1%)

[1] Excluding the £116 million decrease and £36 million increase noted above, together with other smaller one-off accounting items and the impact of the shorter accounting period.

The results are prepared in accordance with International Financial Reporting Standards (IFRSs) as set out in note 1 to the financial statements. Alternative performance measures are used throughout the Financial review. Definitions of these measures can be found in our Glossary at **nationwide.co.uk**

Income statement

Underlying results are shown below, together with a reconciliation to the statutory results. Underlying results exclude certain items, detailed in the notes to the table below, which management do not consider to be representative of underlying business performance.

Reconciliation of underlying to statutory results								
	2025					**2024**		
	Underlying basis		**Total – Underlying basis**	**Acquisition and other adjustments**	**Total - Statutory basis**	Total - Underlying basis	Other adjustments	Total - Statutory basis
	Nationwide sub-group	**Virgin Money sub-group (note i)**						
	£m	**£m**	**£m**	**£m**	**£m**	£m	£m	£m
Net interest income (note ii)	**4,189**	**842**	**5,031**	**(39)**	**4,992**	4,450	-	4,450
Net other income (note iii)	**116**	**64**	**180**	**12**	**192**	214	117	331
Gain on the acquisition of Virgin Money (note iv)	**-**	**-**	**-**	**2,300**	**2,300**	-	-	-
Total income	**4,305**	**906**	**5,211**	**2,273**	**7,484**	4,664	117	4,781
Administrative expenses (note v and vi)	**(2,485)**	**(698)**	**(3,183)**	**(367)**	**(3,550)**	(2,549)	-	(2,549)
Impairment charge on loans and advances to customers (note vii)	**(12)**	**(164)**	**(176)**	**(456)**	**(632)**	(112)	-	(112)
Profit before member reward payments and tax	**1,808**	**44**	**1,852**	**1,450**	**3,302**	2,003	117	2,120
Member reward payments (note viii)	**-**	**-**	**-**	**(1,000)**	**(1,000)**	-	(344)	(344)
Profit before tax	**1,808**	**44**	**1,852**	**450**	**2,302**	2,003	(227)	1,776
Tax credit/(charge)					**36**			(476)
Profit after tax					**2,338**			1,300
Cost to income ratio (note ix)	**57.7%**	**77.0%**	**61.1%**		**47.4%**	54.7%		53.3%

Notes:

i. On 1 October 2024, the Group acquired Virgin Money, with the results of Virgin Money sub-group included from that date.

ii. Underlying net interest income excludes amortisation of fair value adjustments which were recognised on the acquisition of Virgin Money.

iii. Gains or losses from derivatives and hedge accounting are excluded from underlying net other income.

iv. The gain recognised on the acquisition of Virgin Money, as detailed in note 38 to the financial statements, has been excluded from underlying results.

v. Underlying administrative expenses exclude certain costs relating to the acquisition of Virgin Money. These comprise £36 million of transaction-related costs incurred by the Society, £56 million of amortisation 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.

vi. As detailed in note 1 to the financial statements, comparatives for the year ended 4 April 2024 have been restated to present provisions for liabilities and charges within administrative expenses. The cost to income ratio for the year ended 4 April 2024 has also been restated accordingly.

vii. Excluded from the underlying impairment charge are the one-off impacts of recognising IFRS 9 provisions on acquisition of Virgin Money. 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.

viii. 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. In 2025 this includes the Nationwide Fairer Share Payment of £385 million and a one-off amount of £615 million for The Big Nationwide Thank You.

ix. The cost to income ratio is calculated as administrative expenses divided by total income.

Total income and net interest margin

Net interest margin												
	2025										2024	
	Underlying basis				**Total – underlying basis**		**Acquisition and other adjustments**		**Total – statutory basis**		Total – underlying and statutory basis	
	Nationwide sub-group		**Virgin Money sub-group**									
	£m	*%*	**£m**	*%*	**£m**	*%*	**£m**	*%*	**£m**	*%*	£m	*%*
Net interest income	**4,189**		**842**		**5,031**		**(39)**		**4,992**		4,450	
Average total assets (note i)	**283,730**		**88,679**		**327,130**				**327,130**		285,128	
Net interest margin (note ii)		*1.49*		*1.90*		*1.55*				*1.54*		*1.56*

Notes:
i. Average total assets for Nationwide sub-group have been calculated on a full year basis and for Virgin Money sub-group on a six-month basis.
ii. Net interest margin for both Nationwide and Virgin Money sub-groups is calculated using annualised net interest income.

Underlying net interest income increased by £581 million to £5,031 million (2024: £4,450 million), of which £842 million relates to Virgin Money. This is partly offset by a decrease in Nationwide sub-group net interest income primarily driven by the timing of changes in Bank rate and continued reduction in overall mortgage margins. Underlying net interest margin decreased slightly to 1.55% (2024: 1.56%).

Underlying net other income reduced by £34 million to £180 million (2024: £214 million). Underlying net other income in Nationwide sub-group decreased by £98 million to £116 million (2024: £214 million). This is predominantly due to lower gains from the disposal of treasury assets and lower investment income following the disposal of the Society's investment advice business in February 2024. This is offset by £64 million of underlying net other income relating to the Virgin Money sub-group.

Member financial benefit

As a mutual, we seek to maintain Nationwide's financial strength whilst providing value to our members through pricing, products and service. Through member financial benefit, we measure the additional financial value for members from the competitive mortgage, savings and banking products that we offer compared to the market average. Our members are those customers with a Nationwide-branded current account, savings or mortgage, and do not include customers of Virgin Money or The Mortgage Works. Member financial benefit is calculated by comparing, in aggregate, Nationwide's average interest rates and incentives on member products to the market, predominantly using market data provided by the Bank of England and CACI, alongside internal calculations. The value for individual members will depend on their circumstances and product choices. Further information on the components of member financial benefit is set out below.

Interest rate differential

We measure how our average interest rates across our member balances in total compare against the market over the year.

For our two largest member segments, mortgages and retail deposits, we compare the average member interest rate for these portfolios against Bank of England and CACI industry data. A market benchmark based upon the data from CACI and internal Nationwide calculations is used for mortgages and a Bank of England benchmark is used for retail deposits, both adjusted to exclude Nationwide balances. The differentials derived in this way are then applied to member balances for mortgages and deposits.

For unsecured lending, a similar comparison is made. We calculate an interest rate differential based on available market data from the Bank of England and CACI and apply this to the total interest-bearing balances of credit cards and personal loans.

Member incentives and fees

Our member financial benefit measure also includes amounts in relation to incentives and fees that Nationwide offers to members. The calculation includes annual amounts for the following:

- Mortgages: the differential on incentives for members compared to the market.
- FlexPlus current account: the difference between the FlexPlus monthly account fee and the market average monthly account fee.

For the year ended 31 March 2025 we delivered member financial benefit of £1,795 million (2024: £1,850 million). This reflects our strong savings and mortgage products which seek to provide good value to members; however, the differential to market on deposits naturally narrows as Bank rate declines.

Member reward payments

As part of our ongoing commitment to reward our members the Board announced the second Nationwide Fairer Share Payment of £385 million in May 2024, paid in June 2024 to eligible members who had a qualifying current account plus either qualifying savings or a qualifying mortgage as at 31 March 2024. To thank our members who have contributed to building the Society's financial strength and enabling the successful acquisition of Virgin Money, in March 2025 the Board announced The Big Nationwide Thank You payment of £615 million in total, to over 12 million eligible members. To qualify for The Big Nationwide Thank You payment, in the 12 months ending September 2024, members must have satisfied one of the following eligibility criteria: had at least one qualifying transaction in a Nationwide current or savings account; or had at least £100 in total in one or more Nationwide current or savings accounts; or owed at least £100 in total on one or more Nationwide residential mortgages. These payments are in addition to delivering the £1,795 million of member financial benefit.

Gain on the acquisition of Virgin Money

We recorded a gain of £2.3 billion on completion of the acquisition, as the fair value of the identifiable net assets acquired was greater than the total consideration paid of £2.8 billion. Further information is included in note 38 to the financial statements.

Administrative expenses

Underlying administrative expenses have increased by £634 million to £3,183 million (2024: £2,549 million), of which £698 million relate to the Virgin Money sub-group. Within the Nationwide sub-group, underlying administrative expenses have decreased by £64 million due to lower provisions for liabilities and charges, with the impact of annual inflation largely offset by efficiencies within operating costs and strategic investment. The costs for the Virgin Money sub-group include planned, short-term investment to improve customer experience. Statutory administrative expenses include £36 million of acquisition-related costs incurred by the Society, £275 million of costs associated with the amended Trade Mark License Agreement between Virgin Money UK PLC and Virgin Enterprises Limited, and £56 million of amortisation of acquired intangible assets recognised on the acquisition of Virgin Money. Further information on administrative expenses is included in note 8 to the financial statements.

Underlying administrative expenses are expected to increase, as a result of spend relating to integration.

Impairment charge/(release) on loans and advances to customers

Impairment charge/(release) (note i)						
	2025					2024
	Underlying basis		**Total – underlying basis**	**Acquisition and other adjustments**	**Total – statutory basis**	Total – underlying and statutory basis
	Nationwide sub-group	**Virgin Money sub-group**				
	£m	**£m**	**£m**	**£m**	**£m**	£m
Residential lending	**(3)**	**15**	**12**	**21**	**33**	44
Consumer lending	**18**	**120**	**138**	**376**	**514**	51
Retail lending	**15**	**135**	**150**	**397**	**547**	95
Business and commercial lending	**(3)**	**29**	**26**	**59**	**85**	17
Impairment charge/(release) on loans and advances	**12**	**164**	**176**	**456**	**632**	112

Note:
i. Impairment charge/(release) represents the net amount recognised in the income statement, rather than amounts written off during the year.

The net underlying impairment charge for the year of £176 million (2024: £112 million) comprises a £12 million charge for the Nationwide sub-group driven by reductions in adjustments made to modelled provisions where the previously anticipated increase in arrears has not materialised, and a £164 million underlying charge for the Virgin Money sub-group. The statutory net impairment charge of £632m includes an additional £456 million for one-off impacts relating to the acquisition of Virgin Money. This includes 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 Group's impairment provision methodology. More information regarding critical accounting judgements, and the forward-looking economic information used in impairment calculations, is included in note 10 to the financial statements.

Taxation

The main rate of UK corporation tax remained at 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 (2024 charge: £476 million) represents an effective tax rate of (1.6)% (2024: 26.8%) which is lower than the statutory UK corporation tax rate of 25% (2024: 25%). The low Group effective tax rate is primarily due to the accounting gain which arose upon acquisition of Virgin Money on 1 October 2024, as detailed in note 38 to the financial statements. As the gain was recognised only on consolidation, it is not a taxable item in any of the individual entities within the Group. The Society effective tax rate was 21.8% (2024: 27.3%). Further information is provided in note 11 to the financial statements.

Balance sheet

Total assets and total equity and liabilities have increased to £367.9 billion at 31 March 2025 (2024: £272.1 billion).

Residential mortgage balances increased to £275.9 billion (2024: £204.5 billion), driven by record net lending of £15.5 billion for Nationwide sub-group and £55.6 billion of balances relating to Virgin Money. The Group market share of mortgage balances increased to 16.2%. (2024: 12.3%).

Retail deposit balances have increased by £67.3 billion to £260.7 billion (2024: £193.4 billion). Nationwide sub-group member savings balances increased by £10.6 billion, supported by our fixed rate products and increased levels of capitalised interest due to higher average savings rates. The acquisition of Virgin Money contributed a further £53.3 billion of non-member retail deposits.

Assets				
	2025		2024 (note i)	
	£m	*%*	£m	*%*
Cash and balances at central banks	**29,483**		25,231	
Residential mortgages (note ii)	**275,926**	***91***	204,467	*95*
Business and commercial lending	**15,144**	***5***	5,491	*3*
Consumer lending	**11,107**	***4***	4,263	*2*
	302,177	***100***	214,221	*100*
Impairment provisions	**(1,288)**		(781)	
Loans and advances to customers	**300,889**		213,440	
Other financial assets	**33,178**		30,410	
Other non-financial assets	**4,327**		3,006	
Total assets	**367,877**		272,087	

12-month average Liquidity Coverage Ratio (note iv):

174%

(2024: 191%)

Asset quality	*%*		*%*	
Residential mortgages (note ii):				
Proportion of residential mortgage accounts more than 3 months in arrears	**0.43**		0.41	
Average indexed loan to value (by value)	**56**		55	
Consumer lending:				
Proportion of customer balances with amounts past due more than 3 months (excluding charged off balances)	**1.11**		1.36	

Assets				
	2025		2024	
Return on assets	**£m**	**%**	£m	%
Statutory profit after tax	**2,338**		1,300	
Mean total assets (note iii)	**323,682**		271,990	
Return on assets		***0.72***		*0.48*

Notes:
i. Comparatives have been restated as detailed in note 1 to the financial statements.
ii. Residential mortgages include owner-occupied, buy to let and legacy lending.
iii. Mean total assets is calculated as a simple average of opening and closing assets for the period.
iv. This represents a simple average of the Liquidity Coverage Ratio (LCR) for the last 12 month ends. The LCR ensures that sufficient high-quality liquid assets are held to survive a short-term severe but plausible liquidity stress.

Cash and balances at central banks

Cash and balances held at central banks increased by £4.3 billion to £29.5 billion (2024: £25.2 billion), with a greater proportion of liquidity balances held in cash.

Residential mortgages

Total gross mortgage advances were £44.7 billion (2024: £26.3 billion) with market share of 16.3% (2024: 11.5%). Nationwide sub-group gross advances increased to £40.4 billion with the market share increasing to 14.7%, supported by a continued focus on first time home buyers.

Total mortgage net lending increased to £15.9 billion (2024: £2.6 billion), of which Nationwide sub-group net lending was a record of £15.5 billion with strong retention of existing customers through highly competitive products.

Our total market share of mortgage balances was 16.2% (2024: 12.3%) with owner-occupied balances and buy to let and legacy balances increasing to £215.5 billion (2024: £161.0 billion) and £60.3 billion (2024: £43.5 billion) respectively. Growth in mortgage balances was driven by record performance in the Nationwide sub-group and the acquisition of Virgin Money balances of £55.6 billion.

Total impairment provision balances have increased to £351 million (2024: £321 million) which include Virgin Money provisions of £37 million. The Group arrears rate is 0.43% (2024: 0.41%). Nationwide sub-group arrears remain low and stable, with cases more than three months in arrears representing 0.40% (2024: 0.41%) of the total portfolio. The Virgin Money sub-group arrears rate is 0.58%.

Consumer lending

Total consumer lending balances have increased to £11.1 billion (2024: £4.3 billion), including £6.7 billion from the Virgin Money acquisition, predominantly relating to credit card balances. Total consumer lending comprises personal loan balances of £3.0 billion (2024: £2.4 billion), credit card balances of £7.8 billion (2024: £1.6 billion) and overdrawn current account balances of £0.3 billion (2024: £0.3 billion).

Total provision balances increased to £824 million (2024: £436 million), including £452 million for the Virgin Money sub-group. Excluding charged off accounts, balances more than three months in arrears represent 1.11% (2024: 1.36%) of the total portfolio, with the decrease driven by the change in product mix resulting from the acquisition of Virgin Money. Nationwide sub-group arrears levels have remained low during the period, with balances more than three months in arrears, excluding charged off accounts, representing 1.23% (2024: 1.36%) of the portfolio. The Virgin Money sub-group credit card balance more than three months in arrears represents 1.06% of the Virgin Money credit card portfolio.

Business and commercial lending

During the year, total business and commercial lending balances increased to £15.1 billion (2024: £5.5 billion). Nationwide sub-group commercial lending is predominantly to registered social landlords with balances of £4.7 billion (2024: £4.4 billion). Virgin Money sub-group's business and commercial balances were £9.5 billion.

Total impairment provision balances increased to £113 million (2024: £24 million), which include Virgin Money provisions of £91 million.

Other financial assets

Other financial assets increased to £33.2 billion (2024: £30.4 billion). These comprise investment assets held mainly for liquidity purposes of £28.7 billion (2024: £26.5 billion), loans and advances to banks and similar institutions of £1.8 billion (2024: £0.9 billion), derivatives with positive fair values of £4.7 billion (2024: £6.3 billion) and fair value adjustments for portfolio hedged risk of £(2.0) billion (2024: £(3.3) billion). Derivatives largely comprise interest rate and foreign exchange contracts which economically hedge financial risks inherent in our lending and funding activities.

Liquidity Coverage Ratio

The average Liquidity Coverage Ratio over the 12 months ended 31 March 2025 reduced to 174% (12 months ended 4 April 2024: 191%), with lower average liquid asset balances due to the repayment of drawings from the Bank of England's TFSME. Our internal liquidity risk appetite is more prudent than regulatory requirements, with liquidity balances remaining higher than the most severe internal 30 calendar day stress test. Further details are included in the Liquidity and funding risk section of the Risk report.

Members' interests, equity and liabilities	2025 £m	2024 (note i) £m
Member deposits	**207,428**	193,366
Non-member deposits	**53,312**	-
Business banking deposits	**21,087**	4,215
Debt securities in issue	**51,109**	34,749
Other financial liabilities	**10,468**	20,452
Other liabilities	**3,991**	1,619
Total liabilities	**347,395**	254,401
Members' interests and equity	**19,723**	17,686
Non-controlling interest	**759**	-
Total equity and liabilities	**367,877**	272,087

Non-member funding ratio:
37.3%
(2024: 22.5%)

Note:
i. Comparatives have been restated as detailed in note 1 to the financial statements.

Member, non-member and business banking deposits

Member retail deposit balances grew by £14.0 billion (2024: £6.3 billion) to £207.4 billion (2024: £193.4 billion) with the acquisition of Virgin Money contributing a further £53.3 billion of non-member retail deposits. Total Group market share of retail deposit balances increased to 12.2% (2024: 9.5%).

Nationwide sub-group savings deposit balances increased by £10.6 billion (2024: £9.1 billion) supported by competitive fixed rate products, including the Member Exclusive Bond, and increased levels of capitalised interest due to higher average savings rates. Nationwide sub-group current account credit balances increased by £3.5 billion (2024: £2.9 billion reduction), predominantly due to strong underlying performance.

Total business savings and banking balances increased to £21.1 billion (2024: £4.2 billion), of which £17.1 billion relates to Virgin Money.

Debt securities in issue and other financial liabilities

Debt securities in issue relate to wholesale funding but exclude subordinated debt which is included within other financial liabilities. Balances increased to £51.1 billion (2024: £34.7 billion) of which £9.9 billion relates to Virgin Money. Other financial liabilities increased to £84.9 billion (2024: £24.7 billion) primarily due to the acquisition of Virgin Money, offset by the repayment of £11.3 billion of drawings from the Bank of England's TFSME. Nationwide's non-member funding ratio increased to 37.3% (2024: 22.5%) because of the acquisition.

Members' interests and equity

Members' interests and equity have increased to £19.7 billion (2024: £17.7 billion), with growth largely driven by retained profits.

Statement of comprehensive income

Statement of comprehensive income (note i)	2025 £m	2024 £m
Statutory profit after tax	**2,338**	1,300
Net remeasurement of pension obligations	**(144)**	(190)
Net movement in cash flow hedge reserve	**5**	(49)
Net movement in other hedging reserve	**(2)**	(4)
Net movement in fair value through other comprehensive income reserve	**(82)**	(24)
Net movement in revaluation reserve	**1**	(2)
Total comprehensive income	**2,116**	1,031

Note:

i. Movements are shown net of related taxation. Gross movements are set out in the financial statements on page 219.

Capital structure

The Group's capital position remains strong, with both the Common Equity Tier 1 (CET1) ratio and leverage ratio comfortably above regulatory capital requirements of 12.7% and 4.3% respectively. The CET1 ratio decreased to 19.1% (2024: 27.1%) and the leverage ratio decreased to 5.2% (2024: 6.5%). The capital disclosures included in this report are in line with UK Capital Requirements Directive V (UK CRD V).

Capital structure - Group		
	2025	2024
	£m	£m
Capital resources		
CET1 capital	**15,611**	14,798
Tier 1 capital	**17,732**	16,134
Total regulatory capital	**19,489**	17,808
Capital requirements		
Risk weighted assets (RWAs)	**81,871**	54,628
Leverage exposure	**344,018**	249,263
UK CRD V capital ratios	**%**	%
CET1 ratio	**19.1**	27.1
Leverage ratio	**5.2**	6.5

The CET1 ratio has decreased to 19.1% (2024: 27.1%) primarily due to the acquisition of Virgin Money. CET1 capital resources increased by £0.8 billion due to profit after tax of £2.3 billion, partially offset by an increase in regulatory CET1 capital deductions of £1.4 billion following the Virgin Money acquisition; this increase in CET1 capital resources adds 1.5% to the CET1 ratio. RWAs increased by £27.2 billion, mainly driven by the inclusion of £27.7 billion of Virgin Money RWAs; the change in RWAs reduces the CET1 ratio by 9.5% in absolute terms.

The leverage ratio decreased to 5.2% (2024: 6.5%), primarily due to the Virgin Money acquisition as outlined above and increased Group residential mortgage balances. Leverage requirements continue to be the Group's binding Tier 1 capital constraint, as the combination of minimum and regulatory buffer requirements is in excess of the risk-based equivalent.

Further details of the capital position and future regulatory developments are described in the Capital risk section of the Risk report.

Governance

Report of the directors on corporate governance

Chairman's introduction

I am pleased to present the Report of the directors on corporate governance for the financial year ended 31 March 2025.

The Board is responsible for promoting the highest standards of governance, setting a clear strategy, and ensuring that, as well as fulfilling its statutory duties, Nationwide is managed in line with its mutual values. Our banking peers are owned by shareholders who expect a return on their investment by way of dividends and are not required to be customers. In contrast, Nationwide is owned by its members. This enables the Board to put the needs of our members and customers at the heart of its decision making and ensures that decisions taken by both the Board and management deliver value for both present and future members, thereby promoting the long-term success and sustainability of the Group.

Nationwide reached an important milestone on 1 October 2024, when it acquired Virgin Money. Nationwide is now larger, stronger and able to deliver even greater value for its members and customers, including through our unique Branch Promise, focusing on customer satisfaction, and competitive savings and lending rates. We aim to deliver market-leading standards of customer service as the UK's second largest provider of mortgages and savings accounts, and Nationwide is the number one brand for first time buyers.

Further information on the Group's governance arrangements and how we have applied the provisions of the UK Corporate Governance Code 2018 is set out in this report, together with a description of some of the Board's key activities during the year.

Member and customer engagement

The Board has continued to strengthen its understanding of our customers this year. Members and customers are encouraged to share their views and contribute their suggestions to support senior management and the Board in understanding their complex and varied needs. Customers can engage with each other and with Nationwide through multiple channels, including taking part in customer focus groups, surveys and telephone interviews.

We have continued to successfully run our AGM as an online event. This enables all our members, regardless of where they are in the UK, to join and participate. I look forward to welcoming our members to this year's AGM.

Inclusion, diversity and culture

To ensure we continue to serve our customers and their diverse needs effectively, we remain committed to maintaining diversity of perspectives, experience and backgrounds within Nationwide's senior management and the Board. The composition of the Board continues to exceed both the gender and ethnic diversity targets set out in the FCA's Listing Rules, further information on which can be found on page 72. We remain committed to creating and promoting an inclusive culture which reflects the diversity of our members and customers. Further information about the Board's oversight of Nationwide's culture can be found on page 66.

Climate

Environmental and climate consciousness are aligned to our social purpose. The Board is conscious of the impact of the Group's operations on the environment and is committed to ensuring that we scrutinise our carbon footprint and continue to reduce our energy consumption wherever possible. We have six pillars to our climate change strategy, which set out how we engage with our stakeholders on climate change. These can be found on pages 36 to 39 and within our Climate-related Financial Disclosures on **nationwide.co.uk**.

Board changes

Full details of all changes to the composition of the Board are set out on page 65.

The year ahead

The Board is looking forward to another exciting year ahead, in which it will continue to oversee the ongoing integration of Nationwide and Virgin Money. This will include managing any risks associated with the integration, and ensuring that our updated Blueprint for a modern mutual is implemented effectively across the Group.

I would like to thank all my fellow Board members and the executive management team for their hard work, support, and dedication during the year.

Kevin Parry
Chairman

Your Board

Kevin Parry OBE

ng

Chairman

Date of appointment

23 May 2016 (Board) and 1 February 2022 (Chairman)

Skills and experience

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 organisations to help shape and transform the Society into a modern mutual. 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 organisations. 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 organisation whose charitable purpose is aligned with the Group's Fairer Futures initiative.

Key current external appointments
Non-executive director of Daily Mail & General Trust plc
Chairman of the Board of Trustees for Marie Curie
Chairman of Mutuals and Cooperative Council

Tracey Graham

r ng ri

Senior Independent Director

Date of appointment

28 September 2022 (Board) and 20 July 2023 (Senior Independent Director)

Skills and experience

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.

Key current external appointments
Non-executive director and Senior Independent Director of Pension Insurance Corporation plc and Pension Insurance Corporation Group Limited
Non-executive director of Close Brothers Group plc
Non-executive director of Close Brothers Limited

Debbie Crosbie

Group Chief Executive Officer

Date of appointment

2 June 2022

Skills and experience

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.

Key current external appointments
Non-executive director of SSE plc
Member of the Financial Conduct Authority's Practitioner Panel
Director of UK Finance Limited (she stepped down from this role on 1 May 2025)

Key: a Audit Committee | ng Nomination and Governance Committee | r Remuneration Committee | ri Board Risk Committee | Indicates Chair of Committee

Anand Aithal

a ri

Independent non-executive director

Date of appointment

1 October 2024

Skills and experience

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.

Key current external appointments
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

David Bennett

Independent non-executive director

Date of appointment

13 November 2024

Skills and experience

David Bennett 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 organisation, 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.

Key current external appointments
Chairman of AllFunds Group plc
Chairman of PayPal UK LTD
Chairman of PayPal Digital Incorporation
Board Member of the Department of Work and Pensions

Albert Hitchcock

r ri

Independent non-executive director

Date of appointment

2 December 2018

Skills and experience

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 programme 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.

Key current external appointments
Digital Transformation Adviser at Hitachi
Adviser at Aldermore Bank

Key: a Audit Committee | ng Nomination and Governance Committee | r Remuneration Committee | ri Board Risk Committee | Indicates Chair of Committee

Alan Keir

ri a ng

Independent non-executive director

Date of appointment

1 March 2022

Skills and experience

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 organisation, assists the Board in setting and delivering strategic performance. He was previously a non-executive director of HSBC Bank plc between 2018 and 2021.

Key current external appointments
None

Debbie Klein

r

Independent non-executive director

Date of appointment

1 March 2021

Skills and experience

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) programme, 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.

Key current external appointments
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 of Xyon Health Inc

Sally Orton

a

Independent non-executive director

Date of appointment

1 June 2023

Skills and experience

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.

Key current external appointments
Member of ICAEW Financial Services Faculty Board
Warden of Worshipful Company of Chartered Accountants in England and Wales

Key: a Audit Committee; ng Nomination and Governance Committee; r Remuneration Committee; ri Board Risk Committee; Indicates Chair of Committee

Muir Mathieson

Group Chief Financial Officer

Date of appointment

6 September 2024

Skills and experience

Muir Mathieson was appointed Group 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.

Key current external appointments
Director of Silverstone Securitisation Holdings Limited
Member of the Prudential Regulation Authority's Practitioner Panel

Tamara Rajah MBE

Independent non-executive director

Date of appointment

1 September 2020

Skills and experience

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.

Key current external appointments
CEO Wellness Solutions and Chief Transformation Officer of Holland and Barrett
Trustee of parkrun Global Limited

Gillian Riley

r ri

Independent non-executive director

Date of appointment

1 April 2022

Skills and experience

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 in areas such as health, youth issues and gender equality.

Key current external appointments
Non-executive director and Chair of Roynat Capital Incorporation
Non-executive director of St Michael's Hospital Foundation in Canada

Key: a Audit Committee | ng Nomination and Governance Committee | r Remuneration Committee | ri Board Risk Committee | Indicates Chair of Committee

Phil Rivett

a ng ri

Independent non-executive director

Date of appointment

1 September 2019

Skills and experience

Phil 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.

Key current external appointments
Non-executive director of Standard Chartered PLC
Non-executive director of Standard Chartered Bank

Jason Wright

Group Society Secretary

Date of appointment

17 March 2021

Skills and experience

Jason Wright is responsible for delivering a comprehensive governance and secretariat service to the Board, Board committees and senior management. He advises the Chairman and the Board on governance-related matters and helps the Board function effectively by ensuring it has the policies, processes, information, time and resources it needs.

He joined Nationwide in December 2019 to lead the Secretariat function and became Society Secretary in March 2021. He is a qualified chartered company secretary with over 25 years of experience working as a governance professional within financial services. Prior to joining, he was Company Secretary at Barclays Bank PLC and previously held roles as the Head of Board Support at Santander UK plc and Company Secretary of RBC Europe. He is a Fellow of the Chartered Governance Institute.

Key: a Audit Committee; ng Nomination and Governance Committee; r Remuneration Committee; ri Board Risk Committee; Indicates Chair of Committee

Governance at Nationwide

Our group structure

Nationwide Building Society is the Group's parent undertaking and, as a building society, is a mutual organisation governed by the Building Societies Act 1986.

Nationwide acquired Virgin Money on 1 October 2024 and is its sole shareholder. The Virgin Money sub-group represents a significant element of the Group, and Virgin Money has its own board of directors (comprising both executive and non-executive directors) and board committees. Further information on Virgin Money's governance arrangements can be found in its Annual Report and Accounts for the period ended 31 March 2025.

The Mortgage Works (UK) plc is a wholly owned operating entity of the Group and has its own board of directors, made up of members of the Group's executive management team.

Our corporate governance framework

The Board approved a new Group Governance Framework, which came into effect upon completion of the Virgin Money acquisition, to ensure that our governance arrangements maintain the highest standards of corporate governance and promote the success of the Group as a whole. This framework sets out how the Group's principal operating entities (and their boards and board committees) work together, how matters are reported, and how issues are escalated to the Board. To maintain the Board's high standards, this document is reviewed annually and will continue to evolve over time.

The Group Chief Executive Officer is accountable to the Board for the development and execution of the Group's strategy and is responsible for its operation and management. The Group Chief Executive Officer's direct reports support her in implementing this strategy. To provide executive oversight of significant Group-wide matters, the Group Chief Executive Officer has established the Group Management Committee. Group-wide matters are first considered by the Group Management Committee before they are recommended to the Board or one of its committees.

The Board is the ultimate decision-making body for all significant Group-wide issues.

The role of the Board

The Board is responsible for ensuring that the Group's long-term strategy is implemented within a robust governance framework and that the Group continues to be sustainable and deliver long-term value for Nationwide's members. To ensure that Board directors gain useful insight to support them in performing this role, all Board directors are required to be members of the Society.

The powers of the Board are set out in the Memorandum and Rules, and it operates under formal terms of reference which include a schedule of matters reserved to the Board. The Board has delegated the day-to-day management of the Group's business to the Group Chief Executive Officer, who cascades the agreed standards to the business. The Memorandum and Rules, the Board's Terms of Reference and Matters Reserved for the Board are available at **nationwide.co.uk**.

The Board has standing committees in place, and each one considers matters that fall within its respective remit of responsibility. Further information on the work of the Board's principal committees can be found on pages 77 to 117 below.

To support the Board in exercising its oversight responsibilities in respect of the Virgin Money sub-group, the Virgin Money Board provides written reports to the Board after each of its meetings. Each Virgin Money Board committee also provides written reports to its corresponding Nationwide Board committee, outlining the business undertaken at each meeting. In addition, the respective committee chairs from Nationwide and Virgin Money meet at least once a quarter, or as required, to discuss and collaborate on matters of shared interest.

UK Corporate Governance Code 2018 – statement of compliance

Nationwide is committed to high standards of corporate governance and has continued to adopt the relevant parts of the UK Corporate Governance Code 2018 (the Code), which is available at **www.frc.org.uk.**

The UK Corporate Governance Code 2024 (the 2024 Code) applies from financial years beginning on or after 1 January 2025, so we will report against the 2024 Code in our Annual Report and Accounts 2026.

The Board believes that throughout the year Nationwide has complied with the principles of the Code, in line with the Building Societies Association guidance of July 2018. Details of the principles, including where you can read more about how Nationwide complied with them, are set out below.

Section	Code Principles[1]	Where to read about how Nationwide has complied
1. Board leadership and company purpose	A. An entrepreneurial board with the role to promote the long-term sustainable success of the Group and generate value for members	Pages 3-55 and 65-66
	B. Purpose, values and culture	Pages 3-55 and 65-66
	C. Performance measures, risks and controls framework	Pages 16-18, 88-91 and 124
	D. Stakeholder engagement	Pages 19-29
	E. Workforce policies and practices	Pages 23-24 and 65-66
2. Division of responsibilities	F. Leadership of Board and Board operations	Pages 9, 65-66, 69-71 and 77-80
	G. Board composition, Board roles and independence	Pages 69-75
	H. Directors' responsibilities and time commitment	Pages 65 and 69-70
	I. Board support, information and advice	Page 70
3. Composition, succession and evaluation	J. Board appointments and succession plans for Board and senior management	Pages 77-80
	K. Board skills, experience and knowledge	Pages 58-70 and 74
	L. Annual Board evaluation	Pages 74-75
4. Audit, risk and internal control	M. Effectiveness of external auditor and internal audit	Pages 81-87
	N. Fair, balanced and understandable assessment of the company's position and prospects	Pages 82-85 and 120
	O. Risk Management and Internal Control Framework	Pages 81-87 and 123-126
5. Remuneration	P. Remuneration and Society purpose, strategy and values	Pages 92-117
	Q. Executive and senior management remuneration	Pages 92-117
	R. Authorisation of remuneration outcomes	Pages 92-177

[1] The Code uses the terminologies of 'company' and 'shareholder' but for this Report of the directors on corporate governance, these terms should be read as 'Group' and 'members', respectively.

Board meetings in 2024/25

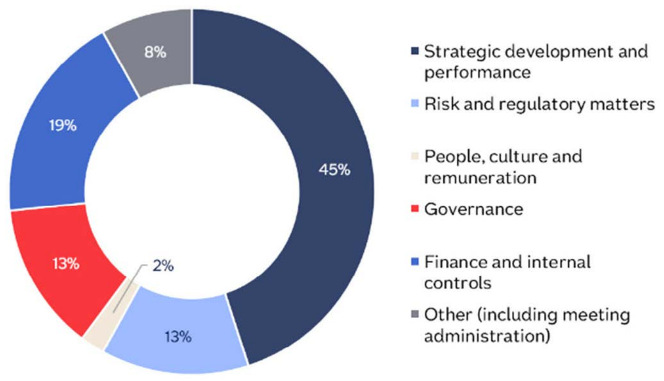
The Board held 11 scheduled meetings in the 2024/25 financial year. Our Board directors' attendance record for scheduled Board and committee meetings is set out below. The Board and its committees have authority to meet on an ad hoc basis, should a matter require consideration between scheduled meetings. During the year, ad hoc Board meetings were held to consider and discuss the acquisition of Virgin Money.

Board meetings are structured to ensure that the Board considers and discusses a range of matters relating to the Group's performance, operations and culture. The Chairman leads the process of agenda setting, assisted by the Group Chief Executive Officer and the Group Society Secretary. At the end of each Board meeting, the Board reviews and provides feedback on the cycle of meetings that has taken place. This feedback is used to support the continuous improvement in the quality of papers presented to the Board and its committees, and to ensure that the content of future meeting agendas remains appropriate. In addition to the main items for consideration, the Board received reports from the Group Chief Executive Officer and the Virgin Money Chief Executive Officer. The Board also received updates from each of its committees and the Virgin Money Board. During each Board cycle, the Chairman meets with his fellow non-executive directors, without executive directors present. Directors who are unable to attend a meeting are provided with the supporting papers in advance and can provide comments to the Chairman or to the relevant Committee Chair.

Board and Committee composition and attendance at scheduled meetings in 2024/25

Board member	Board	Audit Committee	Board Risk Committee	Remuneration Committee	Nomination and Governance Committee
Kevin Parry	11/11	-	-	-	6/6
Anand Aithal[1]	6/6	3/4	4/4	-	-
David Bennett[2]	5/5	-	-	-	-
Tracey Graham	11/11	-	6/6	6/6	6/6
Albert Hitchcock	10/11	-	6/6	6/6	-
Alan Keir	11/11	6/6	6/6	-	6/6
Debbie Klein	11/11	-	-	6/6	-
Sally Orton	11/11	6/6	-	-	-
Tamara Rajah	10/11	-	-	-	-
Gillian Riley	11/11	-	5/6	6/6	-
Phil Rivett	11/11	6/6	6/6	-	6/6
Debbie Crosbie	11/11	-	-	-	-
Muir Mathieson[3]	7/7	-	-	-	-
Chris Rhodes[4]	4/4	-	-	-	-

How the Board spent its time in the year



[1] Anand Aithal was appointed to the Board on 1 October 2024.
[2] David Bennett was appointed to the Board on 13 November 2024.
[3] Muir Mathieson was appointed to the Board on 6 September 2024.
[4] Chris Rhodes resigned from the Board on 6 September 2024.

In addition to the scheduled meetings shown above, additional ad hoc meetings took place, as described in the relevant individual Committee reports.

Board leadership and organisational purpose

The Board is responsible for ensuring that the Group's long-term strategy is implemented within a robust governance framework. More information on the Group's purpose, its business model and how it generates and preserves value over the long term can be found on pages 5 to 6. The Board is responsible for ensuring that the Group is sustainable and that Nationwide, as a mutual, continues to deliver long-term value for its members. It determines the Group's strategic objectives within a framework of risk appetite, internal controls and governance. The Board monitors the Group's overall financial performance and ensures effective governance, internal controls and risk management. The Board holds a Strategy Conference annually to consider and develop the Group's strategic direction. When setting the strategy, the Board considers the impact that its decisions might have on the Group's stakeholders, including our members, customers, colleagues, suppliers, debt investors and regulators, as well as wider communities.

The Board is accountable for ensuring that, as a collective body, it has the appropriate skills, knowledge and experience to perform its role effectively, and is also responsible for providing leadership to the Group on culture, values and ethics. To support the ongoing development of our Board, formal training was delivered throughout the year to keep directors abreast of technical, regulatory and statutory developments. The Closer to Customers programme enables our non-executive directors to build a deeper understanding of our customers and provides them with insight into how our customers are using our products and the developments which they may wish to see in the future. As part of this year's programme, the Board held Closer to Customer focus groups, where directors asked a group of customers questions on a particular subject, visited branches and listened in to customer call recording sessions.

Culture

Culture is an important focus of the Board to ensure it supports the Group's purpose and delivery of its strategy: Blueprint for a modern mutual. The Board receives regular updates from management to ensure it has a strong understanding of the current culture, as well as progress made towards achieving and embedding its cultural goals. Over the last 12 months, we have identified three areas of focus in building the most capable workforce for the benefit of our members and customers. These are: clarifying and embedding high performance expectations; putting our customers at the heart of everything we do; and building an inclusive culture in which everyone can thrive. Colleague engagement continues to outperform the benchmark for the financial services industry and is in line with the 'high performing' benchmark. In addition, our colleagues' connection to our purpose remains consistently strong.

During the year, executive directors and other senior managers held both in-person and online engagement events with colleagues, allowing them the opportunity to have their voice heard. Additionally, the Chairman and non-executive directors held regular Townhall events, answering questions directly from colleagues. The Board has an appointed non-executive director with specific responsibilities for the Employee Voice in the boardroom. This role is held by Tamara Rajah, who works with the People function and reports to the Board on an annual basis. This year, this was supplemented by updates presented to the Board by both the Group Chief Executive Officer and Virgin Money Chief Executive Officer on employee sentiment collated since the Virgin Money acquisition. In March 2025, Nationwide's strategy, Blueprint for a modern mutual, was updated and relaunched across the Group. As a result, the Nationwide and Virgin Money sub-groups now have a shared purpose, underpinned by a common set of strategic drivers and customer first behaviours. As the integration of Nationwide and Virgin Money continues to develop in the coming year, the Board will continue to sponsor and monitor progress in all areas of the Group's culture.

Whistleblowing

The Group has arrangements in place for employees, contractors and temporary workers to raise concerns about possible misconduct, wrongdoing and unacceptable behaviour towards others by its employees and third parties, including those related to non-financial matters. The Board recognises that having effective and trusted confidential whistleblowing arrangements is key in supporting an open and honest culture. All employees, contractors and temporary workers of the Group may raise concerns confidentially or anonymously (if preferred) via various channels, which aim to make reporting concerns easier, and they also receive annual training on our whistleblowing policies and procedures. The Board has appointed the Chair of its Audit Committee, Phil Rivett, and the Virgin Money Board has appointed the Chair of its Audit Committee, Tim Wade, as their respective Whistleblower Champions. The Whistleblower Champions are responsible for ensuring and overseeing the integrity, independence and effectiveness of the respective policies and procedures relating to whistleblowing, including measures to protect whistleblowers from being victimised as a result of their raising reportable concerns.

A recent survey showed that 87% of Nationwide sub-group colleagues would be happy to Speak Up if they witnessed or experienced any unacceptable behaviour. The Board receives an Annual Whistleblowing Report and has reviewed the adequacy and effectiveness of the arrangements in place for the proportionate and independent investigation of concerns raised, including any required follow-up action taken. Due to the developing nature of Nationwide's and Virgin Money's integration, this year's report as at 31 December 2024 was presented to the Board on a Nationwide sub-group basis only. During the 12 months to 31 December 2024, a total of 251 concerns were raised within the Nationwide sub-group, of which 96 were formally investigated as whistleblowing (12 months to 31 December 2023: 232 concerns raised, of which 78 were investigated as whistleblowing). The remainder were managed utilising other internal channels.

Conflicts of interest

The Group Society Secretary maintains a Register of Directors' Interests (the Register) which records actual or potential conflicts of directors' interests. The Board approves the Register annually, and directors are required to notify the Board of any changes to their interests throughout the year. During the year, the Board has considered the current external appointments of all directors which may give rise to a conflict. In accordance with the Memorandum and Rules and the Building Societies Act 1986, a director shall not vote or be counted in the quorum in any matter in which they hold a conflict of interest.

Board activity during the year

The following pages set out some of the key matters considered by the Board during the year, together with the stakeholder groups impacted, and principal risks presented, by each matter. Further information on how the Board has engaged with its key stakeholder groups is outlined on pages 19 to 29.

Board Activity	Strategic Driver	Stakeholder	Principal risk
Strategic development and performance • Received business performance and strategic transformation updates, including operational resilience. • Oversaw the completion of Nationwide's acquisition of Virgin Money. This is discussed in more detail in the Board Decisions section of the Strategic report on pages 26 to 28. • Approved Nationwide Fairer Futures, the revised Social Impact strategy, and key charitable partnerships. This is discussed in more detail in the Board Decisions section of the Strategic report on page 29. • Discussed and approved recommendations regarding the future strategic growth of the Group. • Received updates on, and oversaw progress of, the integration of Nationwide and Virgin Money. • Debated and considered the opportunities and challenges facing the Group due to the changing macro environment and agreed the propositional, financial, strategic and risk response. • Approved a revised Group Performance Pack of key data and metrics to monitor performance.	R E M S	Members and customers Colleagues Suppliers Communities Regulators and policy makers Investors and rating agencies	P O E
Finance • Regularly assessed financial performance and the Group's capital and liquidity position via business performance reports from the Group Chief Financial Officer. • Reviewed and approved Nationwide's full-year financial results and Annual Report and Accounts 2024, and Group interim results prior to publication, with consideration given to business viability and the preparation of the accounts on a going concern basis. • Reviewed Nationwide's cost performance and outlook and discussed the opportunities to reduce costs over the five-year Financial Plan. • Discussed and challenged the five-year forecast and economic and market assumptions ahead of review of the five-year Group Financial Plan. • Approved the Group Internal Capital Framework. • Approved a capital injection from Nationwide Building Society to Virgin Money UK PLC. • Approved the Group Financial Plan 2025-30. • Assessed the economic and market conditions affecting the Group.	R E S	Members and customers Colleagues Suppliers Regulators and policy makers Investors and rating agencies	P O E

Key:
R More rewarding relationships
E Simply brilliant experience
M Beacon for mutual good
S Simplify, integrate and grow
P Prudential risks (including credit, model, liquidity and funding, market, business, capital, and pension risk)
O Operational risks
E Enterprise risk management

Board activity	Strategic driver	Stakeholder	Principal risk
Risk and regulatory matters, including external outlook • Received regular reports from the Group Chief Risk Officer on the internal and external risk outlook, and regulatory matters. • Approved the Group Risk Appetite and supporting metrics. • Assessed the Group's overall risk profile and emerging risk themes. • Approved the withdrawal of the Board's Consumer Duty Champion role. This is discussed in further detail in the Board Risk Committee's report on page 88.	R E S	Members and customers Colleagues Suppliers Regulators and policy makers Investors and rating agencies	P O E
Purpose, culture and values • Reviewed and discussed Nationwide's new strategy for attracting and retaining talent, and the tracking of inclusion and diversity metrics. • Reviewed Annual Reports from the Group Chief People Officer, General Secretary of the Nationwide Group Staff Union, and the designated Employee Voice non-executive director. • Nationwide's Gender and Ethnicity Pay Gap reporting for 2024 was approved by the Remuneration Committee on behalf of the Board. • Reviewed the Annual Culture Report, which analysed the annual colleague pulse survey results, and the progress made on the development and embedding of Nationwide's culture and behaviours. • Reviewed Nationwide's Annual Whistleblowing Report 2024, sponsored by the Board's Whistleblower Champion, and whistleblowing arrangements. • Approved Nationwide's Modern Slavery Statement for 2024.	R M S	Members and customers Colleagues Suppliers Communities Regulators and policy makers Investors and rating agencies	O E
Members and customers • Received regular updates on customer complaints, their themes and mitigation, and oversaw the back book activity in advance of the Consumer Duty being applied to back books and services from 31 July 2024. • Considered, and approved, the Fairer Share Payment, made to members in 2024 following the approval of Nationwide's 2023/24 financial results. • Approved the refreshed Member Voice programme of activity. • Considered, and approved, the payment of The Big Nationwide Thank You to members. This is discussed in more detail in the Board Decisions section of the Strategic report on page 28.	R E M S	Members and customers Colleagues Suppliers Communities Regulators and policy makers Investors and rating agencies	P O E
Governance • Received regular reports from the Group General Counsel and Group Society Secretary. • Approved plans for the Nationwide AGM 2025, and the Notice of AGM 2024. • Received the 2024 Board performance review and discussed resulting actions. • Considered long-term succession planning for the Board and Executive Committee. • Received and reviewed updates on Environmental, Social and Governance matters. • Approved a new Group Governance Framework, and revised terms of reference for the Board and its committees.	R E M S	Members and customers Colleagues Suppliers Communities Regulators and policy makers Investors and rating agencies	P O E

Key:
R More rewarding relationships
E Simply brilliant experience
M Beacon for mutual good
S Simplify, integrate and grow
P Prudential risks (including credit, model, liquidity and funding, market, business, capital, and pension risk)
O Operational risks
E Enterprise risk management

Division of responsibilities

Leadership structure

An overview of the Board's composition and its committee structure at 31 March 2025 is set out below:

The Board				
Roles and responsibilities within the Board				
Non-executive directors			**Executive directors**	
Chairman Leads the Board to ensure it operates effectively in setting the strategic direction of the Group, promoting the highest standards of corporate governance. Shapes the culture in the boardroom by fostering open and honest debate and ensuring valuable contribution from all non-executive directors.	**Senior Independent Director** Supports the Chairman in his role and with the delivery of his objectives and acts as his sounding board. Available to fellow directors as an intermediary.	**Non-executive directors** Use their skills, experience and knowledge to hold management to account by constructively providing challenge to the Group's performance, culture and controls.	**Group Chief Executive Officer** Runs the day-to-day management of the Group under delegated authority from the Board and is accountable to the Board for the Group's performance and delivery of the Group's strategy.	**Executive directors** Hold specific management responsibilities in the day-to-day running of the business, and accountable to the Board for the execution of the Group's strategy and the performance of the business.
Group Society Secretary Advises the Board through the Chairman on all governance-related matters. Provides support to the Board in managing good information flows between the Board and the Group.				
The Board delegates certain matters to its principal committees. Each Board committee considers Nationwide business and Group matters that fall within its respective remit of responsibility.				

Audit Committee	**Board Risk Committee**	**Nomination and Governance Committee**	**Remuneration Committee**
See the report on page 81.	See the report on page 88.	See the report on page 77.	See the report on page 92.

Further information on how the Board has delegated the day-to-day management of the Group's business to the Group Chief Executive Officer can be found on page 71.

Time commitment

Non-executive directors must commit sufficient time to their role, which varies according to their responsibilities. For example:
- Non-executive directors: a minimum of 30 days per year;
- Senior Independent Director and Committee Chairs: a minimum of 50-60 days per year; and
- Chairman: a minimum of two days per week.

Division of responsibilities (continued)

In addition, the Chairman and non-executive directors are expected to allocate sufficient time to understand the business through meetings with management, and to attend meetings with the Group's regulators to foster an open and transparent working relationship.

Directors' time commitments are reviewed annually or more regularly where required. The Chairman has confirmed with each non-executive director that they have been able to allocate sufficient time to fulfil their duties this year. There has been no net increase in the Chairman's significant external commitments during the year which would impact his time commitment to fulfil his duties.

On 13 November 2024, the Chairman of Virgin Money's Board, David Bennett, was appointed as a non-executive director of Nationwide. On 23 January 2025, the Board's Senior Independent Director, Tracey Graham was appointed as a non-executive director of Virgin Money. These appointments were made to enable Mr Bennett and Ms Graham to share cross-directorship insights with their fellow directors. Further information on Mr Bennett's appointment can be found in the Nomination and Governance Committee report on page 79.

During the year, the Board approved additional external appointments for a number of non-executive directors on the basis that these appointments were not considered to impair their ability to serve as a director of Nationwide:

- Sally Orton as a member of the ICAEW Financial Services Faculty Board
- Tracey Graham as a non-executive director of Pension Insurance Corporation plc and Pension Insurance Corporation Group Limited
- Kevin Parry as non-executive chairman of Marie Curie and adviser to the board of Capital Com (UK) Limited
- Tamara Rajah as trustee of parkrun Global Limited
- Gillian Riley as a member of Huron University's board of governors
- Anand Aithal as non-executive director of Persimmon plc

Director independence

In reaching its annual determination of non-executive director independence, the Nomination and Governance Committee considers factors including length of tenure, relationships and any circumstances which could influence or appear to influence a director's judgement. On the recommendation of that Committee, the Board has determined that all non-executive directors are independent and are free of relationships and other circumstances which could materially influence the exercise of their judgement. All eligible directors will be recommended to members for re-election at the 2025 AGM.

Information and advice

To enable the Board to exercise its judgement and make fully informed decisions when discharging its duties, the Group Society Secretary ensures appropriate and timely information flows between the Board, its committees and the rest of the Group. The Group Society Secretary supports the Chairman in setting the Board's agenda, and board papers are distributed to all directors in a timely manner, in advance of each meeting. Between formal Board meetings, regular management updates are provided to directors to keep them informed of the latest issues affecting the Group. All directors have access to the advice and services of the Group Society Secretary, who is responsible for advising the Board on all governance matters, as well as ensuring that Board procedures are followed and compliance with applicable rules and regulations is observed. Directors may also take independent professional advice at the Group's expense.

Induction, training, and development

Upon appointment, directors receive a formal induction programme to familiarise them with their duties, the Group's business and its risk and governance arrangements. Induction programmes are tailored to directors' individual experience and expertise and are also aligned with their individual development plans.

The Chairman, supported by the Group Society Secretary, holds overall responsibility for ensuring that all directors receive suitable training to enable them to fulfil their duties effectively. Training may be delivered through meetings, presentations, and briefings from internal subject matter experts and external advisers. The Chairman holds regular conversations with each non-executive director throughout the year, as well as at the end of the year, to review their individual performance and development needs. The Senior Independent Director is responsible for the evaluation of the Chairman's performance and development needs. Executive directors undertake performance reviews as part of the annual performance management cycle.

Division of responsibilities (continued)

Senior management

There is a clear division of responsibilities between the Chairman and the Group Chief Executive Officer. To the extent that matters are not reserved to the Board for decision, responsibility is delegated to the Group Chief Executive Officer, who is assisted by her team of direct reports, some of whom are members or attendees of the Executive Committee and, in the case of Group-wide matters, of the Group Management Committee. Membership and attendance of these senior management committees comprises the Group Chief Executive Officer, Group Chief Financial Officer and the leaders of relevant business areas, as set out below. Biographies for the executive directors and Group Society Secretary can be found on pages 58 to 62 and, for the rest of the senior management team, at **nationwide.co.uk**.

Debbie Crosbie
Group Chief Executive Officer
gm e

Muir Mathieson
Group Chief Financial Officer
gm e

Chris Rhodes
Virgin Money Chief Executive Officer
gm

Mandy Beech
Director of Retail Services
e

Steve Evenden
Chief Internal Auditor
ae

Catherine Kehoe
Chief Customer Officer
e

Lynn McManus
Group Chief People Officer
gm e

Stephen Noakes
Director of Retail
e

James Peirson
Group General Counsel
gm e

Jason Wright
Group Society Secretary
ae

Tom Riley
Director of Retail Products
e

Rachael Sinclair
Director of Mortgages and Financial Wellbeing
e

Gavin Smyth
Group Chief Risk Officer
gm e

Suresh Viswanathan
Group Chief Operating Officer
gm e

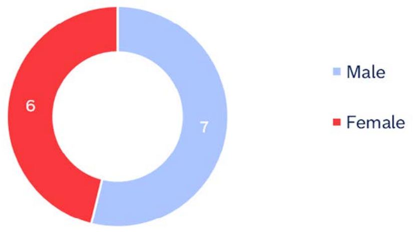
Key: gm Member of Group Management Committee e Member of Executive Committee ae Attendee of Executive Committee

Composition, succession, and evaluation

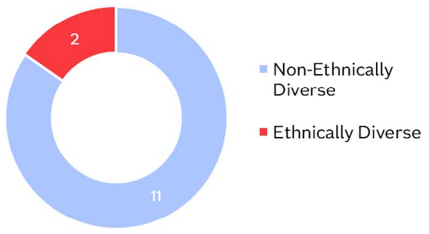
Board diversity

We are committed to having a diverse and inclusive Board to set the Group's strategy, tone and culture. The Board aims to achieve this by ensuring there is diversity of ethnicity, age, gender, disability and sexual orientation, as well as socio-economic, educational and professional backgrounds within its membership. This is a key determinant of any new Board appointment and is also taken into consideration in the development of a diverse pipeline for succession. Selecting the best candidate is paramount and all appointments are based on merit and objective criteria with due regard for the benefits of diversity, including diversity on the Board. This approach benefits the effectiveness of the Board by creating diversity of thought and breadth of perspective among directors. The Board's Diversity Statement is set out in the Board Composition and Succession Policy which can be found at **nationwide.co.uk.** The Nomination and Governance Committee Report on pages 77 to 80 sets out the selection process for new directors appointed during the year. The gender and diversity data set out on this page is in the form prescribed by the FCA's UK Listing Rules. This data is collected from executive management and Board directors at the application and onboarding stages of their recruitment. They are requested to re-attest this information by way of questionnaire annually.

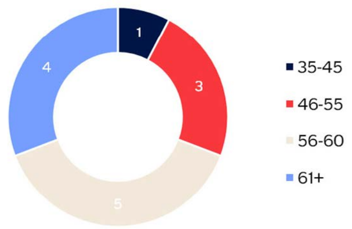
Gender diversity on the Board



Ethnic diversity on the Board



Age of directors on the Board



Gender representation as at 31 March 2025

	Board members		Number of senior positions (note i)	Executive management (note ii)	
	Number	Percentage		Number	Percentage
Male	7	53.8%	2	7	58.3%
Female	6	46.2%	2	5	41.7%
Not specified/prefer not to say	-	-	-	-	-

Ethnicity representation as at 31 March 2025

	Board members		Number of senior positions (note i)	Executive management (note ii)	
	Number	Percentage		Number	Percentage
White British or other White (including minority-white groups)	11	84.6%	4	11	91.7%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/British Asian	2	15.4%	-	1	8.3%
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

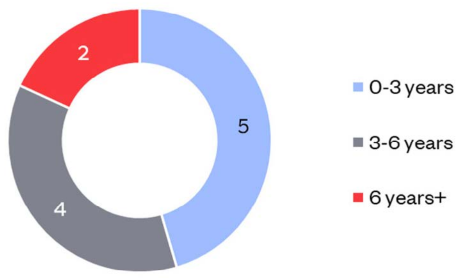
Performance against FCA diversity targets as at 31 March 2025

Target	Outcome	Position
At least 40% of Board directors are women	Exceeded	46.2% of Board directors are women
At least one senior Board position is held by a woman	Exceeded	Two senior Board positions are held by women
At least one director from a minority ethnic background	Exceeded	Two directors are from a minority ethnic background

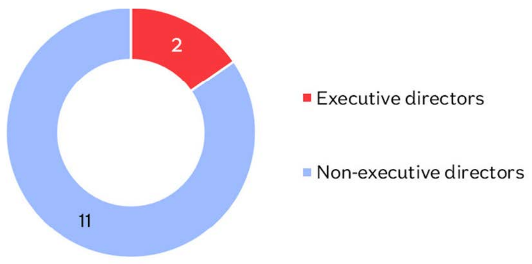
Notes:
i. Senior Board positions are Chairman, Senior Independent Director, Group Chief Executive Officer and Group Chief Financial Officer.
ii. Executive management is defined as the Executive Committee, including the Group Chief Executive Officer, Group Chief Financial Officer and the Group Society Secretary.

Composition, succession, and evaluation (continued)

Non-executive directors' tenure



Executive and non-executive directors



Board tenure

In compliance with the Code, the Memorandum and Rules require that Board directors are subject to election or re-election by Nationwide's members annually. Before re-election, a review of each non-executive director's continued effectiveness and independence is undertaken.

Board composition

The Nomination and Governance Committee is responsible for reviewing Board composition, considering succession plans for both the Board and senior executives, selecting and appointing new directors and considering the results of the annual Board performance review. More information on the work of this Committee can be found on pages 77 to 80.

To ensure that an appropriate balance of skills, experience and knowledge on the Board is maintained, the competencies of individual Board members are regularly reviewed. A balanced board is vital for constructive and open debate in the boardroom and, ultimately, effective board decisions. Individual director biographies, including their relevant skills and experience, can be found on pages 58 to 62.

All directors are subject to conduct rules laid down by the Group's regulators and must satisfy requirements relating to their fitness and propriety. In addition, the Chairman, the Senior Independent Director and Committee Chairs are subject to all aspects of the Senior Managers and Certification Regime.

Executive directors' service contracts, as well as letters of appointment for the Chairman and non-executive directors, are available for inspection at Nationwide's principal office and will be available at the AGM.

Chairman performance and tenure

The Chairman's performance review was led by the Senior Independent Director on behalf of the Board in May 2024. This review included peer feedback from the non-executive and executive directors. The review concluded that Kevin Parry continued to perform effectively, remained fit and proper to perform the role, upheld his regulatory responsibilities, and demonstrated commitment to his role. Considering this conclusion, the re-election of Kevin Parry was put to members at the 2024 AGM where he was re-elected as a director.

The Chairman will have served nine years on the Board in May 2025. To minimise disruption during this important time following the acquisition of Virgin Money, and to facilitate effective long-term succession planning and development of a diverse board, the Senior Independent Director led a review process of the Chairman's tenure. This review considered the Chairman's preceding tenure as a non-executive director, his performance, his extensive experience in financial services and in the mutual sector, his continued independence and his significant ongoing contribution to the Board's strategy. The Prudential Regulatory Authority and Financial Conduct Authority were consulted as part of the review and raised no objections. As a result, the Board, in the absence of the Chairman, approved an extension to the Chairman's tenure of two years to July 2027. Kevin Parry will therefore serve a maximum of five years in the role of Chairman. The Chairman has indicated that he will ask the Senior Independent Director to commence the process to find his successor after the 2025 AGM, to achieve a seamless appointment, to take effect following next year's AGM.

Individual director performance

A review of the performance and contribution of each director was conducted by the Chairman to ensure that all directors contributed effectively to the good governance of the Group. This is one of the factors considered when deciding whether individual directors will offer themselves for election or re-election at the AGM. The reviews concluded that each director continued to perform effectively and demonstrated commitment to the role. During the year, the Chairman met each director individually to discuss their personal performance and establish whether each director continued to contribute effectively to the long-term success of the Group.

Composition, succession, and evaluation (continued)

Board performance

The Board conducts an annual review of its performance. This is a key mechanism for ensuring that the Board continues to operate effectively, and for setting the Board's objectives and development areas for the forthcoming year. This annual review is conducted through a formal evaluation and considers both the work of individual directors and the collective work of the Board and its committees. All reviews are conducted in accordance with the Code and the Financial Reporting Council (FRC) Guidance on Board Effectiveness, which require boards to undergo an externally facilitated review at least every three years.

2024 Board performance review

Better Boards was appointed to conduct an externally facilitated, independent Board performance review in 2024. Following a review of the 2023 performance review findings and the agreed areas requiring particular focus that emerged from that review, the scope of the 2024 review was determined by the Nomination and Governance Committee in November 2023 and subsequently approved by the Board. The 2024 review covered general areas of effectiveness including: the strengths and composition of the Board and its principal committees; clarity of the Board's roles and responsibilities; the Board's ability to resolve conflicts; the effectiveness of Board meetings, including the Board's decision-making processes and identification of areas needing more Board attention; evaluation of individual Board members; and stakeholder engagement.

The performance review findings were informed by responses provided by all Board directors to a written questionnaire, views shared in formal interviews held with individual directors, as well as observations made by Better Boards during the March 2024 Board cycle. Individual committee questionnaires were also completed by members of the Board's principal committees and other key stakeholders where appropriate. The key findings were captured in a review document that was submitted and presented to the Board in May 2024.

Overall, the 2024 review concluded that the Board and its committees continue to perform and operate effectively. The Board adopted the recommendations from the review findings and has developed a plan to implement the agreed actions. The Board will continue to make progress against the key findings of the review, with monitoring of progress made against these actions having been delegated to the Nomination and Governance Committee; an update on the actions taken is provided on the next page. Additionally, the Board will ensure that these actions are also considered in future reviews of Board composition and succession planning.

Composition, succession, and evaluation (continued)

2024 Board performance review area of focus and recommendation	Action taken
Ensure that the size and composition of the Board is kept under continuous review so that it remains appropriate following the acquisition of Virgin Money.	Regular discussions in respect of the composition of the Board are held at meetings of both the Board and Nomination and Governance Committee. The Chairman and Group Society Secretary met with Virgin Money's Chairman and Company Secretary in November 2024 to consider the Board's succession plan. The Board's succession plan was reviewed and approved in January 2025.
Ensure time is allowed for unstructured, quality opportunities for Board directors to: further deepen director relationships; and understand better the distinctive strengths of individual directors and the Board collectively, and how these strengths can be better leveraged.	Unstructured Board dinners are regularly held to facilitate deepening of relationships between our Board directors; in addition, the Chairman monitors this in his one-to-one meetings with fellow non-executive directors.
Build reflection time into each Board cycle.	A standing agenda item has been added to every Board meeting for directors to review and reflect upon the Board cycle, in addition to private sessions held for non-executive directors at the end of each Board meeting.
Ensure that Board directors remain focused on providing constructive challenge by encouraging them to build on their initial line of questioning in Board discussions.	Regular discussions take place as part of the new standing Board agenda item for directors to review and reflect upon the Board cycle. The Chairman also addresses this as part of his annual performance review of the directors.

2025 Board performance review

In accordance with the provisions of the Code, Nationwide is required to undertake an externally facilitated Board performance review every three years. Given the 2024 performance review was undertaken externally, the 2025 performance review will be led by the Group Society Secretary. The 2025 review will utilise Better Boards' platform, methodology and independent opinion on certain matters.

The results of the review will be presented to the Board for discussion and will form the basis of an action plan for completion during 2025. A similar process will be followed for Board committees. Further information on the evaluation process, outcomes and actions identified will be presented in the 2025/26 Annual Report and Accounts.

Audit, risk and internal control

The Board is responsible for determining the nature and extent of the risks that the Group is willing to take to achieve its long-term strategic objectives. This is detailed in the Group's Risk Appetite Statement. The Board is responsible for ensuring that management maintains an effective system of risk management and internal control across the Group, and for assessing its ongoing effectiveness.

The Nationwide sub-group and the Virgin Money sub-group have independent but aligned Enterprise Risk Management Frameworks (ERMFs) to ensure risks are managed in a consistent and rigorous way. These ERMFs define how risks are managed within each business and set out the risk management responsibilities of colleagues within an industry-standard three lines of defence model. They also ensure that all risks are appropriately and consistently identified, assessed, managed, monitored, and reported, in accordance with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', published by the FRC. These frameworks are supplemented by Group-level governance which supports the Board in ensuring risks are managed consistently and rigorously across the Group, with appropriate escalation routes in place for identifying, evaluating and managing principal and emerging risks. Each ERMF is supported by a system of internal controls and processes. These systems and processes are designed to manage, not eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Nationwide's and Virgin Money's boards monitor their respective sub-group's risk management and internal control systems and carry out an annual review of their effectiveness. On the basis of this year's review, each Board is satisfied that each sub-group's ERMF is appropriate.

Audit, risk and internal control (continued)

Internal control over financial reporting

The Group's financial reporting process has been designed to provide assurance regarding the reliability of financial reporting and preparation of financial statements, as well as consolidated financial statements, in accordance with International Financial Reporting Standards (IFRS).

Internal controls and risk management systems are in place to provide assurance over the preparation of the Group's annual financial statements. These include independent testing of the critical financial reporting processes and controls, from data origination to reporting, to an agreed level aligned to the Group's Board Risk Appetite. The result of this assurance work is reported to control owners and the Group Chief Financial Officer, with a summary report presented to the Audit Committee. Financial information submitted for inclusion in the Group's annual financial statements is attested by individuals with appropriate knowledge and experience.

The Group's Annual Report and Accounts are scrutinised throughout the financial reporting process by relevant senior stakeholders before being submitted to the Audit Committee, which provides challenge, before recommending to the Board for approval. The Audit Committee also discusses control conclusions and recommendations arising from the statutory audit with the external auditor. The external auditor's year end report to the Audit Committee provided results and conclusions for the Group audit, including Virgin Money matters where relevant. In the external auditor's reporting to the Virgin Money Board Audit Committee, its component team provides more details on specific Virgin Money-related matters.

Aspects of internal control over the Group's financial reporting have been reviewed by Nationwide's Internal Audit function. Based on the various reviews and reports provided to the Audit Committee, it was concluded that the controls over the Group's financial reporting are effective.

More information on the Group's risk management and internal control systems can be found on pages 81 to 91 of the Governance report and on pages 123 to 126 of the Risk report.

Nomination and Governance Committee report

I am pleased to report on the work of the Nomination and Governance Committee for the year ended 31 March 2025.

The Committee has played a critical role this year and continues to promote the long-term sustainable success of the Group by ensuring that it is led by a Board and executive management possessing the appropriate combination of skills and experience.

There have been several changes to the Board and executive management during the year, with the Committee focused on ensuring that our leadership team has the skills and capabilities to meet the needs of a modern mutual both now and in the future.

The changes included the appointment of Muir Mathieson as an executive director and Group Chief Financial Officer, and the appointments of Anand Aithal and David Bennett as independent non-executive directors. The selection processes for these Board changes are outlined on page 79 of this report.

The Committee ensures that the Group's succession planning at a Board and an executive management level is sufficiently robust and diverse to serve the best interests of our members, customers and key stakeholders.

Nationwide continues to disclose diversity data relating to both its Board and executive management. This information can be found on page 72 and I am pleased to say that we continue to exceed all the set diversity targets.

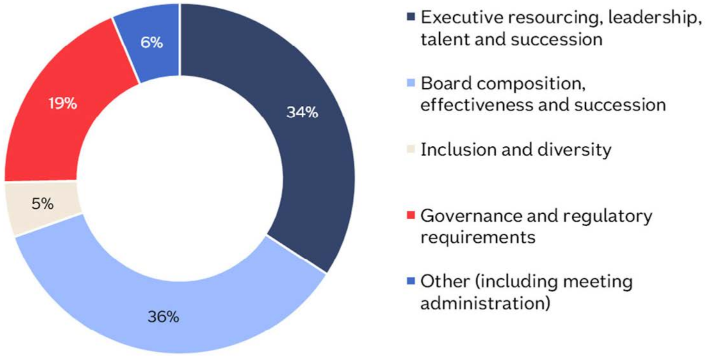
As part of its remit, the Committee provides oversight of the Group's Governance Framework on behalf of the Board, to ensure that it remains effective and aligned with best practice. The Committee is satisfied that the current framework, updated to incorporate Virgin Money, continues to operate effectively and efficiently.

Kevin Parry Chairman – Nomination and Governance Committee

Key activities of the Committee

- Reviewed and challenged the Board and Executive Committee succession plans to be sufficiently robust and diverse to meet the Group's future needs.
- Reviewed the independence, external interests and time commitments of all Board members.
- Considered the governance arrangements for the Group to ensure the long-term success of the business.
- Oversaw the selection and appointment of executive and non-executive directors to the Board.

How the Committee spent its time in the year



How the Committee works

Committee purpose and membership

The Committee provides oversight and advice to the Board on the succession planning for the Board and its committees and executive management level appointments for the Group. It reviews the Board's governance arrangements, ensuring they are consistent with best practice, and oversees the implementation of the inclusion and diversity (I&D) strategy and objectives for the Nationwide sub-group. More details on the duties and responsibilities of the Committee can be found in its terms of reference at **nationwide.co.uk.**

The Committee comprises the Chairman (who chairs the Committee except when his own succession is being considered) and three independent non-executive directors, including the Senior Independent Director. Details of the skills and experience of the Committee members can be found in their biographies on pages 58 to 62. In addition to the members, regular attendees of the Committee include the Group Chief Executive Officer, Group Chief People Officer, and the Group Society Secretary.

Committee meetings

The Committee meets at least twice a year and otherwise as required. During the year, the Committee held six scheduled meetings. The attendance record of Committee members is set out on page 65.

Virgin Money oversight

Since the acquisition of Virgin Money, the Committee has received and considered written reports provided by the Chair of Virgin Money's Nomination and Governance Committee from each of its meetings. When requested, the Virgin Money Nomination and Governance Committee Chair attends meetings of the Committee to provide a verbal update and answer questions from the Committee members. All Virgin Money nomination and governance decisions taken and matters discussed by the Virgin Money Nomination and Governance Committee are reported to the Committee so that it may discharge its oversight responsibilities.

Committee performance, skills and expertise

The performance of the Committee is reviewed annually, along with the Committee's terms of reference and its activities over the previous year. The purpose of this review is to confirm that the terms of reference align with the Committee's remit and purpose, and continue to reflect all applicable governance codes, guidelines, legislation and best practice. The 2024 Board performance review indicated that Committee members were satisfied with the performance and effectiveness of the Committee. The review is described in detail on pages 74 to 75.

What the Committee did in the year

Board succession

The Committee reviewed and challenged the Board succession plan, which included emergency succession arrangements for all senior non-executive director roles, such as chairs of Board committees. This exercise considered a range of measures including strategic direction, culture, skills and experience, tenure and diversity. Board succession is reviewed annually to ensure the Board has the appropriate succession plans in place to meet the needs of the Group.

Executive resourcing, leadership, talent, and succession

The Committee oversaw the selection process for a new Virgin Money Chief Executive Officer and the consequential process for the role of Group Chief Financial Officer and executive director in anticipation of the planned acquisition of Virgin Money. This process was undertaken in line with existing talent management and succession planning activity. Further information on the selection process for new directors is set out on the next page.

What the Committee did in the year (continued)

The Committee received regular updates on the management of executive succession across the Group, including reviews of emergency succession plans and talent management development plans. This provided the Committee with a view of the talent pipeline of potential leaders as well as their key strengths and development areas. The Committee will continue to focus on the long-term succession planning across the Group in alignment with the anticipated integration of the businesses. As part of any succession planning, the Committee considers its objective of creating greater gender and ethnic diversity in senior roles.

Selection process for new directors

Three new directors were appointed to the Board during the year. Korn Ferry, an independent executive search firm, was used in two of the appointment processes. Korn Ferry has no connection with Nationwide or any of the directors, other than to assist with searches for executive and non-executive talent.

Muir Mathieson – Group Chief Financial Officer
On 21 March 2024 it was announced that, subject to the successful completion of the Virgin Money acquisition, Chris Rhodes, then Nationwide's Chief Financial Officer, would be appointed as Virgin Money's Chief Executive Officer. Following an external benchmarking exercise undertaken by Korn Ferry, the Committee endorsed Muir Mathieson's appointment as Group Chief Financial Officer and executive director. Muir Mathieson had previously held senior leadership roles at Nationwide, including Deputy Chief Financial Officer, Treasurer, and Director of Financial Planning and Stress Testing. He was assessed as the most appropriate candidate for the appointment given his significant relevant experience, combined with his unique knowledge and insight into the mutual sector and Nationwide. Following due and careful consideration of the requirements of the Group, the appointment was recommended by the Committee to the Board at its March 2024 meeting, ahead of the announcement on 21 March 2024. Muir Mathieson assumed the role on 6 September 2024.

> "Muir brings significant knowledge and experience to the role of Group Chief Financial Officer. His previous role with the Society as Deputy Chief Financial Officer and Treasurer, together with the senior management positions he has held, demonstrate his deep understanding of the mutual sector. The Board was pleased to appoint him as the Group Chief Financial Officer of the Society."
>
> **Kevin Parry**
> Chairman

Anand Aithal – non-executive director
Following a review of the composition of the Board and its committees, and the planned acquisition of Virgin Money, the Committee identified the need for an independent non-executive director with sufficient financial and risk experience to join both the Audit and Risk Committees. The Committee, supported by Korn Ferry, prepared a candidate specification setting out the knowledge, skills, experience and attributes required. From this, a longlist of potential candidates was drawn up and considered by the Chairman, from which a shortlist of three was compiled. Following interviews conducted by the Chairman, Group Society Secretary, Senior Independent Director and Audit Committee Chair, one preferred candidate emerged for the role. Following due and careful consideration of the needs of the Board, Anand Aithal was selected, having demonstrated the financial acumen required for a proper understanding of the Society's activities and associated risks, and holding the relevant knowledge to become a member of the Audit and Risk Committees upon appointment. He was appointed to the Board as an independent non-executive director with effect from 1 October 2024.

David Bennett – non-executive director
Leading up to Nationwide's acquisition of Virgin Money, the Committee discussed the future governance requirements of the Group and proposed that David Bennett, Virgin Money's Chairman, be appointed to Nationwide's Board in a cross-directorship arrangement. Such cross-directorships are common amongst UK banking peers with regulated subsidiaries and provide a direct line of sight between the two boards, support effective governance between them and provide additional expertise on aspects of the Virgin Money sub-group. David Bennett 's time commitments were taken into consideration prior to his appointment. Following due and careful consideration and being satisfied that he had the right skills and capability, David Bennett was appointed to the Board as an independent non-executive director with effect from 13 November 2024. His term of appointment is expected to align with his tenure as Chairman of the Virgin Money Board.

Board composition and effectiveness

As part of its remit, the Committee assists the Chairman in the review of the composition of the Board and its committees. The purpose of this review is to identify the current and likely future needs of the Board and to lead the appointment process for nominations to the Board. The Board should comprise the right mix of knowledge and skills for it to be effective in delivering its responsibilities to provide oversight and governance, and to safeguard the interests of Nationwide's members, customers and other stakeholders. In determining the Board's needs, the Committee considers a range of factors, including the diversity of the Board; strategic aims; current and future challenges and opportunities; and the need to balance continuity and corporate knowledge with progressive changes to the Board and its committees. The recruitment process for directors is designed to meet these objectives. It also involves detailed referencing and other checks to establish the candidate's credentials, including suitability, fitness and propriety. Regulatory approval is required for certain Board roles which are subject to the Senior Managers and Certification Regime (SM&CR).

What the Committee did in the year (continued)

Board performance review

In accordance with the Code and the FRC Guidance on Board Effectiveness, the Chairman leads an annual Board performance review, with an externally facilitated review undertaken every three years; the 2024 review was conducted externally by Better Boards. The Committee set the scope and brief for the review and worked with Secretariat to oversee the work undertaken. The review looked at the overall performance of the Board and its committees and provided an objective assessment of the strengths, capabilities, effectiveness, and dynamics of the Board to ensure it could meet the Group's requirements going forward. More information on the performance review can be found on pages 74 to 75.

Inclusion and diversity (I&D)

The Board is committed to reflecting the communities that the Group serves. It aims to achieve this by embracing inclusion and diverse characteristics, including socio-economic, educational and professional backgrounds, within the Board's membership. Additionally, the Committee oversees the development and implementation of the I&D strategy and objectives. Nationwide launched its new I&D strategy in March 2025 which emphasises the importance of leaders modelling and advocating for true inclusion across the Group.

Selecting the best candidate for Board appointments is paramount. All appointments are based on merit and objective criteria, with due regard for the benefits of diversity on the Board. This approach benefits the effectiveness of the Board by creating diversity of thought and breadth of perspective among our directors. The Board's Diversity Statement is set out in the Board Composition and Succession Policy, which can be found at **nationwide.co.uk.**

The Committee received updates on the pipeline of talent and progress made in achieving Nationwide's I&D ambitions to ensure continued robust, enduring and diverse leadership. More information on the I&D strategy, measures and progress made can be found on page 34 and in Nationwide's Environmental, Social and Governance Disclosures 2024 document at **nationwide.co.uk**. Diversity data relating to the Board and executive management can be found on page 72.

Corporate governance

As part of its remit, the Committee is responsible for the oversight of the Group's governance arrangements on behalf of the Board. The Committee spent time during the year ensuring that the governance arrangements of the Group were sufficiently robust, including the introduction and approval of a new Group Governance Framework. The Committee reviewed the corporate governance disclosures in Nationwide's Annual Report and Accounts for 2023/2024 and 2024/2025.

Individual accountability regimes

The Senior Managers and Certification Regime (SM&CR) was introduced by Nationwide's regulators to encourage senior managers working within the financial services industry to take greater accountability for their actions. In addition, it enables regulators to take action against individuals in cases where significant wrongdoing has been identified. The Committee approves the appointment of senior management and ensures that SM&CR responsibilities are allocated appropriately through Nationwide's well established mapping process.

Audit Committee report

As Chair of the Audit Committee, I am pleased to report on the work of the Committee and its key areas of focus during the financial year ended 31 March 2025.

The Committee has continued to play a key role in challenging and monitoring, on behalf of the Board, the integrity of the Group's external reporting and overseeing the supporting internal controls. The Committee scrutinised the Group's interim and full-year results, including a thorough review of the significant financial reporting judgements and the accounting policies adopted. In addition, the Committee reviewed and provided challenge to Nationwide's climate-related disclosures and ensured that appropriate challenge was applied in respect of its science-based emissions targets.

An important part of the Committee's role is to oversee and review Nationwide's internal financial controls and internal control systems, ensuring that they operate effectively. Such controls are designed to mitigate risks and keep our customers' money safe. This includes overseeing steps being taken by management to ensure compliance with new requirements relating to internal controls under the UK Corporate Governance Code 2024, with which the Group will be expected to comply from the 2026/27 financial year.

The Committee has an oversight role in respect of the Nationwide sub-group's Internal Audit function, including monitoring and assessing its effectiveness, performance, resourcing and independence.

The Committee undertook additional work this year specific to the acquisition of Virgin Money to provide the Board with assurance that the fair values attributed to the acquired assets and liabilities of Virgin Money, including identifiable intangible assets, were appropriate, and that the gain on acquisition was appropriately reported.

During the year, the Committee has overseen the work undertaken by the Group's external auditors, Ernst & Young (EY). This included undertaking a review of EY's effectiveness, independence and objectivity, which took into consideration all applicable UK professional and regulatory requirements. In line with regulatory requirements to preserve audit independence, Manprit Dosanjh assumed responsibility as senior statutory auditor for the Group for the financial year ended 31 March 2025.

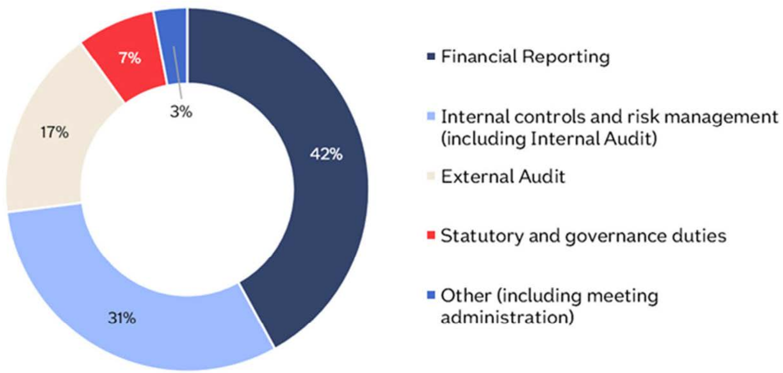
As Chair of the Audit Committee, I support the re-election of EY by members at our 2025 AGM and direct members to further information on the work of EY that can be found on pages 205 to 217.

Phil Rivett Chair – Audit Committee

Key activities of the Committee

- Scrutinised and monitored the integrity of the Group's interim and full-year external reporting.
- Reviewed the going concern basis of preparation of the financial statements and the statement of business viability for recommendation to the Board for approval.
- Oversaw both the work of the Nationwide sub-group's Internal Audit function and the relationship with the Group's external auditor, EY.
- Monitored the overall effectiveness of Nationwide's internal control environment.

How the Committee spent its time in the year



How the Committee works

Committee purpose and membership

The Committee provides oversight and advice to the Board on the matters listed in its terms of reference, available at **nationwide.co.uk**. Membership comprises at least three independent non-executive directors who possess a diverse range of experience in business, finance, auditing, risk and controls and in the financial services sector. The attendance record of Committee members is set out on page 65. Regular attendees at Committee meetings included the Chairman, Group Chief Executive Officer, Chief Internal Auditor, Group Chief Financial Officer, Group Chief Risk Officer and representatives of EY. Subject matter experts were invited to meetings to present as required. The Chair of the Committee reported to the Board on the matters considered at each meeting.

During the year, the Committee met privately with the Group Chief Financial Officer, Chief Internal Auditor, the Group Chief Risk Officer and the external auditor, EY, without management present. The Chair of the Committee met regularly with the Group Chief Financial Officer, the Chief Internal Auditor, the Whistleblowing Officer and EY, and attended meetings with the PRA.

Committee meetings

The Committee held six scheduled meetings during the year and two ad hoc meetings. Additionally, it held two joint meetings with the Board Risk Committee to consider matters of common interest and to provide input to the Remuneration Committee to assist that committee in its assessment of possible risk impacts on variable remuneration. Updates on the steps being taken to support a more coordinated approach to working between Nationwide's second and third lines of defence were provided at these joint meetings.

Virgin Money oversight

Since the acquisition of Virgin Money, the Committee has received and considered written reports provided by the Chair of the Virgin Money Board Audit Committee from each of its meetings. When requested, the Virgin Money Audit Committee Chair attends meetings of the Committee to provide a verbal update and answer questions from the Committee members. All decisions taken and matters discussed by the Virgin Money Board Audit Committee are reported to the Committee so that it may discharge its oversight responsibilities. The Chair of the Committee has met regularly with the Virgin Money Board Audit Committee Chair; discussions included accounting judgements relating to the purchase price allocation on acquisition and credit impairment provisioning, as well as effective interest rate accounting and climate change reporting considerations.

Committee performance, skills and expertise

The performance of the Committee is reviewed annually, along with the Committee's terms of reference and its activities over the previous year. The purpose is to confirm that the terms of reference align with the Committee's remit and activity, and continue to reflect all applicable governance codes, guidelines, legislation and best practice. The 2024 Board performance review indicated that Committee members were satisfied with the performance and effectiveness of the Committee. The review is described further on pages 74 to 75. A review of the qualifications and experience of each member of the Committee is also undertaken on a periodic basis as part of the Board and committee succession planning process, and the Board is satisfied that the Committee possesses recent and relevant financial experience and accounting competence, and that it is competent in the sector in which the Group operates.

What the Committee did in the year

Financial reporting and non-financial reporting

A key role of the Committee is to monitor the integrity of the Group's financial statements and to review the significant financial reporting judgements and any formal announcements relating to its financial performance. The Committee was satisfied that the interim results, annual report and accounts and preliminary results announcements were fair, balanced and understandable, reflected the Group's position and performance, business model and strategy, and recommended their approval to the Board.

The Committee was satisfied that there were appropriate internal controls in place over the financial reporting systems to provide assurance over the preparation of these documents and that financial information submitted for inclusion in the financial statements was attested by individuals with appropriate knowledge and experience. Key internal controls are tested regularly, and the results reported to the Committee. The Committee noted that there were no new accounting standards, or amendments to standards, effective for the reporting period which had a significant impact for the Group.

What the Committee did in the year (continued)

The Committee reviewed the Report on Climate-related Financial Disclosures prior to its publication on **nationwide.co.uk**, as well as the summary of those disclosures presented in the Annual Report and Accounts.

Significant financial reporting matters and accounting judgements considered by the Committee during the year

The preparation of financial statements necessitates estimates and judgements to be made in relation to outcomes that are typically dependent on future events. Due to the inherently uncertain nature of such estimates and judgements, actual results may differ from those assumed. The Committee engaged in active debate and challenged the significant financial reporting matters and main areas of judgement included in the interim and year end financial reports, as set out in the table below. Additionally, the Committee reviewed the Group's accounting policies and processes and confirmed they were appropriate to be used in the financial statements.

The Virgin Money Board Audit Committee also reviewed key judgement areas for the Virgin Money sub-group which were relevant to the Group's financial statements, including the alignment of accounting policies, impairment provisions for loan portfolios and related disclosures, deferred tax asset recognition, provisions for liabilities and charges and pension scheme accounting.

Area of focus	Committee response
Purchase Price Allocation process Information is included in note 38 to the financial statements	Given the expected materiality of the Virgin Money acquisition during the year, and in consideration of the judgements required to conclude on the associated acquisition accounting, the Committee received updates during the year on the Purchase Price Allocation (PPA) process, including the fair value assessment of the Virgin Money acquired balances and associated gain on acquisition. Updates on the progress of the fair value modelling work and outputs from pre-completion dry-run exercises were provided to the Committee for review, as well as details of key assumptions and their sensitivities across the suite of models used. The Committee reviewed and discussed with management the valuation approach being applied in the fair value assessment, along with the key judgements and estimates for the areas of subjectivity within each of the models. One area of particular focus for the Committee was the sensitivity of the PPA results to key judgements, including the assumptions used to derive appropriate discount rates such as the cost of funding. Following review, the Committee was satisfied that appropriate judgement was being applied, by reference to market data where available. The Committee also challenged management on the adequacy of the credit loss assumptions within the fair value assessment across the various Virgin Money loan portfolios, ensuring sufficient analysis on each portfolio. Following discussion and review, the Committee was satisfied that the credit risks were appropriately reflected within the fair values. Given the level of subjectivity involved, the Committee also focused on the valuation of the intangible assets arising as a result of the transaction, namely the core deposit and purchased credit card relationship intangible assets. In particular, the Committee reviewed sensitivity analysis and challenged management on the key valuation assumptions, including the behavioural life assumption used in calculating the value of the core deposit intangible. The Committee concluded that the PPA process, including the fair value assessment of Virgin Money's acquired assets and liabilities and the associated gain on acquisition, was appropriately undertaken, with sufficient levels of review, oversight and challenge applied.
Virgin Money alignment of accounting policies	During the year, the Committee received updates on various areas of accounting policy alignment to address differences in historical approaches between Virgin Money and Nationwide, which required alignment for the purposes of consolidated reporting of the combined Group following the acquisition. These included material areas of accounting policy difference relating to IFRS 9 expected credit losses, effective interest rate accounting and hedge accounting. The Committee was also briefed on a number of presentational changes proposed to be reflected in the Group and Society's financial statements to achieve alignment across the consolidated Group, as detailed in note 1 to the financial statements. The Committee was satisfied with the changes made to align accounting policies for the combined Group.
Impairment provisions for loan portfolios and related disclosures Information on credit risk and assumptions relating to expected credit losses is included in note 10 to the financial statements	Credit risk remained a priority for the Committee, given the significance of judgements made in calculating impairment provisions. Key judgements for the Nationwide sub-group portfolios included the use of forward-looking economic information using multiple economic scenarios, and additional judgements made in modelling expected credit losses (ECL). The Committee also reviewed the provisions and associated judgements relating to Virgin Money loan portfolios acquired during the year, including the alignment with Nationwide sub-group assumptions and methodologies where relevant. The Committee reviewed management's selection of macroeconomic scenarios during the year to ensure that they appropriately reflected economic conditions. Following discussion, the Committee concurred with management that the four scenarios reflected a suitably wide range of economic outcomes to capture the non-linearity of expected losses in adverse economic conditions. The Committee also reviewed the probability weights applied to the scenarios. In particular, in response to continuing geopolitical uncertainty and the risks associated with increasing tariffs on international trade, the probability weights allocated to the scenarios were maintained at 10% for the upside scenario, 45% for the base case scenario, 30% for the downside scenario and 15% for the severe downside scenario.

Area of focus	Committee response
Impairment provisions for loan portfolios and related disclosures (continued)	The Committee reviewed the level of provisions maintained based on expert judgement to ensure that they appropriately reflected management's expectations of credit losses. The most significant of these at the 2024/25 financial year end was the impact of ongoing affordability risks to borrowers as a result of economic uncertainty, including the impact of higher mortgage interest rates. Specific areas of risk such as property valuation risk were also considered. The Committee was satisfied that the evidence available supported the judgements made by management. As noted above, the Committee reviewed the expectations for credit losses included in the fair value acquisition accounting for Virgin Money loan portfolios. The Committee also asked management to explain the relationship between these expectations and the IFRS 9 impairment provisions that emerged in the period between acquisition and the year end. The Committee noted management's continuing engagement with the PRA and peers to maintain high quality practices for the estimation of ECLs. This included the implementation of SS1/23: Model risk management principles for banks and a review of management information to ensure that all models used in calculating provisions were fit for purpose.
Deferred tax asset recognition Information is included in note 11 to the financial statements	As a result of the Virgin Money acquisition, the Group holds deferred tax assets relating to tax losses carried forward. The Committee received updates on the judgements applied in determining an appropriate methodology to assess recoverability of such deferred tax assets, including the period over which forecast profits would be considered.
Provisions for liabilities and charges Information is included in notes 27 and 29 to the financial statements	The Committee received updates on several matters during the year and considered whether the provisions established were appropriate. This included conduct issues which may require customer redress, and legal and regulatory matters. To evaluate whether a provision or, alternatively, disclosure of a contingent liability is required, judgements are needed to assess the likelihood that these matters will crystallise as a liability. Judgement may also be required to assess whether contingent assets meet the criteria for recognition under accounting standards. For legal and regulatory matters, consideration was given to the appropriate recognition of provisions and disclosure of related contingent liabilities, as well as the disclosure of contingent assets relating to expected recoveries in litigation proceedings. The Committee reviewed the associated judgements and estimates, discussing with management the criteria for recognition of any new or released provisions, as well as the estimation of liabilities. The Committee concluded that the provisions held, and disclosures made in relation to contingent liabilities and contingent assets were appropriate. The Committee concurred with management's updated presentation for the 2024/25 financial year, in which income statement amounts related to provisions for customer redress, and legal and regulatory matters are no longer separately disclosed on the face of the income statement and are instead included within administrative expenses.
Pension scheme accounting	Defined benefit pension scheme assets and liabilities are material to the financial statements, and a number of assumptions are made in determining the value of pension scheme liabilities. During the year, the Committee assessed assumptions made by management in calculating the surplus relating to the Nationwide sub-group pension scheme. In particular, the valuation of the scheme's longevity swap was discussed, and pension asset valuations were considered in light of current market conditions. The Committee was satisfied with the assumptions and judgements made.

Going concern and viability statement

The Committee considered whether the preparation of the financial statements on a going concern basis, and the Group's viability statement, remained appropriate. The Committee, together with the Board Risk Committee, undertook a forward-looking assessment of the Group's capital position and the levels of funding and liquidity available, together with outputs of stress testing and reverse stress testing exercises. The Committee considered risks arising from business activities, technological developments and evolving customer needs, alongside ongoing macroeconomic factors, which may affect the Group's future development, performance and financial position. Following due consideration, the Committee concluded that the application of the going concern basis for the preparation of the financial statements remained appropriate and recommended the approval of the viability statement to the May 2025 Board. The going concern statement is included in the Directors' report on page 120 and the viability statement is included in the Strategic report on pages 44 to 45.

What the Committee did in the year (continued)

Alternative performance measures

Whilst the financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP), the Committee continues to believe that certain alternative performance measures (also known as non-GAAP measures), such as underlying profit before tax, aid a better understanding of the Group's results. The Committee concluded that the disclosure of, and the prominence provided to, underlying profit before tax within the Annual Report and Accounts is appropriate.

Another performance measure considered by the Committee was a metric which estimates the benefit provided to members in the form of differentiated pricing and incentives, referred to as member financial benefit. This metric represents Nationwide's aggregate interest rate differential, lower fees and higher member incentives compared with market averages. The Committee was satisfied with the approach to the measurement of member financial benefit and the associated disclosure. Details of member financial benefit are shown on page 49.

Control environment

The Committee continued to monitor the overall effectiveness of the Nationwide sub-group's internal control environment, including oversight of the continuing work undertaken by management to strengthen and enhance its control framework. The Committee was updated regularly on the status of important work to streamline the approach to control ownership, including biannual updates from the Chief Controls Officer. The Committee was previously responsible for oversight of IT controls, but this responsibility moved to the Board Risk Committee in April 2024 and is now included in the Board Risk Committee Terms of Reference; the Audit Committee continued to receive reports from the Chief Controls Officer as part of its overall responsibility to oversee the effectiveness of internal controls.

The Committee reviewed management reporting on the effectiveness of the Nationwide sub-group's financial control framework, including the enhanced internal control requirements under the revised 2024 UK Corporate Governance Code. The Group will be expected to comply with the enhanced requirements of the 2024 Corporate Governance Code from the 2026/27 financial year.

Prior to the completion of the Virgin Money acquisition the Committee received an opinion paper from Nationwide's Risk and Internal Audit functions assessing management's readiness for the acquisition. Risk and Internal Audit conducted a real-time assessment and assurance review of the design and management of controls, leading the Committee to conclude that risks to readiness for the acquisition were well understood and were being managed by an appropriate control framework.

Following the acquisition, the Committee received regular updates from the Virgin Money Board Audit Committee. This included updates on its financial reporting control framework, the Control Environment Assessment from Virgin Money's Internal Audit function and the planned audit and review activity of Virgin Money's first, second and third lines of defence for the forthcoming year.

Internal Audit

Internal Audit provides independent, objective assurance over the design and operating effectiveness of governance, risk management and internal controls of the Nationwide sub-group via a risk-based audit plan approved by the Audit Committee. The Chief Internal Auditor, who reports to the Committee Chair, provides quarterly updates on the progress of the Internal Audit function's work, including any material concerns and themes identified. The Committee observed an overall marked improvement in management's resolution of issues raised by Internal Audit. The Committee reviewed the resourcing of the Internal Audit function and was satisfied that it remained appropriate.

The Committee has concluded that it is satisfied with the independence, impact, and effectiveness of Internal Audit, following regular reporting, update meetings with the Chief Internal Auditor, senior stakeholder feedback and the outcome of an independent external quality review completed by PwC.

The written updates to the Committee from the Virgin Money Board Audit Committee included progress on the delivery of the Virgin Money Internal Audit plan.

What the Committee did in the year (continued)

External Audit (EY's report can be found on pages 205 to 217)

A key responsibility of the Committee is to oversee the relationship with the external auditor, EY. Nationwide's policy for auditor rotation and audit tender follows regulatory, statutory and FRC requirements. Accordingly, the audit firm will be required to be rotated after no more than 20 years, with an audit tender to be held after no more than 10 years. EY were appointed at the 2019 AGM. In line with senior statutory auditor rotation which EY operates, Manprit Dosanjh assumed responsibility as senior statutory auditor for the 2024/25 financial year. EY has confirmed that it has complied with applicable regulatory and professional requirements, and its objectivity is not impaired. The Committee is satisfied that EY remained independent throughout the year.

The Committee is responsible for reviewing the quality and effectiveness of the external audit. The Committee received a report on the effectiveness of EY's audit of the 2023/24 financial statements, the findings of which were based on an assessment of EY's compliance with the requirements of both the Code and the FRC Revised Ethical Standard for Audits, and responses to a questionnaire sent to representatives of the Board and management. The findings of the review indicated that the external auditor was performing its duties in an independent and effective manner. The Committee also evaluated the FRC's annual report on EY, covering their overall performance as an audit firm. The report highlighted EY's commitment to maintaining high audit quality, while recommending certain improvements to EY's processes. The Committee noted the measures undertaken by EY to implement these suggestions in order to further enhance audit quality.

The Committee approved both the audit's materiality level and the annual audit plan before the commencement of the annual audit process and as the audit progressed. Materiality determines the threshold at which the auditor would consider a misstatement to compromise the truth or fairness of the financial statements. For 2024/25, overall Group and Society materiality were set at £83 million and £61 million respectively (2023/24: £69 million for the Group and £55 million for the Society).

The Board has established policies for setting, reviewing and monitoring the non-audit services that can be provided by the external auditor. The purpose of the policies, which are reviewed annually, are to safeguard the independence and objectivity of the external auditors and comply with the ethical standards of the FRC. Under the policies, all audit-related services and permitted non-audit service engagements are approved by the Audit Committee following a detailed assessment of the nature of the work, availability of alternative suppliers, and implications for auditor independence.

The Committee is responsible for approving EY's terms of engagement for the statutory audit and the audit fee. The Committee also approved any fees for non-audit services in accordance with the Group's policies for non-audit fees. Where the fee for a permitted non-audit service is over £150,000, approval must be granted by the Audit Committee. Where the fee is below £150,000, approval may be granted by the Committee Chair and the Group Chief Financial Officer with ratification at the next Committee meeting. Where aggregate non-audit fees reach 50% of the statutory audit fee in any given year, all non-audit work must receive prior approval from the Committee.

During the year, the Committee considered a number of proposals from management to use the external auditors for non-audit services, ensuring that management had considered alternative suppliers and scrutinised any potential threats to auditor independence. The annual value of the Group's non-audit fees is subject to a regulatory cap which is the amount equal to 70% of the average of the audit fees paid in the preceding three financial years. During the year, the Committee reviewed the cumulative value of non-audit work quarterly to ensure that the Group was compliant with this regulatory requirement. The fees paid to EY in total for the year ended 31 March 2025 were £20.4 million (2024: £6.9 million), of which £1.9 million (2024: £1.2 million) were for non-audit services. Non-audit services which fall within scope of the 70% regulatory cap represented 26% (2024: 17%) of the average statutory audit fee for the previous three years. Audit fees in the current year include fees for the Virgin Money sub-group, as well as fees for additional audit work undertaken in relation to the acquisition and consolidated accounting for the combined Group. The value of audit and non-audit fees in respect of the financial year are disclosed in note 8 to the financial statements.

During the year, approval was granted for the external auditors to undertake engagements which related to: the provision of limited assurance of Nationwide's scope 1, 2 and 3 CO_2 emissions; audit-related services required by law or regulations; and other assurance services for treasury funding activity. Having reviewed both the quantum of the non-audit fees and the nature of the work undertaken by the external auditor, the Committee is satisfied that the non-audit work does not detract from EY's audit independence.

What the Committee did in the year (continued)

Other items considered by the Committee during the year included:

- Model Risk Oversight: The Board Risk Committee retains responsibility for model risk oversight; however, at the request of that committee, the Audit Committee oversaw the steps taken by management in readiness for the implementation of new regulatory requirements relating to model risk management under the PRA's SS1/23: Model Risk Management Principles for UK Banks. The Committee continues to receive regular updates on the progress made against compliance with these requirements, which came into effect on 17 May 2024.
- Capital and distributions: The Committee is responsible for advising the Board on the affordability of making payments of distributions and interest to holders of Nationwide's core capital deferred shares (CCDS) and AT1 securities, as well as Fairer Share payments to eligible members. The Committee recommended to the Board that the payments proposed by management be approved.
- Tax: The Committee receives an annual update on tax matters from the Director of Financial Reporting and Tax; this includes the management of Nationwide's tax affairs, the management of tax risk in business activities, and a review of tax-related judgements in the financial statements.

Board Risk Committee report

I am pleased to present this report on the work of the Committee during the financial year ended 31 March 2025.

During the year, we have continued to monitor the current and emergent risks facing the Group. Risk principles for the Nationwide and Virgin Money sub-groups are managed through their separate Enterprise Risk Management Frameworks. We monitor proactively and manage and mitigate risk through the use of the Enterprise Risk Management Framework, thereby ensuring that our customers continue to receive the level of service and financial stability they expect from us.

The acquisition of Virgin Money has been an important event during Nationwide's year, and the Committee has welcomed reports from Virgin Money's Board Risk Committee. We have established the Group Risk Committee to provide executive oversight in relation to Group-related risk matters and its role is outlined on page 125.

The Committee continues to oversee the embedding of the FCA's Consumer Duty, tracking and challenging management activity against Consumer Duty requirements and customer outcomes. The Committee regularly reviews the conduct dashboard providing data on customer outcomes, controls, and progress on key improvements. In February 2025, the FCA removed its expectations for firms to have a Consumer Duty Champion, affording boards greater flexibility on their ongoing governance arrangements. At its March 2025 meeting, the Board, assured by the annual Consumer Duty report, agreed that retail customer outcomes were central to Nationwide's risk control arrangements and was content to withdraw the Consumer Duty Champion role with immediate effect. Despite stepping down from the Consumer Duty Champion role in March 2025, I emphasise that this does not change the level of importance that myself, the Board Risk Committee and the Board place on ensuring that Nationwide discharges this duty to consumers.

The Committee ensured that sufficient meeting time was given to enable consistent review and monitoring of material non-financial risks. The Committee is responsible for IT, operational resilience, and related technology risks, including cyber and security, and it has dedicated time at each meeting to these critical areas.

The Committee continued its ongoing review of the Group's financial stress testing, modelling and its recovery and resolution frameworks. We continue to work closely with the Audit Committee on subjects of common interest, including our joint oversight of the work undertaken by the Risk and Internal Audit functions and the discussion of matters relating to remuneration.

The Committee receives regular reports on economic crime and fraud-related risks, which were previously overseen by the Audit Committee, and the annual report from the Money Laundering Reporting Officer. The Committee also took over responsibility for the oversight of IT controls from the Audit Committee and received regular updates from the Group Chief Operating Officer on this topic.

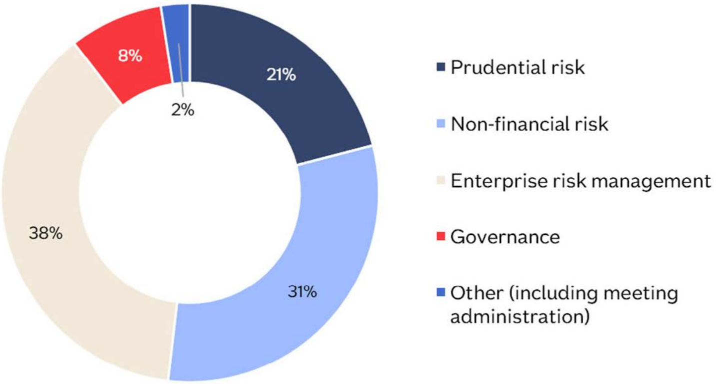
The ever-changing macroeconomic environment and its impact on the Group will continue to determine the Committee's focus for the year ahead.

Alan Keir Chair – Board Risk Committee

Key activities of the Committee:

- Challenged management to ensure that the FCA's Consumer Duty continues to embed across the business.
- Considered the current and emergent risks facing the Group, including non-financial risks.
- Reviewed the Group's financial stress testing, modelling, and its recovery and resolution frameworks.
- Reviewed management's plans for operational resilience risk metrics to cover all business service lines.

How the Committee spent its time in the year



How the Committee works

Committee purpose and membership

The Committee oversees and provides advice on risk-related matters, which includes the oversight and challenge of day-to-day IT and resilience risk, and the control and oversight arrangements for the Nationwide sub-group. More details on the duties and responsibilities of the Committee can be found within its terms of reference, available at **nationwide.co.uk**. Membership comprises at least three independent non-executive directors. The Committee oversees the Executive Risk Committee, which is the management committee responsible for ensuring a coordinated risk management approach across the Nationwide sub-group. To provide executive oversight in relation to Group-related risk matters, the Group Chief Executive Officer has established the Group Risk Committee. Where a Group-related risk matter is required to be presented to the Board Risk Committee, it will be first considered by the Group Risk Committee.

Committee meetings

The Committee held six scheduled meetings during the year and one additional ad hoc meeting. The attendance record of Committee members is set out on page 65. In addition to Committee members, regular attendees of Committee meetings included the Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Risk Officer, Chief Internal Auditor, and a representative of the external auditors, EY. Subject matter experts were invited to meetings to present as required. At each meeting, the Group Chief Risk Officer shares the current and emerging risk profile for the Group and the Nationwide sub-group. Following each meeting, updates are provided to the Board by the Chair of the Committee, which are supplemented by regular reports to the Board from the Group Chief Risk Officer.

The Committee held an ad hoc meeting in November 2024, at which management provided a detailed overview of the Group's approach to financial planning and stress testing and the Internal Capital Adequacy Assessment Process (ICAAP). The Committee additionally held two joint meetings with the Audit Committee to consider matters of common interest, including providing input to the Remuneration Committee to assist that committee in its consideration of any potential risk adjustments to senior executive variable remuneration. Updates on the steps being taken to support a more coordinated approach to working between the second and third lines of defence were also provided at these joint meetings.

The Committee also met privately throughout the course of the year with the Group Chief Risk Officer, without management present.

Virgin Money oversight

Since the acquisition of Virgin Money, the Committee has received and considered written reports provided by the Chair of Virgin Money's Risk Committee from each of its meetings. When requested, the Virgin Money Risk Committee Chair attends meetings of the Committee to provide a verbal update and answer questions from the Committee members. All Virgin Money Risk Committee decisions taken and matters discussed are reported to the Committee so that it may discharge its oversight responsibilities. A report from Virgin Money's Chief Risk Officer was submitted to the Committee's March 2025 meeting, updating on risk appetite metrics and on key risk areas for the Virgin Money sub-group.

Committee performance, skills and expertise

The performance of the Committee is reviewed annually, along with the Committee's terms of reference and its activities over the previous year. The purpose of this review is to confirm that the terms of reference align with the Committee's remit and purpose, and continue to reflect all applicable governance codes, guidelines, legislation and best practice. The 2024 Board performance review indicated that Committee members were satisfied with the performance and effectiveness of the Committee. The review is described in detail on pages 74 to 75.

What the Committee did in the year

The principal purpose of the Committee is to provide oversight on behalf of, and advice to, the Board in relation to risk-related matters. This role is fulfilled through the provision of advice, oversight and challenge to enable management to promote, embed and maintain a strong awareness of risk throughout the Group. More detail on the Group's approach to the management of risk can be found in the Risk Report on pages 123 to 126.

A key responsibility of the Committee is monitoring the Group's current and emerging risk exposures. In addition, the Committee considered issues which may present risks to the Group's strategy, as well as horizon scanning activity for any issues which may crystallise into future risk events.

What the Committee did in the year (continued)

The Board considers the appropriateness of the Group's strategic plan in the context of its risk appetite. At the beginning of the year, the Committee recommended the Board Risk Appetite statements and supporting metrics to the Board and monitored performance against them, including undertaking appropriate reviews of material risks. At the start of the 2025/26 financial year, the Committee recommended the Group's and the Nationwide sub-group's risk appetite statements and supporting metrics to the Board.

An outline of the key topics considered by the Committee during the year is broken down by risk category and set out below. Across all principal risks, the Committee continued to oversee and monitor the effectiveness of Nationwide's internal controls designed to manage and mitigate risk and challenged management on its work to further enhance the control environment. The Committee received regular updates from the Virgin Money Risk Committee, including on the risk profile and risk performance of the Virgin Money sub-group. The March 2025 Board Risk Committee also received a report from Virgin Money's Chief Risk Officer.

Non-financial risk

The Group seeks to minimise customer disruption, financial loss and reputational damage by providing sustainable services and resilient systems. During the year, the Committee reviewed and challenged key areas of non-financial risk, as set out below.

Consumer Duty

The Committee received regular reports on the implementation of the FCA's Consumer Duty and its ongoing embedding across the business. The Committee received and recommended to the Board the first Annual Consumer Duty Board Report for the Nationwide sub-group. The Committee continued to champion Nationwide's approach to customer service, ensuring that customers are treated fairly throughout the lifecycle of our products, by offering products and services that meet their needs and expectations, perform as represented and provide value for money. The Committee will continue to receive and monitor reports on customer outcomes.

Economic crime and fraud-related risks

Keeping our customers' money safe is a priority and therefore the prevention of economic crime remains an area of focus. During the year, the Committee has continued to monitor economic crime and fraud-related risks. Economic crime is a broad term that includes bribery and corruption, money laundering, fraud (including fraud scams), theft from customers' accounts, card-related thefts and Authorised Push Payment scams. The Committee considered cyber and fraud-related risks, both external and internal, and received fraud updates, as well as periodic updates on work being undertaken by management to enhance the economic crime operations in the Nationwide sub-group. The Committee received and considered the annual report from the Money Laundering Reporting Officer.

Third parties and outsourcing

The Committee has continued to monitor risk exposure arising from the third-party supply chain of the Nationwide sub- group and received updates on the management of this risk.

IT, cyber and security risk

The Committee received regular reports from the Group Chief Operating Officer and Chief Security and Resilience Officer in relation to progress made against the March 2025 regulatory deadline to maintain Impact Tolerances for all Important Business Service Lines. The Committee received reports in relation to broader operational resilience matters and how the Group would respond to a large-scale operational resilience incident to ensure continuity of service for our customers.

The Committee also oversaw management's activities to maintain and develop the Group's cyber-control capabilities and the assessments of maturity against industry standards such as the NIST Cybersecurity Framework[1].

The Committee received the annual Data Protection Officer's report, detailing the adequacy of data protection policies, procedures and governance arrangements to mitigate data protection risks and comply with data protection legislation, including the General Data Protection Regulation.

[1]Cybersecurity Framework | NIST

What the Committee did in the year (continued)

Prudential risk (includes credit, model, liquidity and funding, market, capital and pension risks)

We lend in a responsible, affordable and sustainable way to ensure we safeguard customers' interests and maintain financial strength through the credit cycle. The Committee reviewed and challenged the plans to ensure that the Group maintains sufficient capital and liquidity resources to support current business activity and to remain resilient to significant stress.

During the year, the Committee reviewed a number of aspects of prudential risk as required by the Bank of England and the PRA. This included scrutiny of the Nationwide sub-group's Resolution Framework, the Group Resolution Framework, the Group and Nationwide sub-group's capital and liquidity adequacy (as reported in the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), respectively), the Group and Nationwide sub-group Recovery Plans, the 2024 Climate Stress Test and the 2024 Reverse Stress Test results.

The Committee approved the Nationwide sub-group 2024 ICAAP assessment in January 2025 and the Virgin Money Board approved it's 2024 ICAAP assessment in March 2025, both of which were submitted separately to the PRA by March 2025, and the Group's 2024 ICAAP assessment was approved by the Committee and submitted to the PRA in April 2025.

The Committee approved the Nationwide sub-group ILAAP in January 2025, with the Committee agreeing that the Nationwide sub-group continued to maintain sufficient liquidity. Subsequently, the Group's 2024 ILAAP assessment, including Virgin Money data reviewed by the Virgin Money Risk Committee, was approved by the Committee and submitted to the PRA in March 2025.

The Committee monitored the impact of the current macroeconomic and political environment, including the impact on both owner-occupiers and renters of previous inflation rises, the current geopolitical environment, house prices and higher interest rates. The Committee also considered the credit risk portfolio, which included a deep dive into high loan-to-income lending, noting the strategic importance of supporting lending to first-time buyers and ensuring that a robust suite of credit controls was in place, as well as the strong loss cover provided by the pricing of Nationwide's Helping Hand proposition.

Whilst the Committee retains overall responsibility for model risk oversight, during the year the Audit Committee oversaw the steps taken by management in readiness for new regulatory requirements relating to model risk management, which came into effect on 17 May 2024.

Enterprise risk management

The Committee has challenged Nationwide's business model to ensure that it is sustainable and remains within the constraints of the Building Societies Act 1986. Below are examples of how this was done:

- The Committee considered and endorsed the Group's and Nationwide sub-group's Board Risk Appetite statements and supporting triggers and limits, which establish the amount and type of risk that the Board is comfortable taking. This is to ensure that the Group remains sustainable in the long term for the benefit of its members, customers and other stakeholders. The Committee regularly reviewed Nationwide's risk performance against the applicable Board Risk Appetite to ensure that any appropriate action was being taken.
- It received the annual review of the Nationwide sub-group's Enterprise Risk Management Framework. This is the system of risk management and internal controls which the Nationwide sub-group operates within. The review concluded that the system of risk management and internal controls were adequate when assessed against Board Risk Appetite.
- The Committee encourages a culture that considers both risk and reward in decision-making. The Committee reviewed the culture of Nationwide through a risk lens in the context of progress made against Nationwide's strategy.
- The Committee discussed the longer-term risks that could impact Nationwide's strategy.
- The Committee considered the potential propositional, operational and margin implications of interest rate and inflation rate changes on the Nationwide sub-group.

During the year, the Committee received regular updates from second line oversight functions. The Committee is confident that the division of duties between the first, second and third lines of defence is sufficiently robust to ensure that operational decisions receive timely and appropriate challenge.

Report of the directors on remuneration

For the year ended 31 March 2025

I am pleased to share the Remuneration Committee's report for the year ended 31 March 2025. This report includes details of directors' pay for the year, together with our new directors' remuneration policy and how the Group intends to implement the policy for 2025/26.

Our directors' remuneration report for the year ended 4 April 2024, as well as our directors' remuneration policy, received strong support at the 2024 Annual General Meeting (AGM) (with both receiving 95% of votes 'FOR'), and I would like to thank our members for their ongoing support.

Remuneration arrangements across the Group

Following the acquisition of Virgin Money in October 2024, I would like to welcome our new colleagues into the Group. We now have over 25,000 colleagues driven by our shared purpose. We continue to build a supportive and inclusive environment for all colleagues and since the acquisition I have been pleased to observe positive colleague engagement scores across the Group. We will remain focused on our approach to talent identification and development, supporting all colleagues to reach their potential. This will continue to be supported through our internship, scholarship and leadership development programmes.

In order to provide a level of consistency and stability for colleagues following the acquisition, there were no immediate changes to the broad approach to remuneration for any employees within the Group. This applied equally to the executive directors, whose remuneration arrangements remained as intended at the start of the year.

A pay package agreed with the Nationwide Group Staff Union (NGSU) for 2025/26 covers Nationwide sub-group employees, excluding the most senior population. Eligible colleagues will receive a salary increase of the greater of 3.6% of current salary or £1,000 (pro-rated for part time roles), effective from 1 July 2025, and the minimum salary will increase to £24,750. Separately, a pay package for Virgin Money colleagues was agreed in November 2024, under which 98.8% of colleagues in the Virgin Money sub-group received an average pay increase of 3.5% effective 1 January 2025.

Performance and pay outcomes for 2024/25

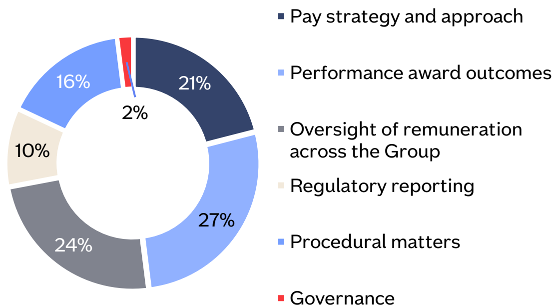
Annual Performance Pay (APP)

Nationwide sub-group employees continued to participate in the Annual Performance Pay (APP) plan during 2024/25. APP outcomes for 2024/25 were determined by reference to consistent performance measures and two individual performance ratings, reflecting both delivery and behaviours. Gateway measures of profit before tax, leverage ratio and conduct risk were passed in 2024/25 and, as a result of strong performance in the year, the Committee approved an above target outcome against the APP scorecard.

Key activities of the Committee:

- Continued to oversee the remuneration and performance framework for all colleagues within the Group.
- Reviewed the directors' remuneration policy to ensure it remains appropriate.

How the Committee spent its time in the year



The 2024/25 APP awards for the executive directors were also assessed against the Executive Scorecard, which captures a wide range of financial and non-financial key performance indicators (KPIs). Taking this and their individual performance into account, the Committee agreed APP outcomes of 94.9% for the Group Chief Executive Officer and 86.9% for the Group Chief Financial Officer. Details of the measures, individual performance assessments and the overall APP awards delivered to our executive directors are set out in this report.

Long-Term Performance Pay (LTPP)

The Committee approved the LTPP awards to be granted to the executive directors in 2025, based on a pre-grant assessment of performance delivered in 2024/25. Further details on the LTPP awards are set out later in this report.

Director changes

As previously announced, Chris Rhodes stepped down from the Board and role of Chief Financial Officer on 6 September 2024 ahead of his appointment as Virgin Money Chief Executive Officer. We are pleased to welcome Muir Mathieson as our new Group Chief Financial Officer, appointed to the Board on 6 September 2024. In recognition of his significant financial services experience across finance and treasury functions, his base salary was set at £675,000 on appointment. The Committee intends to keep Muir's remuneration under review as he gains experience in the role. Further details of their remuneration arrangements are set out in this report.

Our directors' remuneration policy

During the year, the Committee reviewed the directors' remuneration policy in the context of the significantly increased size and scope of the Group. The acquisition of Virgin Money has grown and diversified our business, with established business banking services broadening the Group's product range. We are now the UK's second largest provider of mortgages and retail deposits. Our increased scale brings additional operational complexity and demands of executive roles. We must continue to ensure that our remuneration arrangements are appropriately positioned to recruit, motivate and retain executives of the calibre required to manage the enlarged Group, and to deliver an ambitious integration plan while maintaining leading customer service.

The Committee observed the recent notable shift in market practice around executive pay. A number of our UK banking peers have significantly increased variable pay opportunities within their directors' remuneration policies, and we expect this trend to continue. This has materially increased the gap between Nationwide and the firms with which we compete for senior talent. Further details on our current market positioning are set out later in this report.

Therefore, the Committee carefully considered whether the current policy, as approved by members at the 2024 AGM, was sufficiently flexible to support our ambitions. Reflecting on the above, the Committee has updated the policy to increase the maximum APP opportunity that may be awarded from 100% to 150% of salary. The Committee believes that an increase to the performance-based pay opportunity is appropriate as it will enhance the alignment between reward and the successful delivery of the Group's priorities. The Committee has decided not to increase the maximum LTPP opportunity within the policy, which is currently set at 300% of salary. The Committee intends to keep LTPP grant levels under review over the course of the three-year policy to ensure they remain appropriate.

Looking ahead to 2025/26

In the context of the base pay package agreed for the wider workforce, the Committee approved a salary increase of 3% for the Group Chief Executive Officer, effective 1 April 2025. No salary increase was applied for the Group Chief Financial Officer.

The Group Chief Executive Officer's maximum APP opportunity for 2025/26 will be 150% of salary. The Group Chief Financial Officer's maximum APP opportunity remains at 100% of salary. Reflecting on performance during 2024/25, the Committee has determined to grant 2025 LTPP awards with a maximum opportunity of 300% of salary for the Group Chief Executive Officer and 100% of salary for the Group Chief Financial Officer. LTPP awards are subject to performance conditions over a three-year forward-looking period.

The Committee considered the proposals set out in the consultation paper jointly published by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) in November 2024 on remuneration reforms. Nationwide responded to the consultation and we look forward to the final rules and updated guidance expected later this year. As ever, we remain committed to ensuring our reward approach remains fit for purpose and aligned with both the evolving regulatory landscape and the Group's pay philosophy. The Committee will remain focused on overseeing the remuneration framework across the Group, ensuring it continues to align with our strategy and customers' interests. The Group's reward and benefits proposition will be kept under review to ensure we can continue to attract and retain the talent needed for the future.

With a view to longer term Board succession planning, I will remain on the Board, but I have begun working with Debbie Klein, who has been a member of the Committee for over a year, to support and develop her to succeed me as the Remuneration Committee Chair during 2025/26, subject to regulatory approval.

Member voting on remuneration

This year there will be advisory votes on both the directors' remuneration report and the directors' remuneration policy. Details are set out for your consideration on the following pages. On behalf of the Remuneration Committee, I would like to thank members for their continued support and encourage you to vote in favour of both resolutions.

Tracey Graham Chair – Remuneration Committee

How the Committee works

Committee purpose and membership

The Committee is responsible for determining, on behalf of the Board, the remuneration strategy, the broad policy for remuneration and the specific remuneration packages for the Chairman, members of the Executive Committee, other employees who are deemed to fall within scope of the PRA / FCA Remuneration Codes, and any other Group employees specified by the Committee from time to time. The Committee also provides oversight and advice to the Board on the appropriateness and relevance of the remuneration policy and pay practices for the workforce across the Group. More details on the duties and responsibilities of the Committee can be found in its terms of reference at **nationwide.co.uk**.

All members of the Committee are non-executive directors of the Group. Regular attendees of the Committee include the Chairman, Group Chief Executive Officer, Chief People Officer, the Director of Performance, Reward and Organisational Culture and a partner of Deloitte LLP (in their capacity as independent advisors to the Committee). In no case is any person present when their own remuneration is discussed. The Chair of the Committee reports to the Board on the matters considered at each meeting and attends meetings with the PRA and FCA.

Committee meetings

The Committee held six scheduled meetings during the year, and the attendance record of Committee members is set out on page 65 of the Governance report. The Committee is supported by the Board Risk and Audit committees on risk-related matters.

Virgin Money oversight

Since the acquisition of Virgin Money, the Committee has received and considered written reports provided by the Chair of Virgin Money's Remuneration Committee from each of its meetings. When invited, the Virgin Money Remuneration Committee Chair attends meetings of the Committee to provide a verbal update and answer questions from the Committee members. All decisions taken and matters discussed by the Virgin Money Remuneration Committee are reported to the Committee so that it may discharge its oversight responsibilities.

Committee performance, skills, and expertise

The performance of the Committee is reviewed annually, along with the Committee's terms of reference and its activities over the previous year. The purpose of this review is to confirm that the terms of reference align with the Committee's remit and purpose, and continue to reflect all applicable governance codes, guidelines, legislation and best practice. The 2024 Board performance review indicated that Committee members are satisfied with the performance and effectiveness of the Committee and is described in detail on pages 74 to 75.

Committee advisor

The Committee agreed to retain Deloitte LLP as independent advisor to the Committee during 2024/25 after a review of its fees and quality of the service provided. The Committee reviews annually all other services provided by Deloitte to ensure they continue to be independent and objective. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in relation to executive remuneration consulting in the UK. Deloitte's advisory team has no connection with any individual director of Nationwide. Their fees for advice provided to the Committee during 2024/25 were £138,050 (excluding VAT), typically charged on a time-and-materials basis. Deloitte also provided tax, risk, internal audit and consulting services to the Group during 2024/25.

What the Committee did in the year

Pay strategy and approach

In light of the acquisition of Virgin Money, the Committee has dedicated significant attention to reviewing reward arrangements across the Group.

For 2025/26, the Committee considered the APP awards across the Group and looked to align the performance measures on the APP awards where possible. For the executive directors, the Committee determined that future APP awards will be based on the performance of the Group. The Committee also reviewed the LTPP metrics to ensure that they were aligned with the strategy of the Group moving forwards.

The Committee approved the approach to variable pay across the Group for 2025/26, to ensure it continues to support the Group's strategy and purpose, enabling recognition of exceptional colleague performance and customer service.

The Committee carried out a full review of the directors' remuneration policy and has proposed a new policy subject to an advisory vote at the 2025 AGM.

The Committee approved the pay arrangements for the appointment of M J Mathieson as Group Chief Financial Officer, and oversaw the transfer of C S Rhodes to Virgin Money. Further details can be found on page 111.

The Committee reviewed and approved the Chairman's fee. Further details can be found on page 117.

Performance award outcomes

The Committee approved both the outcome of the 2024/25 APP plan and the grant of 2024 LTPP awards. In April 2024 the Committee also made decisions on risk adjustment, including for variable payments due in June 2024.

Oversight of remuneration across the Group

The Committee took account of remuneration practices across the Group in the context of making executive pay decisions. In addition to information received on Nationwide's wider workforce pay practices throughout the year, the Board received an annual update from the general secretary of the Nationwide Group Staff Union in November 2024 and regular updates from the Employee Voice non-executive director, Tamara Rajah. More information on Board engagement with colleagues can be found on pages 20, 23 and 24.

Regulatory and reporting matters

The Committee reviewed and approved the report of the directors on remuneration for the year ended 4 April 2024. It also reviewed and approved all Nationwide sub-group remuneration submissions made to the PRA and FCA over the course of the year.

Procedural matters

The Committee agreed the base pay and variable pay arrangements for all employees in scope of the PRA and FCA Remuneration Codes.

Alignment between wider workforce and executive directors' remuneration

Our reward framework is designed to attract, motivate and retain colleagues who are inspired to do their best for our customers every day, and to reward all colleagues fairly across the Group. The framework for executive directors is generally aligned with the wider workforce, and where there are deviations, this is to ensure our executive directors have a significant proportion of their remuneration linked to the Group's longer-term priorities.

All colleagues			Senior colleagues
Base salary and pension	**Benefits**	**Annual Performance Pay plan**	**Long-Term Performance Pay plan**
Salaries are set to reflect the work colleagues do and the contribution they make, informed by external market benchmarking and the salary of colleagues doing similar roles. Nationwide Building Society is a principal partner of the Living Wage Foundation. Employees across the Group are entitled to competitive pension arrangements. The executive directors' contributions are aligned to Nationwide sub-group colleagues. Pension arrangements across the Group will be considered in light of the acquisition of Virgin Money.	We are committed to providing a comprehensive and competitive benefits package that meets the needs of our colleagues. While specific benefits may vary across the Group, our philosophy is to offer a range of core benefits, supplemented by flexible options that can be tailored to individual circumstances. This approach ensures alignment between the remuneration and benefits offered to our executive directors and our wider workforce.	We aim to ensure our approach to variable pay is competitive and enables us to attract and retain high-calibre colleagues across all areas of the Group. While specific arrangements may vary, reflecting the Group's structure and legacy arrangements in place prior to the acquisition of Virgin Money, our overarching philosophy is to link a proportion of variable pay to performance against both Group and individual objectives. This fosters a culture of shared success and rewards colleagues for their contribution to the Group's overall performance.	Our most senior colleagues are invited to participate in the LTPP plan. This plan supports the delivery of sustainable customer value, with performance measures aligned to the achievement of our long-term financial and strategic priorities, including our sustainability commitments. LTPP awards are deferred over the long-term and will only be paid subject to sustained satisfactory Group and individual performance.

Directors' remuneration policy

This section sets out the new remuneration policy for our executive directors and non-executive directors. We will seek member approval for this policy by way of an advisory vote at the 2025 AGM. The policy is intended to apply for three years to the AGM in 2028 unless amendments to the policy are required, in which case a further advisory vote will be sought. It is intended that no payments to directors will be made outside of this policy, unless required as a result of regulatory change.

2025 policy changes

During 2024/25 the Committee undertook a review of the directors' remuneration policy. The Committee focused on whether the policy remains appropriate in light of the significantly increased size, scope and complexity of the Group following the acquisition of Virgin Money and in the context of evolving market practice.

The Committee followed a robust decision-making process over a series of meetings, with input sought from the Chairman, the Committee's independent external advisers and management, while ensuring that conflicts of interests were appropriately mitigated. The Committee aimed to ensure strong alignment between reward and the interests of our customers, while being appropriately positioned relative to the market. The Committee also assessed the policy against the principles of clarity, simplicity, risk management, predictability, proportionality and alignment to culture.

As discussed in the Committee Chair's letter, under the new policy we are proposing to increase the maximum APP opportunity for the executive directors from 100% to 150% of salary. This will enhance the alignment of reward and the Group's performance by increasing the proportion of variable pay, with awards only payable where strong performance for customers has been delivered.

The policy has also been updated to align with the revised proposals set out in the consultation paper jointly published by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) in November 2024 on remuneration reforms. Further details can be found in the policy table below.

Other than the above, and a few minor changes to simplify elements of wording or improve the operation and effectiveness of the policy over its term, it is proposed that the policy remains as approved in 2024.

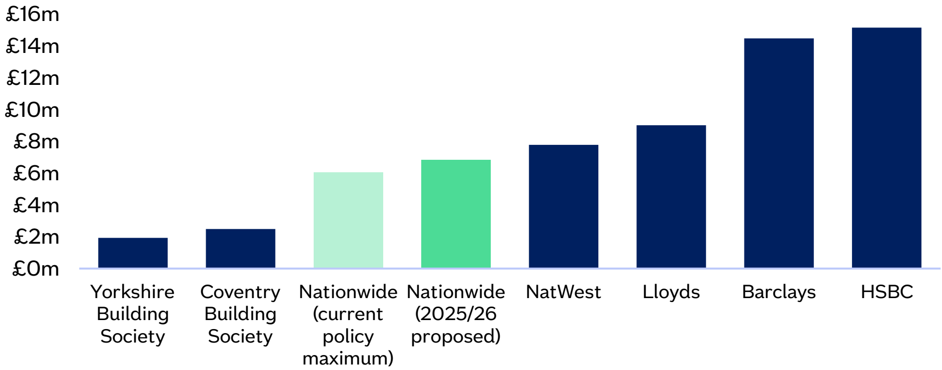
Market positioning

The chart opposite illustrates how the proposed changes to the remuneration package as applicable to the Group Chief Executive Officer impact our relative positioning compared to UK banking peers. Where relevant, this reflects the levels of opportunity available within firms' directors' remuneration policies subject to approval in 2025.

In determining the new policy, the Committee has not targeted the levels of opportunity in the largest banks with the most complex business models. Rather, the changes aim to ensure we remain appropriately positioned against the most relevant benchmarks for Nationwide, being NatWest Group and Lloyds Banking Group.

While our proposed changes for 2025/26 will go some way to addressing the competitive gap, we remain materially behind some of our UK banking peers, and the Committee recognises that future policy changes among other firms may further increase the existing gap. The Committee therefore intends to keep our positioning under review over the course of the three-year policy.

Group Chief Executive Officer - total maximum remuneration opportunity compared to UK banking peers



Data source: Deloitte LLP. The chart shows the total maximum remuneration opportunity for the Group Chief Executive Officer role among UK banking peers, based on financial year 2024 disclosures. This comprises current base salary, fixed pay allowances, pension and maximum total variable remuneration opportunity.

Remuneration policy for executive directors

Element	Operation	Opportunity	Performance metrics
Fixed pay			
Base salary Supports the recruitment and retention of key talent. Base salaries are market competitive and reflect the size and complexity of the role	Base salaries are normally reviewed on an annual basis. Any changes are normally effective from 1 April.	Base salaries are set taking into account market data for similar roles in comparable organisations. Other factors considered include the individual's skills, experience and performance in the role, additional responsibilities, and the approach being taken on salaries in the wider organisation. There is no maximum base salary.	Not applicable
Benefits Provide a market competitive and cost-effective benefits package as part of fixed remuneration	Benefits may include a car allowance, access to drivers when required, security when required, healthcare and insurance benefits. Business-related expenses are also reimbursed, including any associated tax. The Committee retains the right to provide additional benefits depending on individual circumstances, where considered reasonable and appropriate, including but not limited to enable recruitment, retention or relocation.	Benefits are reviewed regularly to ensure they remain appropriate to role and location to assist individuals in carrying out their duties effectively. The value of benefits may vary depending on service providers, cost and market conditions. There is no maximum value to the benefits provided.	Not applicable
Pension Provides post-retirement benefits in a cost-efficient manner	Executive directors may receive a cash allowance and/or contribution to a defined contribution scheme.	Pension allowances are set as a percentage of base salary. The maximum allowance payable is aligned with the maximum pension benefit available to Nationwide sub-group colleagues, which is currently 16% of base salary.	Not applicable
Variable pay			
Annual Performance Pay (APP) plan Rewards the achievement of stretching Society, team and individual targets for a single financial year	APP awards are discretionary and determined by the Committee following the end of the one-year performance period, reflecting achievement against targets set. To ensure alignment of goals, a portion of the awards for executive directors is based on the same performance measures as all eligible colleagues. The executive directors may also have a portion of their awards based on the achievement of other strategic and / or individual objectives. Alongside awards under the Long-Term Performance Pay (LTPP) plan, the payment and deferral of APP awards are determined at the time of award and in compliance with regulatory requirements. To the extent the minimum level of deferral required is not met via the LTPP award, a proportion of the APP award may be deferred in line with regulatory requirements. Any non-deferred portion is normally paid upfront following the end of the performance year. Awards are normally paid in cash, with a portion delivered in, or linked to the value of, the Group's core capital deferred shares (CCDS), or an alternative instrument that, subject to regulatory requirements, is appropriate for use as variable remuneration.	Performance targets must be achieved to generate a 'target' award, and considerably exceeded to generate the maximum award. The normal maximum APP opportunity for the executive directors is 150% of base salary. Maximum opportunities may vary by role. Actual award levels will be determined by the Committee. Normally, 67% of the maximum opportunity is payable for target performance and at the threshold level of performance, 33.5% of the maximum opportunity will be paid. No portion of the award will be paid where threshold performance is not achieved. The award levels above may be varied in exceptional circumstances, which may include where required for the Group to remain competitively positioned against the market.	Performance measures and targets are normally set on an annual basis by the Committee. These will normally reflect a mix of financial and non-financial measures, relating to strategic priorities as well as regulatory obligations, risk performance and individual performance (including conduct and behaviours).

Element	Operation	Opportunity	Performance metrics
	CCDS-linked portions will be subject to a retention period, to the extent required by regulations. For these purposes, the value of CCDS may be adjusted to remove the impact of long-term interest rates and any other items as agreed by the Committee from time to time to ensure they remain an appropriate instrument for the purposes of remuneration. Participants will be entitled to the value of CCDS distributions (or equivalent) to the extent permitted by regulations. Where distributions (or equivalent) cannot be paid due to regulatory requirements, the number of deferred instruments awarded may be adjusted by reference to an expected yield over the relevant period. The Committee may reduce, freeze, suspend or cancel payments under the APP plan if it believes that outcomes are not representative of the overall performance of the Group (note i).		
Long-Term Performance Pay (LTPP) plan Incentivises sustainable long-term performance and alignment with members' interests Awards are made annually and only pay out where challenging performance measures are met, normally measured over a three-year period	LTPP awards are discretionary and normally granted subject to the achievement of satisfactory performance over the year prior to grant (the initial performance period). Awards are then normally subject to a three-year forward-looking performance period from the start of the financial year in which the grant is made. For each forward-looking performance measure, the Committee will determine targets that need to be achieved to generate a 'threshold', 'target' and 'maximum' level of award. Performance targets will normally be set annually for each award cycle. The Committee will determine the extent of achievement based on actual performance against the targets set and any other relevant factors the Committee considers appropriate to take account of. Payment of the awards will not start until after the end of the three-year performance period and is subject to the achievement of the performance conditions. The payment of awards will be deferred in compliance with regulatory requirements. Awards are normally paid in cash, with a portion delivered in or linked to the value of the Group's CCDS, or an alternative instrument that, subject to regulatory requirements, is appropriate for use as variable remuneration. CCDS-linked portions will be subject to a retention period to the extent required by regulations. For these purposes, the value of CCDS may be adjusted to remove the impact of long-term interest rates and any other items as agreed by the Committee from time to time to ensure they remain an appropriate instrument for the purposes of remuneration.	LTPP awards may be granted up to a maximum value of 300% of base salary. Maximum opportunities may vary by role. Actual award levels will be determined by the Committee. Normally, 67% of the maximum opportunity is payable for target performance and at the threshold level of performance, 33.5% of the maximum opportunity will be paid. No portion of the award will be paid where threshold performance is not achieved. Maximum awards will only be paid where there has been outstanding performance. The award levels above may be varied in exceptional circumstances, which may include where required for the Group to remain competitively positioned against the market.	The Committee takes into consideration performance over the initial performance period when determining whether LTPP grants will be made. The pre-grant conditions will normally include an assessment of both Nationwide and individual performance to ensure that the granting of awards is sustainable according to the financial position of Nationwide and justified on the basis of individual performance, conduct and behaviours. Forward-looking performance will be measured against a long-term scorecard, normally determined by the Committee on an annual basis and set to align with the long-term objectives of the Group. The measures will normally reflect a mix of financial and non-financial measures and be subject to the satisfaction of risk performance and regulatory obligations. The specific performance measures will be disclosed in the remuneration report for the relevant year.

Element	Operation	Opportunity	Performance metrics
	Participants will be entitled to the value of CCDS distributions (or equivalent) to the extent permitted by regulations. Where distributions (or equivalent) cannot be paid due to regulatory requirements, the number of deferred instruments awarded may be adjusted by reference to an expected yield over the relevant period. The Committee may reduce, freeze, suspend or cancel payments under the LTPP plan if it believes that outcomes are not representative of the overall performance of the Group (note i).		

Notes:

i. Discretion, risk adjustment, malus and clawback: In determining variable pay awards, the Committee has the ability to apply independent judgement to ensure that the outcome is a fair reflection of the performance of the Group and the individual over the relevant period. In applying this judgement, the Committee has scope to consider any such factors it deems relevant.
The Committee normally takes into account performance against a broad set of financial and non-financial performance measures and considers performance on a risk-adjusted basis, evaluating progress against defined measures within the context of our risk appetite, including conduct risk. This is a formal process, which also includes input and feedback from the Audit and Board Risk Committees. In this manner, the Committee has discretion to reduce an executive director's variable pay in relation to risk-related matters.
The Committee also retains the discretion to adjust awards made under the APP and the LTPP in line with the discretions within the relevant plan rules, including but not limited to adjusting performance conditions attached to awards for significant items, changes in working patterns, treatment on cessation of employment and treatment in the event of a change of control.
In certain circumstances, the Committee has the discretion to operate malus and clawback provisions under the APP and LTPP plans. Such circumstances may include, but are not limited to: participation in, or responsibility for, conduct that results in significant losses; failure to meet appropriate standards of fitness and propriety; employee misbehaviour, fraud, material dishonesty or material error; a material downturn in financial performance; a material failure of risk management; material corporate failure; as well as other circumstances required by regulatory obligations or deemed appropriate by the Committee. Clawback can normally be applied for a period of seven years from the date of award. This may be extended to ten years in the event of ongoing internal or regulatory investigation at the end of the seven-year period.

ii. Regulatory changes or resolution: In the event that regulatory standards change, the Committee has discretion to make such changes to our remuneration policy as to ensure regulatory compliance, even if a revised policy has not been put to members for an advisory vote. Any such changes would normally be included in the policy report at the next AGM. This includes any changes as may be considered appropriate in the event of resolution to reflect the nature of the roles and responsibilities in this context and to support the resolution process.

iii. Prior arrangements: The Committee reserves the right to honour remuneration payments, notwithstanding that they are not in line with the policy set out in this report, where the terms of the payment were agreed in accordance with any previous member-approved policy, before the first member-approved policy came into effect, or at a time when the relevant individual was not a director of Nationwide and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of Nationwide.

Choice of performance measures and targets

The performance measures selected for APP and LTPP awards are reviewed and set on an annual basis by the Committee to reflect the priorities of the Group, providing a clear link with customers' interests and our short and long-term financial and strategic aims, as well as our regulatory obligations.

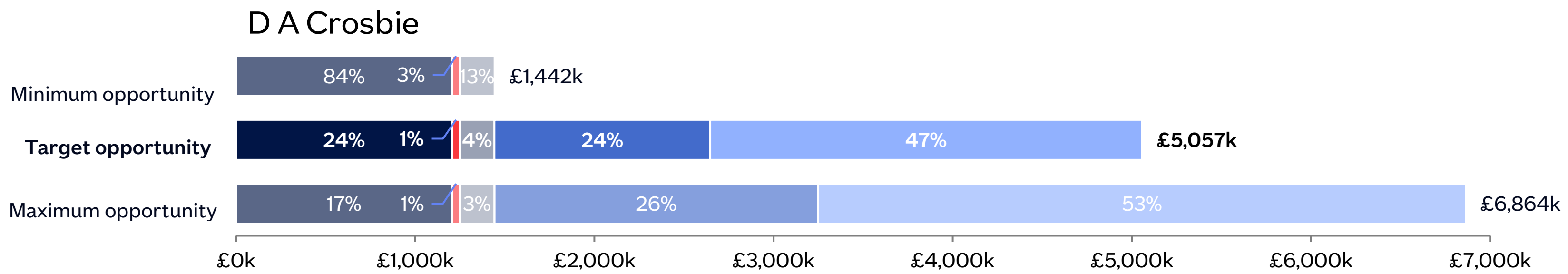
The Committee retains the discretion to amend the performance measures or weightings of performance measures for APP and LTPP awards to take account of the Group's Plan, emerging best practice and regulatory expectations. Normally, no less than 60% of executive directors' APP awards will be based on Group performance measures.

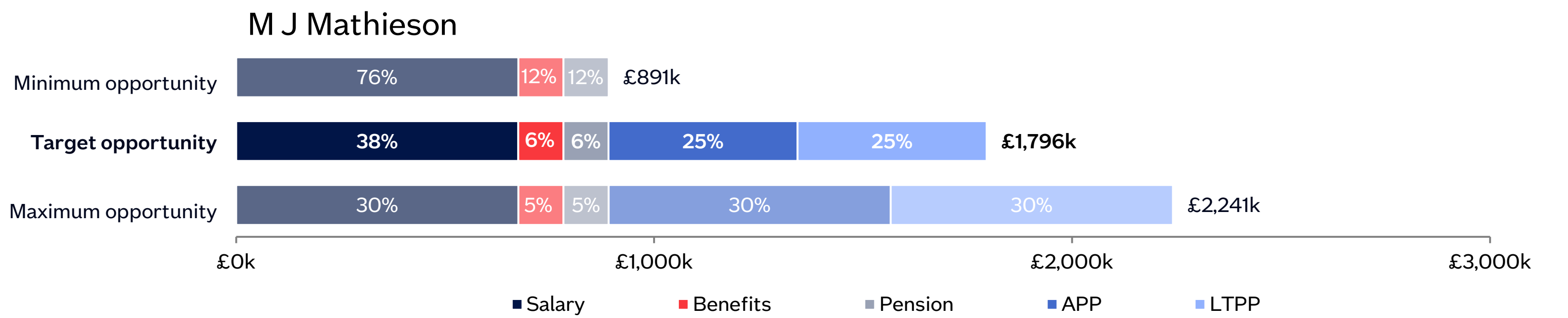
The Committee sets performance targets at a level which it considers appropriately stretching in relation to the Group's Plan and overall risk appetite, taking into account a number of wider factors, including our strategic priorities, the economic environment, and market conditions and expectations. Maximum performance will only be achieved for exceptional performance across all measures.

What our executive directors could earn based on performance

The charts below illustrate the amounts that each of the executive directors could earn in different performance scenarios, including the percentage of the total comprised by each element of remuneration, in the first year under the proposed remuneration policy. The charts reflect the increased 150% of salary maximum APP opportunity and a maximum LTPP opportunity of 300% of salary for D A Crosbie. For M J Mathieson the charts reflect maximum APP and LTPP opportunities of 100% of salary. The Committee intends to keep award levels under review over the course of the three-year policy to ensure they remain appropriate, and therefore the values illustrated below may be subject to change.

A significant proportion of the potential remuneration of the executive directors is payable based on the achievement of stretching performance conditions, and subject to deferral, malus and clawback. No payments relating to LTPP awards will be made until the end of the three-year forward-looking performance period.





Notes:

i. The charts are based on the following scenarios:
- Minimum opportunity: only fixed pay elements are payable (base salary, pension and benefits).
- Target opportunity: fixed pay elements are payable and target APP and LTPP outcomes are achieved.
- Maximum opportunity: fixed pay elements are payable and maximum APP and LTPP outcomes are achieved.

ii. The value of benefits for D A Crosbie and M J Mathieson is estimated based on the benefits paid to them in respect of 2024/25, as set out in the single total figure of remuneration table. Additional benefits may arise but will always be provided in line with the approved policy.

iii. The charts have been prepared using the annual salaries that will apply during 2025/26 and, therefore, APP and LTPP opportunities have been calculated as percentages of these salaries.

Remuneration arrangements throughout the Group

The remuneration policy for our executive directors is designed to align with the remuneration philosophy and principles that underpin remuneration for the wider Group. Within this framework, whilst there are differences in reward opportunity under the APP plan depending on level of seniority, a proportion of the APP for all employees (including the executive directors) is based on consistent performance measures. Having consistent goals for a proportion of the award helps make sure everyone works together to put our customers' needs first.

Certain employees, based on their role and seniority, are eligible to participate in the LTPP plan, which provides a clear link between remuneration outcomes and the long-term performance of our most senior population in their stewardship of Nationwide and overseeing the delivery of the Group's Plans.

Consideration of employment conditions elsewhere in the Group

The pay and conditions of all employees are taken into account when determining executive remuneration and the Committee appreciates the importance of this relationship. The Committee reviews base salary levels, other elements of fixed remuneration and details of performance pay plans offered to all employees each year and is always mindful of ensuring that the pay policy for senior roles is consistent with the culture and values of the Group as a whole. Our policy is to offer packages which are competitive within the financial services market in which we operate and to reward individuals for delivering value to customers. The individual elements of remuneration offered, for example benefits provision, may vary between the different roles, reflecting typical market practice. Employees who are members of Nationwide will be able to vote on the directors' remuneration policy and directors' remuneration report.

Recruitment policy

On the appointment of a new executive director, the Committee will as far as possible determine the ongoing remuneration package in accordance with the remuneration policy. It would aim not to pay more than necessary to secure the right candidate. New appointments will be eligible to be considered for variable pay consisting of an APP and LTPP award (or any other element which the Committee considers appropriate), subject to the maximum opportunity being no more than the maximum ratio of fixed to variable pay in operation within Nationwide as determined by the Committee from time to time.

The Committee may also consider whether it is necessary to offer any one-off arrangements on the recruitment of a new executive director to replace previously awarded variable remuneration and any other remuneration arrangements forfeited upon leaving a previous employer. In making any such offer, the Committee will seek to ensure that the replacement arrangements are on materially similar terms to the arrangements being forfeited in terms of value and vesting schedule and take into account the extent to which performance conditions applied to the original awards, whilst taking into consideration all applicable regulatory requirements. Where possible, the replacement arrangements will be structured within the parameters of Nationwide's existing performance pay plans. If necessary, an individually tailored plan may be put in place. In line with regulatory requirements, the replacement arrangements may continue to be subject to malus and clawback provisions, at the discretion of the individual's previous employer. The Committee may award guaranteed variable remuneration in exceptional circumstances for new hires. Such awards would be limited to the individual's first year of employment only. The exceptional circumstances would typically involve a critical new hire and would also depend on factors such as the seniority of the individual and the timing of the hire during the performance year.

Although our intention would be to offer any new director benefits in line with the policy set out in the policy table, if individual circumstances required this, the Committee may consider offering a new recruit such additional benefits as might be required to secure their services. This may include, but is not limited to, travel allowances or relocation expenses for a limited period following their appointment.

On the appointment of a new non-executive director, fees will be on similar terms to those of the existing non-executive directors and in accordance with the policy set out in this report.

Service contracts and policy on payments to departing directors

Executive director	D A Crosbie	M J Mathieson
Service contract effective from	2 June 2022	6 September 2024
Date first appointed to the Board	2 June 2022	6 September 2024

Executive directors' terms and conditions of employment are detailed in their individual contracts or service agreements which include a notice period of 12 months from Nationwide to the individual and a notice period of 12 months from the individual to Nationwide for any new executive directors.

The terms set out in the service agreements for the current executive directors do not provide for any payments that are not in line with this policy. Service agreements include a provision for a termination payment in lieu of notice, which will normally be subject to mitigation, up to a maximum of 12 months' base salary and statutory redundancy in the event of redundancy. Such a payment might also cover benefits and pension allowance.

The Chairman and non-executive directors are appointed for fixed terms not exceeding three years, which may be renewed subject to their re-election by members at AGMs. There are no obligations in the non-executive directors' letters of appointment that could give rise to remuneration payments or payments for loss of office. The dates of appointment to the Board for the Chairman and non-executive directors are set out in the Governance report.

Leaver provisions for executive directors

If an executive director leaves in eligible leaver circumstances (including redundancy, retirement, ill health, death, by mutual consent or any other reason at the discretion of the Committee), they may, subject to approval by the Committee on an individual basis, remain eligible for performance pay awards as described below.

For APP awards:

- Where an executive director leaves during the performance year in eligible leaver circumstances they may, at the Committee's discretion, receive a pro-rata performance award for the period of time served during the current performance period in accordance with the plan rules. Such awards would be subject to deferral, retention, malus and clawback as normal.
- Where an executive director leaves in certain defined eligible leaver circumstances, they will normally be eligible to continue to receive the deferred portion of any outstanding award in full (subject to any risk or performance adjustment, including by way of malus and/or clawback).
- In other eligible leaver circumstances, the treatment of outstanding deferred payments will normally be subject to time-prorating for months served in continued employment over the first four years of the plan cycle, including the initial performance period.

The treatment for eligible leavers of APP awards in respect of performance years prior to 2022/23 will be in accordance with the relevant policy.

For LTPP awards:

- Where an executive director leaves during the financial year prior to the year in which the grant is made, they would normally be ineligible to receive any LTPP award in respect of that year.
- Where an executive director leaves during the forward-looking LTPP performance period in eligible leaver circumstances, awards will normally be pro-rated for time served during the relevant performance period. The extent to which an award will pay out will normally be subject to the achievement of the applicable performance conditions. Such awards would normally remain subject to the deferral, retention, risk and performance adjustment provisions that would otherwise have applied, including malus and clawback.
- Where an executive director leaves in eligible leaver circumstances following the end of the forward-looking LTPP performance period and during the additional deferral or retention period, they will normally be eligible to continue to receive the deferred and retained portions of any outstanding awards in full (subject to any risk or performance adjustment, including by way of malus and/or clawback).

Under both the APP and LTPP plans, the Committee retains the discretion to adjust the proportion of the outstanding or deferred payments that are retained by a leaver based on the facts and circumstances of the departure. Furthermore, following departure, the Committee may still also reduce or cancel payments if it believes that the variable pay plan outcomes are not representative of the overall performance of Nationwide.

Any variable pay awards subject to deferral or retention periods, as well as any 'in-flight' LTPP awards, will continue to be paid at the usual payment date although the Committee will have discretion to accelerate any payments to the leaving date in exceptional circumstances.

Individuals who leave in other circumstances (e.g. resignation) and are not determined to be 'eligible leavers' would receive only contractual payments to which they are entitled and would not receive any payment in respect of performance pay plans, unless the Committee determines there is a robust case for discretion.

Depending on individual circumstances, the Committee may also make additional payments in connection with an executive director's cessation of office or employment. For example, this may include outplacement costs, legal fees and costs of settling any potential claim where appropriate.

Mitigation

Mitigation means that after leaving Nationwide, should an executive director start employment elsewhere, any outstanding payments in lieu of notice due from Nationwide may be reduced or lapse altogether. The Committee's policy is that payments in lieu of notice should be made in monthly instalments and be subject to mitigation (where contractually enforceable), although the Committee has discretion to waive mitigation if this is considered appropriate in individual circumstances. The current executive director contracts allow for mitigation.

Consideration of member views

At recent AGMs we have received a significant majority vote in favour of our remuneration reports. We are also mindful of views expressed by individual members regarding specific aspects of the policy. When taking decisions on remuneration policy, the Committee is also always conscious of the need to balance members' views whilst ensuring executives are motivated and rewarded to deliver value for our customers.

Remuneration policy for non-executive directors

The table below sets out the remuneration policy for our non-executive directors.

Element	Operation	Opportunity
Chairman and non-executive director fees Provide a market competitive fee level for the role at Nationwide	The Chairman's fee is normally reviewed and approved by the Remuneration Committee on an annual basis. Non-executive director fees are normally reviewed and approved by the executive directors and the Chairman on an annual basis. Any changes are typically effective from 1 April. Non-executive directors are paid a basic fee, with an additional supplement paid for additional roles or responsibilities, including in respect of the Senior Independent Director or Employee Voice role, or for serving on or chairing a Board Committee or committee of a subsidiary entity. Additional fees may be payable for additional time commitment or responsibilities. The Chairman and non-executive directors do not take part in any performance pay plans or in any pension arrangements. Benefits may be provided if considered appropriate including reimbursement of any reasonable expenses (together with any tax thereon where these are deemed to be taxable benefits).	Fees are set taking into account practice at other organisations as well as the time commitment for the role at Nationwide. There is no maximum level.

Annual report on remuneration for 2024/25

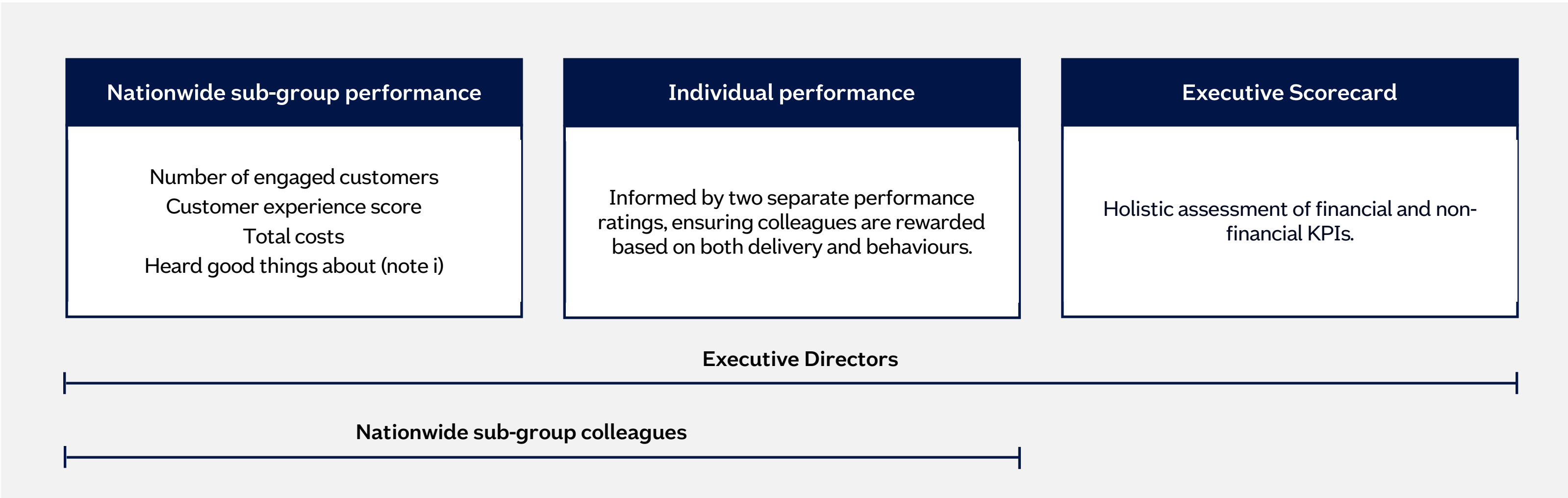
This section provides information on how the directors' remuneration policy, as approved by members at the 2024 AGM, was implemented during 2024/25. A revised policy will be subject to member approval by way of an advisory vote at the 2025 AGM.

Base salary and pension

The effective base salary in the year for D A Crosbie was £1,170,000. M J Mathieson was appointed to the Board on 6 September 2024 on a base salary of £675,000. C S Rhodes received an annual salary of £750,000 pro-rated in respect of his role as Chief Financial Officer of Nationwide until 6 September 2024. The pension allowance for executive directors is 16% of salary, which is the maximum benefit available to Nationwide sub-group colleagues.

Annual Performance Pay (APP) for 2024/25

APP awards were determined based on Nationwide sub-group performance measures set at the start of the year, as well as individual contribution. Consistent measures, aligned with the attainment of challenging strategic and financial performance measures, applied for all Nationwide sub-group colleagues, including the executive directors, ensuring clear alignment and focus in delivering for our customers. APP awards were also assessed by reference to two separate individual performance ratings, reflecting both delivery and behaviours. A new Executive Scorecard was also introduced for executive directors for 2024/25, capturing a wide range of financial and non-financial KPIs.



Note:

i. 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, Co-operative Bank, First Direct, Halifax, HSBC, Lloyds, Monzo, NatWest, Santander, Starling Bank and TSB.

The maximum potential APP award level for 2024/25 was 100% of base salary for all executive directors, with 50% of the overall award based on the Nationwide sub-group performance, 30% based on Executive Scorecard performance and 20% based on individual performance. An illustration of the pay-out schedule of the executive directors' APP awards can be found on page 110. The Group has the ability to clawback APP awards for up to ten years after they were awarded in certain circumstances.

Outcomes for APP 2024/25

Three gateways must be passed before any payment is made under the plan. The three gateways are based on measures of profit before tax, leverage ratio and conduct risk. These gateways were passed in 2024/25. In determining executive directors' APP outcomes for 2024/25, the Committee assessed the performance against the four measures set out below, as well as performance against the Executive Scorecard and individual performance. The Committee must also be satisfied that there is no significant conduct, risk, reputational, financial, operational or other reasons why awards should not be made, taking into account input from the Board Risk and Audit committees.

Measure	Performance target range: threshold, target and maximum, and performance outcome achieved for 2024/25	Performance pay achieved / Maximum achievable (% of salary paid in 2024/25)		
(Audited)		D A Crosbie	M J Mathieson (note iv)	C S Rhodes (note iv)
Number of engaged customers	Outcome: 4.11m – Maximum 3.85m / 3.94m / 4.05m	12.5% / 12.5%	12.5% / 12.5%	12.5% / 12.5%
Customer experience score (note i)	Outcome: 83.8% – Above target 82.1% / 83.6% / 85.1%	8.9% / 12.5%	8.9% / 12.5%	8.9% / 12.5%
Total costs (note ii)	Outcome: £2,418m – Maximum £2,569m / £2,519m / £2,469m	12.5% / 12.5%	12.5% / 12.5%	12.5% / 12.5%
Heard good things about (note iii)	Outcome: 1st within peer group – Maximum 4th within peer group / 3rd within peer group / 2nd within peer group	12.5% / 12.5%	12.5% / 12.5%	12.5% / 12.5%
Executive Scorecard element (see further detail below)		28.5% / 30%	28.5% / 30%	28.5% / 30%
Individual performance element (see further detail below)		20% / 20%	12% / 20%	20% / 20%
Remuneration Committee discretionary performance and risk assessment The Committee carefully considered the outcomes for the executive directors to ensure they were a fair reflection of performance. This took account of a broad range of factors including performance against wider key performance indicators and risk factors. Overall, the Committee was satisfied that the outcomes were a fair reflection of performance, and no discretionary adjustment was applied.		0%	0%	0%
Total performance pay achieved		**94.9% / 100%**	**86.9% / 100%**	**94.9% / 100%**

Notes:

i. Our customer experience score measure is based on the 12 months ended 31 March 2025, and is calculated by weighting the aggregated scores across Nationwide channels to reflect the way customers interact with us. Digital channels include our Nationwide mobile banking app, internet bank and webchat.

ii. As per the design of the APP plan, the total costs outcome for 2024/25 of £2,449 million was adjusted to £2,418 million for the purposes of determining the APP outcome to exclude staff costs associated with the overall APP outcome being above the target level.

iii. 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, Co-operative Bank, First Direct, Halifax, HSBC, Lloyds, Monzo, NatWest, Santander, Starling Bank and TSB.

iv. M J Mathieson's APP award reflects performance since his appointment as Group Chief Financial Officer on 6 September 2024. C S Rhodes APP award reflects performance until he stepped down from the Board on 6 September 2024.

Performance against the Executive Scorecard was based on an assessment of financial and non-financial KPIs. The table below provides an overview of the key achievements considered in determining the outcome of the Executive Scorecard for 2024/25.

Strategic driver	Performance commentary
Simply brilliant experience	• 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[2]. • Increased investment in Virgin Money to improve customer experience. • Created 370 new jobs dedicated to customer service in Virgin Money contact centres and online chat channels. Created 15 new customer service jobs to support business banking customers. • Invested around £18 million in upgrading more than 110 branches. • Customer experience score of 83.8% was above our target of 83.6%. Customers of Nationwide-branded products were satisfied with our service across our channels, particularly from colleagues in our branches. The new banking app, and enhancements made through the year, also contributed positively to our score.
More rewarding relationships	• Delivered a record £2,795 million in value to our members. This included member financial benefit of £1,795 million from better pricing and incentives than the market average, primarily relating to our member deposits. This also included £385 million in Nationwide Fairer Share Payments, distributed in June 2024 to 3.85 million eligible members, and £615 million via The Big Nationwide Thank You. • Increased total market share of deposit balances to 12.2% (2024: 9.5%). Customer deposits increased by £67.3 billion, including £53.3 billion of Virgin Money balances and record growth of £14.0 billion (2024: £6.3 billion) through our Nationwide brand. • Increased market share of Group mortgage balances to 16.2% (2024: 12.3%). • Delivered £825 million (2024: £1,323 million) of lending to social housing.
Beacon for mutual good	• 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 that we commit to good causes each year, as well as donations awarded by Virgin Money. • Launched Nationwide Fairer Futures, our new social impact strategy. • Scope 1 emissions have continued to reduce in comparison to previous years, and we are currently ahead of our intermediate (by 2030) science-based target pathway. We have also continued to source 100% renewable electricity, and are on track to achieve our scope 2 science-based target. • The continued success of our new brand and advertising campaigns, focused on expressing our mutual difference, has helped improve awareness of Nationwide across the UK. • Achieved five out of seven of the 2025 diversity targets set out in our Mutual Good Commitments.
Simplify, integrate and grow	• Financial performance remained strong; we delivered underlying profit before tax of £1,852 million, and statutory profit before tax of £2,302 million. • Leverage ratio remained comfortably above both regulatory and internal threshold requirements. • Diversified our business through the acquisition of Virgin Money, making our income more resilient to economic changes. The gain on acquisition is expected to provide significant headroom to cover the costs associated with integration, investment in customer service and delivery of value across the Group • Invested in the technology foundations, enhancements and innovations that will help us provide an even better customer experience. • Commenced the migration of Nationwide-branded savings accounts onto a modern, core banking platform, that further improves customers' experience.
Weighting	30%
Outcome	28.5%

[2] Lead at March 2025: 7.5%pts, March 2024: 5.5%pts. c Ipsos 2025, Financial Research Survey (FRS), for the 12 months ended 31 March 2013 to 12 months ended 31 March 2025. Results based on a 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.

For the element based on individual performance, performance was assessed by reference to two separate individual performance ratings, rewarding both delivery against goals set in the context of our strategic drivers and the display of customer first behaviours. The tables below provide an overview of the individual performance for 2024/25 achieved by the Group Chief Executive Officer and the incoming and outgoing Chief Financial Officers based on their objectives.

Executive Director 2024/25 achievement of individual objectives			
Objectives	**D A Crosbie**	**M J Mathieson (note i)**	**C S Rhodes (note ii)**
Financial and operational performance • Strong and sustainable financial performance. • Resilient business operations.	• Delivered the 2024/25 financial plan, including record member value, mortgage lending and retail deposit growth. • Prompt review of IT service availability incidents to ensure ongoing improvements in operational resilience.	• Robust financial management and reporting throughout the year. • Ensured successful delivery of regulatory financial reporting, day 1 accounting and appropriate prudential risk management for the Virgin Money acquisition.	• Oversaw production of financial plan for 2024/25 and performance against balanced scorecard.
Strategic development and delivery • Ambitious and achievable strategy to grow and deliver value for members. • Purpose and Blueprint for a modern mutual embedded throughout and driving increased performance.	• Record member value delivered in 2024/25 including direct member reward payments of over £1 billion through the Nationwide Fairer Share Payment and The Big Nationwide Thank You. • Acquisition of Virgin Money to extend products and services over time. • Refreshed purpose and implementation across the Group.	• Financial plan developed to support strategic growth and key decisions, including the Nationwide Fairer Share Payment and The Big Nationwide Thank You. • Contributed to refresh of strategic drivers and customer first behaviours.	• Supported successful delivery of value to members through the Nationwide Fairer Share Payment, member exclusive savings bond and switching incentives. • Oversaw business case for the Virgin Money acquisition.
Robust risk and control • Effective risk and control framework embedded throughout the organisation. • Timely resolution of actions and effective conclusion of any regulator interventions.	• Regulatory approvals obtained for the Virgin Money acquisition. • Operated within overall risk appetite. • Asset quality remains robust with low and stable arrears rates.	• Ensured safe prudential management of Nationwide, including effective wholesale funding, hedging of the balance sheet, and effective and efficient management of liquidity.	• Ensured safe prudential management of Nationwide, including effective wholesale funding, hedging of the balance sheet, and effective and efficient management of liquidity.
Inspiring team and leadership performance • High-performing and effective ExCo team that inspires strategic progress across the Group. Increased leadership capacity and capability at ExCo-1 level. • Cultural transformation in line with business strategy and Blueprint for a modern mutual.	• Stable executive team and initial leadership changes implemented following the acquisition of Virgin Money. • Colleague engagement performing above industry benchmarks, including within Virgin Money following acquisition.	• Transitioned into executive director role while maintaining stability in the finance function.	• Led finance, treasury and strategy teams through early acquisition related activity while also delivering high quality day-to-day business responsibilities.
Service excellence and member value • Recognised for service excellence and member value. Increasing value for members with leading personal financial service products that meet member needs, and all Consumer Duty requirements.	• Consumer Duty fully implemented and maintained first place amongst peers for customer satisfaction. • Record level of member value.	• Supported pricing decision making to preserve member value and support strong customer retention.	• Supported pricing decision making to preserve member value and support strong customer retention.
Effective governance and contribution to the Board • Good engagement between ExCo and Board with strong and effective overall governance.	• New governance arrangements for Board designed and implemented following Virgin Money acquisition.	• Contributed to Board and Executive Committee discussion beyond financial matters.	• Contributed to Board and Executive Committee discussion beyond financial matters.

Executive Director 2024/25 achievement of individual objectives			
Objectives	**D A Crosbie**	**M J Mathieson (note i)**	**C S Rhodes (note ii)**
Impactful stakeholder engagement • Strong and productive relationships with regulators, governments, political, media and other key stakeholders that help secure policy objectives and raise the profile of the mutual model.	• Engaged with political parties to promote manifesto priorities in advance of the General Election. • New Nationwide Fairer Futures social impact activity launched.	• Prioritised engagement with appropriate regulators through the Virgin Money acquisition process and in readiness for consolidated financial and regulatory reporting.	• Led engagement with appropriate regulators, rating agencies, investors, and other stakeholders.
Weighting	20%	20%	20%
Outcome	20%	12%	20%

Notes:
i. M J Mathieson's objectives reflect achievement against individual objectives since his appointment as Group Chief Financial Officer on 6 September 2024.
ii. C S Rhodes stepped down from the Board on 6 September 2024. His objectives have been assessed based on achievements until that date.

Long-Term Performance Pay (LTPP) awards in respect of 2024/25

LTPP awards in respect of 2024/25 will be granted in 2025. LTPP awards are discretionary and are granted subject to a pre-grant performance assessment over the year prior to grant based on:

- **Individual conduct and performance** – must be satisfactory, including an assessment of individual delivery, behaviours and conduct during the year.
- **Leverage ratio and statutory profit before tax** – both gateways must be assessed and passed in respect of the period prior to grant.

After taking into account performance over 2024/25, the Committee agreed to grant D A Crosbie and M J Mathieson LTPP awards of 300% and 100% of base salary, respectively. The Committee is satisfied that the granting of these awards is sustainable according to the financial position of the Group and justified on the basis of individual performance, conduct and behaviours.

The 2024/25 LTPP awards will be subject to a three-year forward-looking performance period commencing 1 April 2025. During this period, performance will be assessed based on a scorecard comprising the elements below. During 2024/25, the Committee reviewed the LTPP performance measures to ensure they remain appropriate in the context of the Group following the acquisition of Virgin Money. The chosen performance measures are aligned to the Group's longer-term priorities and provide a clear link with customers' interests and the achievement of our financial and strategic aims, including our sustainability commitments. At the end of the three-year performance period the Committee will also satisfy itself that there is no significant conduct, risk, reputational, financial, operational or other reasons why the awards should not be released, taking into account input from the Board Risk and Audit committees. Targets are deemed by the Committee to be commercially sensitive and will be disclosed, along with performance achieved, in the Annual Report and Accounts 2028.

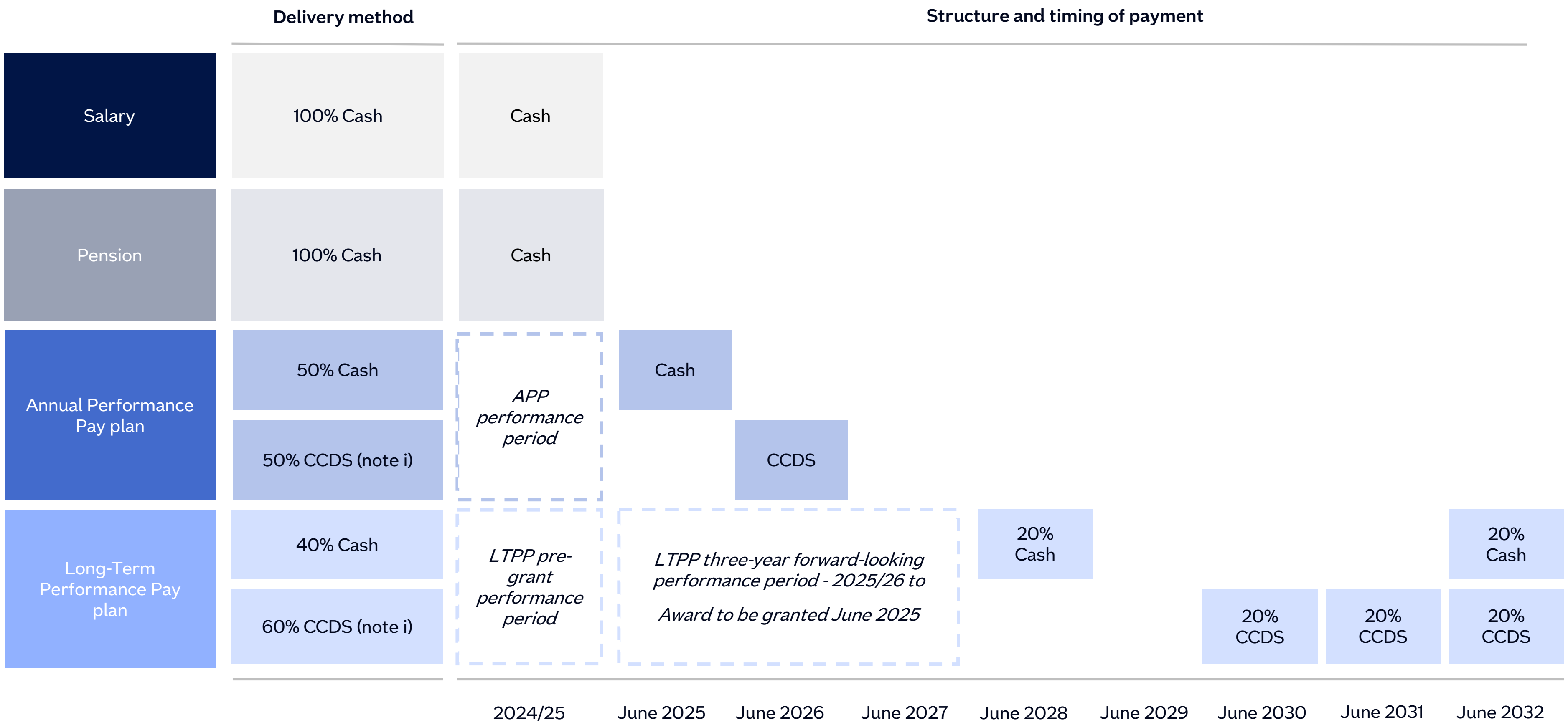
2025/26 – 2027/28 LTPP scorecard	Rationale for inclusion within the scorecard	Weighting
Group return on equity employed (note i)	Ensuring the Group's continued financial security for the benefit of its customers via efficient profit generation and sustainable balance sheet management over the long term.	20%
Group underlying profit before tax		20%
Financial Research Survey (FRS) satisfaction	Rewarding 'best-in-class' customer service.	10%
Risk and compliance	Ensuring continued focus on the strength of the Group's control environment.	20%
Transformation	Providing alignment with the Group's long-term strategic priorities and Environmental, Social and Governance (ESG) objectives.	30%

Note:
i. Measured as return as a percentage of the minimum amount of capital required to stay above Board Risk Appetite and regulatory requirements throughout a plausible severe macroeconomic stress scenario, while allowing for full distributions to be paid to CCDS and AT1 holders. Return is defined as a post-tax profit, calculated using underlying profit before tax amended to add back member reward payments.

How awards will be released to executive directors

The illustration below shows how APP and LTPP awards in respect of 2024/25 will be released to executive directors. Across both APP and LTPP elements, a minimum of 60% will be deferred for between three and seven years. For awards in respect of 2024/25, the LTPP will be used to satisfy the minimum deferral requirements for both D A Crosbie and M J Mathieson.

In line with the directors' remuneration policy, 50% of APP and, subject to the achievement of the forward-looking performance measures, 60% of LTPP awards will be linked to the value of the Group's CCDS, with the balance paid in cash. The CCDS element will be subject to a 12-month retention period, which is reflected in the timing of payment illustrated below.



Note:
i. Payments are linked to the value of the Group's CCDS.

Executive directors' remuneration

Where indicated, the tables in the following sections have been audited. These disclosures are included in compliance with the Building Societies Act 1986 and other mandatory reporting regulations, as well as the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), which Nationwide has voluntarily adopted to the extent deemed appropriate. The table below shows the total remuneration for each executive director who served during the period ended 31 March 2025.

Amounts of variable remuneration shown below consist of the awards under the APP plan. LTPP awards are subject to the achievement of performance conditions over three years from grant and, to the extent the performance measures are met, details will be included in the relevant directors' remuneration report. Any amounts delivered to the executive directors relating to the first LTPP awards granted in June 2023 will be disclosed within the Annual Report and Accounts 2026.

Single total figure of remuneration for each executive director (note i)						
	D A Crosbie		**M J Mathieson (note iii)**		**C S Rhodes (note iv)**	
(Audited)	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000	**2025 £'000**	2024 £'000
Salary	**1,152**	1,137	**383**	-	**316**	732
Pension allowance	**184**	182	**61**	-	**51**	117
Taxable benefits (note ii)	**44**	47	**52**	-	**45**	105
Total fixed remuneration	**1,380**	1,366	**496**	-	**412**	954
Annual performance pay	**1,111**	1,044	**338**	-	**311**	636
Total variable remuneration	**1,111**	1,044	**338**	-	**311**	636
Total pay package	**2,491**	2,410	**834**	-	**723**	1,590

Notes:
i. The year end date of Nationwide Building Society has been changed to 31 March. The 2025 single total figure of remuneration for each executive director has been prepared for the period from 5 April 2024 to 31 March 2025.
ii. Taxable benefits include travel, accommodation and other business-related costs for directors, incurred in connection with the performance of their duties, including any tax due under HMRC regulations, as well as medical insurance, car allowance and security. These amounts are included as fixed remuneration for the calculation of the variable pay ratio in meeting our regulatory requirements.
iii. M J Mathieson succeeded C S Rhodes as Group Chief Financial Officer and was appointed to the Board on 6 September 2024. The 2025 single total figure relates to the period from 6 September 2024 to 31 March 2025.
iv. C S Rhodes stepped down as Chief Financial Officer and from the Board on 6 September 2024; details of his remuneration reflect the period of time he served on the Board. The 2025 single total figure relates to the period from 5 April 2024 to 6 September 2024.

Chairman and non-executive directors' remuneration

The total fees paid to each non-executive director who served during the period ended 31 March 2025 are shown below.

Single total figure of remuneration for non-executive directors (note i)						
	2025			2024		
(Audited)	**Group Fees £'000**	**Taxable benefits (note ii) £'000**	**Total fees and taxable benefits £'000**	Group Fees £'000	Taxable benefits (note ii) £'000	Total fees and taxable benefits £'000
K A H Parry (Chairman)	**581**	**16**	**597**	557	18	575
T Graham (Senior Independent Director) (note iii)	**263**	**11**	**274**	218	19	237
A Aithal (note iv)	**78**	**7**	**85**	-	-	-
D Bennett (note v)	**200**	**7**	**207**	-	-	-
A Hitchcock	**161**	**16**	**177**	148	23	171
A M Keir	**200**	**15**	**215**	192	20	212
D Klein	**121**	**2**	**123**	119	2	121
S Orton	**121**	**8**	**129**	99	3	102
T Rajah	**104**	**2**	**106**	103	1	104
G Riley	**161**	**26**	**187**	150	30	180
P G Rivett	**210**	**1**	**211**	192	1	193
Total	**2,200**	**111**	**2,311**	1,778	117	1,895
Pension payments to past non-executive directors (note vi)			**197**			218

Notes:
i. The year end date of Nationwide Building Society has been changed to 31 March. The 2025 single total figure of remuneration for each non-executive director has been prepared for the period from 5 April 2024 to 31 March 2025.
ii. Taxable benefits for non-executive directors relate to travel, accommodation and other business-related costs in connection with their duties and attendance at Board and committee meetings. Where these expenses are deemed taxable, the Group settles the tax on behalf of the non-executive directors and this is included in the amounts shown. Where a non-UK director is not UK domiciled their reimbursed cost of travel into and out of the UK is not a taxable benefit.
iii. T Graham was appointed to the Virgin Money Board on 23 January 2025. Group fees for 2025 include £19,000 in connection with Virgin Money Board services in the period from 23 January 2025 to 31 March 2025.
iv. A Aithal joined the Board on 1 October 2024.
v. D Bennett joined the Board on 13 November 2024. Group fees for 2025 include £165,000 in connection with Virgin Money Board services in the period from 13 November 2024 to 31 March 2025.
vi. Nationwide stopped granting pension rights to non-executive directors who joined the Board after January 1990.

Additional disclosures

CEO remuneration for the past ten years

The table below shows details of the remuneration of the Chief Executive Officer role for the previous ten years.

CEO remuneration for the past ten years			
Financial year	**Total Remuneration (£'000)**	**Annual performance pay earned as % of maximum available (%)**	**Medium term performance pay earned as % of maximum available (note i) (%)**
2024/25	**2,491**	**94.9**	**-**
2023/24	2,410	91.9	-
2022/23 (note ii)	3,455 / 301	77.2 / 42.6	-
2021/22	2,114	67.2	-
2020/21 (note iii)	1,236	72.3	-
2019/20	1,286	-	-
2018/19	2,372	75.1	-
2017/18	2,317	69.5	-
2016/17 (note iv)	3,386	71.9	-
2015/16 (note v)	3,413	75.8	80.8

Notes:

i. Medium term performance pay ceased at the end of 2015/16.

ii. Figures shown for 2022/23 are those relating to D A Crosbie and J D Garner, respectively. D A Crosbie commenced her role as Group Chief Executive Officer on 2 June 2022. Her total remuneration for 2022/23 was £3,455,452 including the value of replacement awards on joining (£1,704,844). These awards did not form part of ongoing remuneration. The annual performance pay earned by D A Crosbie for 2022/23 was 77.2% of the maximum opportunity. J D Garner stepped down as Chief Executive Officer and from the Board on 1 June 2022. His total remuneration for 2022/23 shown above reflected the period of time he served on the Board. The annual performance pay earned by J D Garner for 2022/23 was 42.6% of the maximum opportunity.

iii. The performance pay opportunity for 2020/21 was reduced by around two thirds.

iv. J D Garner commenced his role as Chief Executive Officer on 5 April 2016. His total remuneration for 2016/17 included the value of replacement awards on joining (£1,070,752). These awards did not form part of ongoing remuneration.

v. The Chief Executive Officer in 2015/16 was G J Beale. His total remuneration includes annual performance pay awards as well as legacy payouts under the directors' previous medium term pay plan as a result of the transition period between plans.

Relative importance of spend on pay

The chart below shows the cost of remuneration for all employees of the Group, compared with retained earnings.

Remuneration cost for all employees (note i)		
	2024/25	2023/24
	£m	£m
All-employee remuneration	**1,291**	997
Retained earnings	**2,117**	1,125

Note:
i. On 1 October 2024, the Group acquired Virgin Money. The results of Virgin Money are included in the Group's consolidated financial results for the period from 1 October 2024 to 31 March 2025 only.

All-employee remuneration represents 36.37% (2024: 39.11%) of total administrative expenses. All-employee remuneration costs include wages and salaries, bonuses, social security costs and pension costs. Total administrative expenses for 2023/24 have been restated as described in note 1 to the financial statements.

The increase in year-on-year remuneration spend is primarily driven by the consolidation of Virgin Money for the period from 1 October 2024 to 31 March 2025.

Payments for loss of office and payments to past directors

C S Rhodes stepped down from the Board as Chief Financial Officer on 6 September 2024 and was appointed as Virgin Money Chief Executive Officer effective 1 October 2024. Details of C S Rhodes' remuneration for the period to 6 September 2024 are set out in the single total figure table on page 111.

C S Rhodes is eligible to receive a part-year APP award in respect of services as Chief Financial Officer during 2024/25. Details of his APP award are set out on pages 106 to 109 above.

C S Rhodes will retain his outstanding deferred annual bonus and LTPP awards which will continue to vest and be released at the normal times.

No other fees were payable to C S Rhodes in respect of his services as Chief Financial Officer.

Pay gap reporting

The Group is fully committed to promoting a diverse and inclusive workplace. Pay gaps are the difference in average hourly pay, when comparing different groups of people within an organisation. Nationwide's latest gender and ethnicity pay gaps report was published in March 2025 and can be found at nationwide.co.uk, together with an update of progress on our inclusion and diversity ambition, and Women in Finance Charter commitments. Within the report we have again voluntarily published our ethnicity pay gap, comparing the pay of all employees who have identified as black, asian and minority ethnic (ethnically diverse), with the pay for white (non-ethnically diverse) employees across Nationwide.

CEO pay ratio reporting

The table below compares the total remuneration of the Group Chief Executive Officer against the total remuneration of the median employee and those who sit at the 25th and 75th percentiles (lower and upper quartiles). This reporting will build annually to cover a rolling ten-year period. Employee remuneration data for the purposes of the table below does not include Virgin Money employees. We will consider the approach for this disclosure in future years to determine any changes that are appropriate.

The CEO pay ratios for 2024/25 are broadly consistent with previous years. Any amounts paid to the Group Chief Executive Officer relating to the first LTPP awards granted in June 2023 will be reflected in the pay ratios for 2025/26.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024/25	**Option A**	**78:1**	**63:1**	**38:1**
2023/24	Option A	78:1	64:1	38:1
2022/23	Option A	71:1	56:1	35:1
2021/22	Option A	80:1	54:1	35:1
2020/21	Option A	51:1	38:1	24:1
2019/20	Option A	53:1	41:1	26:1
2018/19	Option A	99:1	77:1	48:1

The total remuneration and salary values for the 25th, median and 75th percentile employees for 2024/25 are:

	25th percentile	Median	75th percentile
Total remuneration	**£31,978**	**£39,541**	**£66,078**
Salary	**£24,568**	**£29,475**	**£51,067**

Supplementary information on the tables above:

i. The calculation is based on Option A as set out in the regulations, which is considered to be the most statistically accurate methodology.
ii. Employee data includes full time equivalent total remuneration for all UK employees as at 1 March 2025. For each employee, remuneration was calculated based on all components of pay including base pay, performance pay for 2024/25, core benefits including medical insurance and car allowance, and pension payments.
iii. The CEO pay ratio for 2022/23 above excludes the one-off replacement awards granted to D A Crosbie upon her appointment as Group Chief Executive Officer.
iv. For 2018/19, 2019/20 and 2020/21, whilst most employees participated in a defined contribution scheme with a fixed maximum employer contribution, there were other pension arrangements in place for some employees, including a defined benefit pension scheme which has been closed to new participants since 2007. Although it would have been possible to recognise a higher value under the defined benefit scheme, in order to ensure accurate year-on-year comparative data, a fixed value equal to the maximum employer contribution available to the defined contribution scheme members was included for all defined benefit scheme members. From 2021/22 there is only one defined contribution scheme available; therefore, the actual employer contribution value has been used for all employees.
v. The Committee has considered the pay data for the three individuals identified for 2024/25 and confirms that the ratios reasonably represent the approach to pay and reward for employees taken as a whole.

Voting at AGM

Resolutions to approve the 2023/24 Report of the directors on remuneration and the current directors' remuneration policy were passed at the 2024 AGM. In each case votes were cast as follows:

Vote	Report of the directors on remuneration (2024 AGM)	Remuneration policy (2024 AGM)
For	604,654 (95.05%)	601,014 (94.61%)
Against	31,459 (4.95%)	34,260 (5.39%)
Withheld	9,421	10,258

Remuneration policy implementation for 2025/26

The directors' remuneration policy is subject to member approval by way of an advisory vote at the 2025 AGM. It is intended for the policy to be implemented as follows in 2025/26:

Element	Implementation in 2025/26
Base salary Provides pay that is market competitive and reflects the size and complexity of the role	The Committee determined base salaries for 2025/26 with effect from 1 April 2025 as follows: • D A Crosbie £1,205,000 (increase of 3%) • M J Mathieson £675,000 (no change)
Benefits Provide a market competitive and cost-effective benefits package as part of fixed remuneration	No change for 2025/26.
Pension Provides post-retirement benefits for participants in a cost-efficient manner	No change for 2025/26. The executive directors' contributions are aligned to the maximum rate available to Nationwide sub-group colleagues of 16% of salary.
Annual Performance Pay (APP) plan Rewards the achievement of stretching Nationwide, team and individual targets for a single financial year	For awards made in respect of 2025/26, the target opportunity for D A Crosbie will be 100% with a maximum opportunity of 150% of base salary. For M J Mathieson, target will be 67% of base salary, with a maximum opportunity of 100% of base salary. **Performance measures:** Awards made in respect of 2025/26 will continue to be subject to the following performance measures: • More rewarding relationships: Number of Engaged Customers (12.5%); • Simply brilliant experience: Customer Experience Score (12.5%); • Simplify, integrate and grow: Total Costs (12.5%); • Beacon for mutual good: Heard good things about (12.5%); • Executive Scorecard: Performance against a comprehensive scorecard capturing a wide range of Nationwide's financial and non-financial key performance indicators (30%). The remaining 20% of the award based on individual contribution, behaviours and conduct. Gateway measures based on profit before tax, leverage ratio and conduct risk will also apply. Targets under the APP plan are commercially sensitive and so will be disclosed, along with performance achieved, in next year's report.
Long-Term Performance Pay (LTPP) plan Incentivises sustainable long-term performance and alignment with members' interests Awards are made annually and only pay out where challenging performance measures are met, normally measured over a three-year period	LTPP awards in respect of 2025/26 will be made following the year subject to the achievement of satisfactory Group performance and individual delivery, behaviours and conduct. The Committee intends to keep LTPP grant levels under review to ensure they remain appropriate. **Performance measures:** Forward-looking performance will be measured against a long-term scorecard determined by the Committee on an annual basis and set to align with the long-term strategic objectives of the Group. The measures for the 2024/25 LTPP awards (for the performance period 2025/26 to 2027/28) can be found on page 109. Targets for the 2024/25 LTPP awards are commercially sensitive and so will be disclosed, along with performance achieved, in the Annual Report and Accounts 2028. Details of the performance measures for the 2025/26 LTPP (for the performance period 2026/27 to 2028/29) will be included in next year's remuneration report.
Chairman and non-executive director fees Provide a market competitive fee level for the role at Nationwide	The annual review of non-executive director fees for 2025/26 has been undertaken and details are set out below this policy summary table.

Chairman and non-executive director fees

Following a review in the year, certain fees payable to the non-executive directors were adjusted with effect from 1 October 2024 to take account of the increased responsibilities and workload for the non-executive directors in light of the acquisition of Virgin Money.

The annual review of non-executive director fees for 2025/26 has been undertaken and fees adjusted with effect from 1 April 2025. Where appropriate, fees have been increased to ensure they continue to be competitively positioned against the market.

Chairman and non-executive director fees for 2025/26			
	Fees effective 1 April 2025	Fees effective 1 October 2024	Fees effective 1 April 2024
	£'000	£'000	£'000
Chairman	**650.0**	608.0	570.5
Basic fee for non-executive directors	**92.0**	92.0	92.0
Senior Independent Director	**50.0**	50.0	38.0
Chair of the Audit, Board Risk or Remuneration Committee	**75.0**	70.0	62.0
Member of the Audit, Board Risk or Remuneration Committee	**34.0**	32.0	29.5
Member of the Nomination and Governance Committee	**16.5**	15.2	13.6
Employee Voice	**14.0**	13.6	13.6
Member of the Technology Advisory Forum	**10.0**	10.0	10.0

Directors' report for the year ended 31 March 2025

Information for the 'Content' items listed in the table below can be found in the section of the Annual Report and Accounts as shown. These items are required to be included in the Directors' report by the Building Societies Act 1986 and are incorporated into the Directors' report by this cross referencing.

Content	Section	Pages
Business objectives and future plans	Strategic report	5-7 and 10-15
Key performance indicators	Strategic report	16-18
Chief Executive review including performance updates	Strategic report	10-15
Employee involvement, engagement, development, inclusion and diversity	Strategic report	20-34
Viability statement	Strategic report	44-45
Environment, greenhouse gas emissions (GHG), energy consumption	Strategic report	36-39
Directors' remuneration	Governance report– Report of the directors on remuneration	92-117
Mortgage arrears	Risk report	146
Risk management	Risk report	123 and 125-126
Principal risks	Risk report	41-42 and 124
Emerging risks	Strategic report – Risk overview	42-43
Directors' share options	Annual business statement	316
CRD IV country-by-country reporting	Other information	317
Distributions on CCDS instruments	Financial statements – note 31	296
Business relationships	Strategic report – Engaging with our stakeholders	19-29
Financial instruments	Financial statements – note 15	268-270
Corporate Governance statement	Governance report – Statement of compliance with the UK Corporate Governance Code 2018	64

Board of directors

The names of the Nationwide directors who were in office at the date of signing the financial statements, along with their biographies, are set out on pages 58 to 62.

The changes in the year and up to the date of signing the financial statements are as follows:

- Chris Rhodes (executive director and Chief Financial Officer) stepped down from the Board on 6 September 2024;
- Muir Mathieson (executive director and Group Chief Financial Officer) was appointed to the Board on 6 September 2024;
- Anand Aithal (non-executive director) was appointed to the Board on 1 October 2024; and
- David Bennett (non-executive director) was appointed to the Board on 13 November 2024.

None of the directors have any beneficial interest in equity shares in, or debentures of, any connected undertaking of the Group.

The Board has agreed that, in accordance with the UK Corporate Governance Code, all the directors will stand for election or re-election on an annual basis.

Political donations

Nationwide is politically neutral and does not support, or seek to influence public support for, any political party, nor make donations, contributions or pay subscriptions to any party. However, it will from time to time make payments to third parties to facilitate event space at party conferences and/or to participate in events organised by them at party conferences and which are related to matters of interest to the Group and its members so as to communicate its position and understand that of others. These activities are not intended or considered to be in the nature of party political campaigning, activity or support.

Charitable donations

The Group paid charitable donations of £18.7 million (2024: £13.6 million) in the financial year ended 31 March 2025.

Participation in the unclaimed assets scheme

The Group participates in the Government-backed unclaimed assets scheme, under which savings accounts that have been inactive for 15 years, and where the account holder cannot be traced, are eligible to be transferred into a central reclaim fund. The central reclaim fund has the responsibility for retaining sufficient monies to meet the costs of future reclaims for any previously transferred dormant account balances, and to transfer any surplus to the Big Lottery Fund for the benefit of good causes which have a social or environmental purpose. In December 2024, Nationwide made a transfer of £9,217,759 to Reclaim Fund Ltd, the administrators of the unclaimed assets scheme, and a payment of £8,592,727 was made by the Virgin Money sub-group in February 2025. The total contributions for the Group from inception to February 2025 are £120,387,819, including the February 2025 payment made by the Virgin Money sub-group since acquisition.

Creditor payment policy

The Group's aim is to agree terms of payment with suppliers at the start of trading, ensure that suppliers are aware of the terms of payment, and pay in accordance with contractual and other legal obligations. The Group operates this through separate policies which aim to settle the supplier's invoice for the complete provision of goods and services (unless there is an express provision for stage payments), when in full conformity with the terms and conditions of the purchase, within the agreed payment terms.

The Group's creditor days, calculated based on year end creditor balances and annualised total spend, were 6 days as at 31 March 2025 (2024: 5 days).

New activities

Virgin Money UK PLC, together with its subsidiaries, became part of the Group on 1 October 2024. While operating many of the same retail banking activities as the Nationwide sub-group, Virgin Money broadens the Group's product range with additional services.

Research and development

In the ordinary course of business, Nationwide regularly develops new products and services.

Directors' responsibilities in respect of the preparation of the Annual Report and Accounts

The following statement, which should be read in conjunction with the independent auditor's report on pages 205 to 217, is made by the directors to explain their responsibilities in relation to the preparation of the Annual Report and Accounts, the directors' emoluments disclosures within the Report of the directors on remuneration, the annual business statement and the Directors' report.

The Group financial statements included within the Annual Report and Accounts are prepared in accordance with international accounting standards in conformity with the requirements of the Building Societies Act 1986 and with those parts of the Building Societies (Accounts and Related Provisions) Regulations 1988 (as amended) that are applicable. International accounting standards which have been adopted for use within the UK have also been applied in these financial statements.

Directors' responsibilities in respect of the preparation of the Annual Report and Accounts (continued)

A copy of the Annual Report and Accounts can be found on Nationwide's website at **nationwide.co.uk** (Results and accounts section). The directors are responsible for the maintenance and integrity of statutory and audited information on the website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Building Societies Act 1986 (the Act)

As required by regulations made under the Act, the directors have prepared an Annual Report and Accounts which gives a true and fair view of the income and expenditure of the Group for the financial year and of the state of the affairs of the Group as at the end of the financial year, and which provides details of directors' emoluments in accordance with Part VIII of the Act and regulations made under it. The Act states that the requirements under international accounting standards achieve a fair presentation.
In preparing the Annual Report and Accounts, the directors have:

- selected appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

In addition, as required by the Act, the directors have prepared an Annual Business Statement that can be found on pages 314 to 316 which, together with this Directors' report, contains the prescribed information relating to the business of the Group and its connected undertakings.

UK Finance Code for Financial Reporting Disclosure

The Group has continued to adopt the UK Finance Code for Financial Reporting Disclosure, and its Annual Report and Accounts 2025 has been prepared in compliance with its principles.

Going Concern

The Group's business activities and financial position, the factors likely to affect its future development and performance, its objectives and policies in managing the financial risks to which it is exposed, and its capital, funding and liquidity positions are set out in the Financial review and the Risk report.

The directors have assessed the Group with reference to current and anticipated market conditions, including the current geopolitical environment. The Group's base case projections and scenario analysis alongside stress testing of the Nationwide and Virgin Money sub-groups, show that the Group will be able to operate at adequate levels of both liquidity and capital for at least the next 12 months. Furthermore, the Group's capital ratios and its total capital resources are comfortably in excess of Prudential Regulation Authority (PRA) requirements. This assessment has been considered as part of the viability assessment, which is considered across a three-year horizon; further detail of the assessment is included within the viability statement on pages 44 to 45.

The directors confirm they are satisfied that the Group has adequate resources to continue in business for a period of at least 12 months from the date of approval of the consolidated financial statements and that it is therefore appropriate to adopt the going concern basis in preparing these accounts.

Fair, balanced and understandable

The directors are satisfied that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for members and other stakeholders to assess the Group's position and performance, business model and strategy. Details of the governance procedures that have been embedded to support this can be found in the Audit Committee report.

Directors' responsibilities in respect of the preparation of the Annual Report and Accounts (continued)

Taskforce on Climate-related Financial Disclosures (TCFD)

The TCFD, established by the Financial Stability Board (FSB) in 2017, made recommendations designed to enable financial firms to produce clear, comprehensive, high-quality disclosures on the impacts of climate change. Further enhancements were made in 2021, through the issuance of guidance on climate-related metrics, targets and transition plans. In 2023, the FSB asked the International Financial Reporting Standards (IFRS) Foundation to take over monitoring the progress of firms' climate-related disclosures. Nationwide publishes its TCFD-aligned Climate-related Financial Disclosures annually, alongside its preliminary results. Nationwide also provides summary information consistent with the TCFD recommendations in the Strategic report within its Annual Report and Accounts, aligned to the requirements of the Companies Act.

Enhanced Disclosure Task Force (EDTF)

The EDTF, established by the Financial Stability Board, published its report 'Enhancing the Risk Disclosures of Banks' in October 2012, with an update in November 2015 covering IFRS 9 expected credit losses. The Task Force on Disclosures about Expected Credit Losses (DECL), jointly established by the Financial Conduct Authority, Financial Reporting Council and the Prudential Regulation Authority, published its third report in September 2022. The Group's Annual Report and Accounts and Pillar 3 Disclosure have regard to EDTF and DECL Taskforce recommendations.

Directors' statement pursuant to the disclosure guidance and transparency rules

As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the directors have included a fair review of the business and a description of the principal risks and uncertainties facing the Group. The directors confirm that, to the best of each director's knowledge and belief:

- The Chief Executive review and the Financial review contained in the Strategic report include a fair review of the development and performance of the business and the position of the Group. In addition, the Strategic report contains a description of the principal risks and uncertainties.
- The financial statements, prepared in accordance with international accounting standards which have been adopted for use within the UK, give a true and fair view of the assets, liabilities, financial position and profit the Group.

Directors' responsibilities in respect of accounting records and internal control

The directors are responsible for ensuring that the Group and connected undertakings thereof:

- Keep accounting records which disclose with reasonable accuracy the financial position of the Group and which enable them to ensure that the Annual Report and Accounts 2025 comply with the Building Societies Act 1986.
- Take reasonable care to establish, maintain, document and review such systems and controls as are appropriate to the Group.

The directors have general responsibility for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The auditors

A resolution to re-appoint Ernst & Young LLP as external auditor will be proposed at the Annual General Meeting.

Kevin Parry
Chairman
28 May 2025

Risk report

Risk report

Introduction

Effective risk management helps to ensure that we keep customers' money safe and secure. This is critical to delivering our purpose: *Banking - but fairer, more rewarding, and for the good of society.* The Group adopts a prudent approach to risk management, taking only those risks which support our strategy and managing them rigorously through a consistent approach.

How risk is managed across the Group

Following the acquisition of Virgin Money on 1 October 2024, the Group continues to operate independent but aligned Enterprise Risk Management Frameworks (ERMFs) to manage risk consistently within the two separate businesses and across the Group. The Board retains overall responsibility for the management of these risks but delegates the day-to-day risk management within each individual sub-group where appropriate. The two separate risk frameworks follow similar principles based on the following core elements:

- Identifying the principal risks to which the Group and its subsidiaries are exposed.
- Establishing Group risk appetite, supported by more detailed risk appetite as appropriate for each business.
- Implementing risk management, supported by appropriate risk and control monitoring, through an effective three lines of defence model.
- Reporting risks through a robust governance structure to the appropriate level within the Group.

The frameworks are underpinned by processes, policies and standards that are specific to individual risks faced by each sub-group, which focus on the responsibilities of key executives and risk practitioners.

The design and operational effectiveness of the Group's approach to risk management and internal control is regularly reviewed and enhanced in response to changes in the internal and external risk profile, allowing tailored responses to be developed where improvements are considered appropriate. In 2025, this will include a review of the two ERMFs operated across the Group to identify opportunities to strengthen the frameworks, enhance control, or better align practices and processes operated within the Group.

Principal risks and uncertainties

The principal risks set out in the table below are the key risks which are relevant to the Group and the achievement of its strategic objectives. These principal risks are derived from the more detailed risk categories identified in the Nationwide and Virgin Money businesses. Each detailed risk category within the two businesses is mapped to the corresponding principal risk at a Group level.

Pages 41 to 43 clarify the link between principal risks and emerging risks.

Principal Risk	Definition	Further Detail
Credit risk	The risk of loss as a result of a customer or counterparty failing to meet their financial obligations.	Page 127
Liquidity and funding risk	Liquidity risk is the risk that the Group is unable to meet its liabilities as they fall due and maintain member and other stakeholder confidence. Funding risk is the risk that the Group is 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.	Page 171
Capital risk	The risk that the Group fails to maintain sufficient capital to absorb losses throughout a full economic cycle and sufficient to maintain the confidence of current and prospective investors, members, the Board, and regulators.	Page 184
Market risk	The risk that the net value of, or net income arising from, the Group's assets and liabilities is impacted as a result of market price or rate changes. The Group does not have a trading book; therefore market risk only arises in the banking book.	Page 190
Pension risk	The risk that the value of the pension schemes' assets will be insufficient to meet the estimated liabilities, creating a pension deficit.	Page 196
Business risk	The risk that volumes decline, margins shrink, or losses increase relative to the cost or capital base, affecting the sustainability of the business and the ability to deliver the strategy due to external factors (macroeconomic, geopolitical, industry, regulatory, technological, or other external events) or internal factors (including the development and execution of the strategy)	Page 199
Operational and conduct risk	The risk of impacts resulting from inadequate or failed internal processes, conduct and compliance management, people and systems, or from external events.	Page 200
Model risk	The risk of adverse consequences from model errors or the inappropriate use of modelled outputs. Model outputs may be affected by the quality of data inputs, choice and suitability of methodology and the integrity of implementation. The adverse consequences include financial loss, poor business or strategic decision making, or damage to the Group's reputation.	Page 203

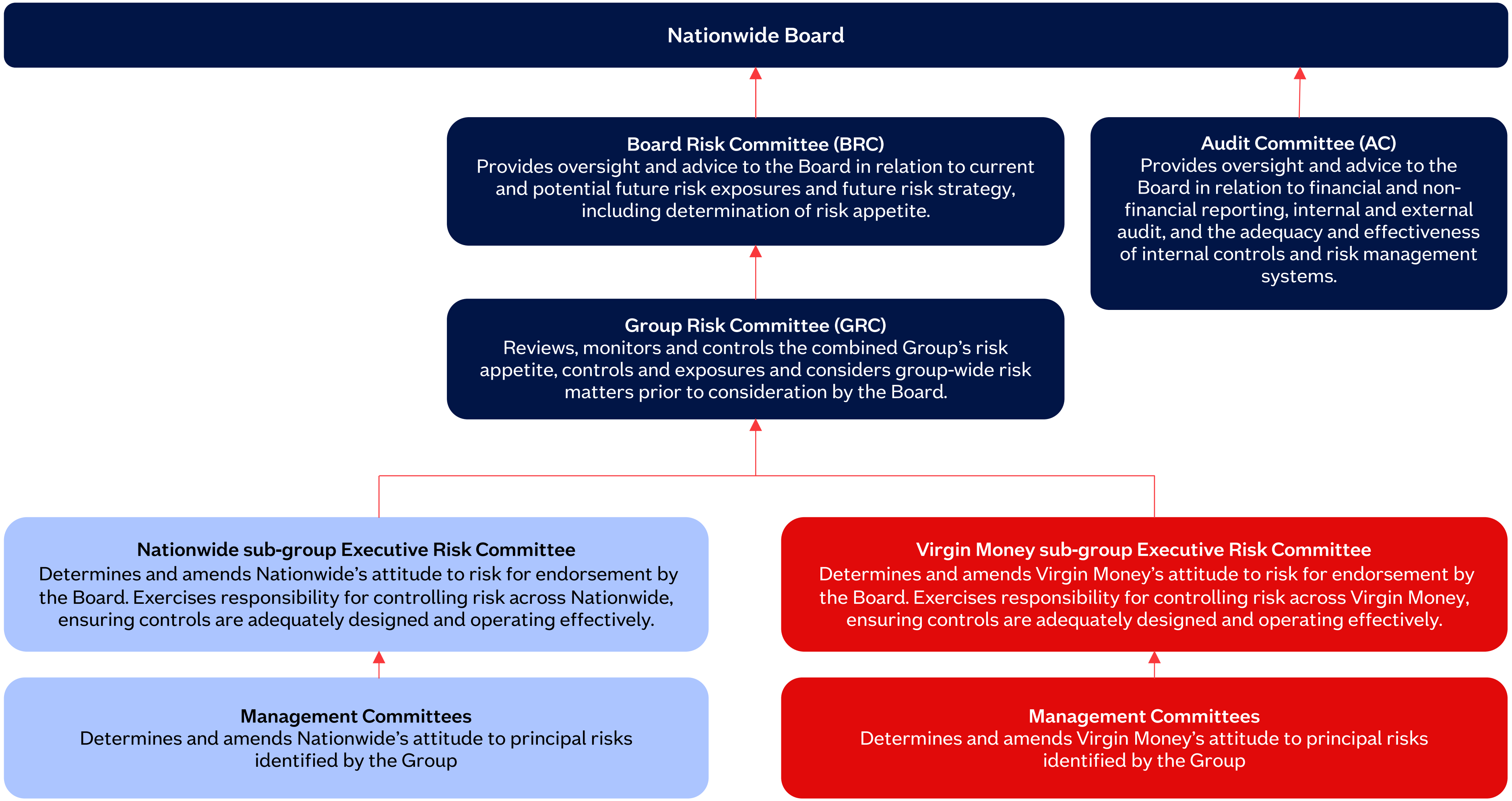
Risk appetite

Risk appetite sets the level of risk which is acceptable in the pursuit of the Group's strategy. The Board approves the Group's risk appetite, consisting of statements supported by metrics with appropriate limits and triggers for all key risks to which the Group is exposed. The Nationwide and Virgin Money sub-groups also approve risk appetite for the specific risks arising from their operations through their respective governance structures.

Risk governance structure

The Board receives regular reports and assessments of the Group's risk management and control environment and recommendations from Board Risk Committee (BRC) on matters spanning all risk categories, including the appropriate level of risk appetite.

The BRC and Audit Committee provide oversight and advice to the Board. Matters such as risk appetite breaches and associated actions are reported to the relevant management committee and, where appropriate, these are escalated through this governance structure as appropriate. The Group Risk Committee comprises members of both sub-groups to ensure a coordinated management approach across all risks, and provides regular updates to the Board and Board Risk Committee on areas where it has challenged management and key decisions.



Three lines of defence

Risk management activities are structured across three lines of defence, tailored to reflect the Group's size, complexity and business model. Though everyone has a role to play in risk management, the overall responsibilities and accountabilities are outlined through the model set out here.

First line: Risk and control ownership

Responsibilities
Designing and running business operations, owning and operating most controls to manage risks and meet regulatory requirements.

Accountabilities
- Setting business objectives
- Defining risk appetite for Board approval
- Identifying, owning, and managing risks
- Defining, operating, and testing controls
- Identifying future threats and risks
- Implementing and maintaining regulatory compliance
- Adhering to the minimum standards for risk management and associated policies
- Testing controls
- Conducting outcomes testing
- Operating and reporting on the control framework

Second line: Oversight, support, and challenge

Responsibilities
Overseeing, through support, challenge and the provision of advice, the effectiveness of risk management by the first line.

Accountabilities
- Providing expert risk advice on business initiatives
- Providing advice on the setting of risk appetite
- Reporting aggregate, enterprise-level risks appropriately through the governance structure
- Providing independent and risk-based assurance
- Interpreting regulatory change
- Setting the minimum standards for risk management
- Identifying future threats and risks

Third line: Assurance

Responsibilities
Providing assurance to the Board on the effectiveness of the control environment.

Accountabilities
- Performing independent audits of the effectiveness of first line risk management and control, and second line risk oversight, support and challenge
- Taking a risk-based approach to the programme of audit work
- Preparing an annual opinion of the risk management and controls framework to present to the respective Audit Committees

Credit risk – Overview

Credit risk is the risk of loss as a result of a 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, or on a financial product, or for a 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; and
- refinance risk – the risk of loss arising when a repayment of a loan or other financial product occurs later than originally anticipated.

The Group manages credit risk for the following portfolios:

Portfolio	Definition
Residential mortgages	Loans secured on residential property
Consumer lending	Unsecured lending comprising current account overdrafts, personal loans and credit cards
Business and commercial lending	Lending to non-retail customers, including registered social landlords
Treasury	Treasury liquidity, derivatives and investment portfolios

Management of credit risk

The Group lends in a responsible, affordable and sustainable way to ensure safeguarding of customers and the financial strength of the Group 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 the Group's strategy, which is articulated as Board risk appetite statements and underlying principles:

Safeguarding our customers and counterparties by lending responsibly:

- Only lending to customers or counterparties who demonstrate that they can afford to borrow.
- Supporting customers buying mortgageable properties of wide-ranging types and qualities.
- Working with customers and counterparties to recover their financial position should there be a delay, or risk of delay, in meeting their financial obligations.

Safeguarding the Group's financial performance, strength and reputation:

- Managing asset quality so that losses through an economic cycle will not undermine profitability, financial strength and our standing with external stakeholders.
- Ensuring that no material segment of our lending exposes the Group to excessive loss.
- Proactively managing credit risk and complying with regulations.

The Group operates with a commitment to responsible lending and a focus on championing good conduct and fair outcomes. In this respect, the Group formulates appropriate credit criteria and policies which are aimed at mitigating risk from individual transactions and ensuring that credit risk exposure remains within risk appetite. Under a governed delegated mandate structure from the Board Risk Committee, the respective Credit Committees, individual Material Risk Takers and relevant personnel holding lending mandates for the Nationwide and Virgin Money sub-groups make credit decisions, based on a thorough credit risk assessment, to ensure that customers and counterparties are able to meet their obligations.

Credit risk is managed within the risk appetite set by the Board. Performance against this appetite is measured across a range of metrics and is reported to the respective sub-group Credit Committees each month. Corrective action is taken when metrics move towards or beyond defined thresholds to ensure performance remains or returns to appetite within an appropriate timescale.

The Group is 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. Accounts in arrears, or where the borrower is in financial difficulty, are managed by specialist teams within the Group or referred to debt charities to ensure an optimal outcome for our customers and the Group.

Forbearance

Forbearance occurs when concessions are made to the contractual terms of a loan when the customer is facing or about to face difficulties in meeting their financial commitments. A concession is where the customer receives assistance, which could be a modification to the previous terms and conditions of a facility or a total or partial refinancing of debt, either mid-term or at maturity. Requests for concessions are principally attributable to:

- temporary cash flow problems;
- breaches of financial covenants; or
- an inability to repay at contractual maturity.

Consistent with the European Banking Authority reporting definitions, loans are reported as forborne, until they meet the regulatory forbearance exit criteria.

Impairment provisions

Impairment provisions on financial assets are calculated on an expected credit loss (ECL) basis for assets held at amortised cost and at fair value through other comprehensive income (FVOCI). ECL impairment provisions are based on an assessment of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), 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 (e.g. origination date, origination loan to value, 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 categorised 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 recognised is equal to the lifetime ECL (losses on default events expected to occur at any point during the life of the asset);
- 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 recognised as an impairment charge or release.

For loans and advances held at amortised cost, the stage distribution and the provision coverage ratios are shown in this report for each portfolio. The provision coverage ratio is calculated by dividing the provisions by the gross balances for each lending portfolio. Loans remain on the balance sheet, measured net of associated provisions, until they are repaid or deemed no longer recoverable, when such loans are written off.

Governance and oversight of impairment provisions

The models used in the calculation of impairment provisions are governed in accordance with the model risk policies for the Nationwide and Virgin Money sub-groups as described in the Model risk section of this report. PD, EAD and LGD models are subject to regular monitoring and annual validation in line with the relevant sub-group policy. Where necessary, adjustments are approved for risks not captured in model outputs, for example where insufficient historic data exists.

The Group's economic scenarios used in the calculation of impairment provisions and associated probability weightings are proposed by our Chief Economist and are governed through a quarterly meeting attended by the Group Chief Financial Officer. Details of these economic assumptions and material adjustments are included in note 10 to the financial statements.

All key judgements relating to impairment provisions are governed through regular formal meetings for the Nationwide and Virgin Money sub-groups. Impairment provisions are reported to the Audit Committee for each sub-group, where the key judgements and estimates by management are reviewed and challenged.

Developments in the year

Whilst the UK economy has been broadly stable during the year, there has been some uncertainty which was largely driven by geopolitical tensions and fiscal changes. The UK has seen Bank rate reduce by 75 basis points but remain higher than the pre-2021 rates at which many current fixed-rate mortgages were originated. The rate of inflation has reduced slightly but remains above the Bank of England's target of 2%. Annual house price growth was 3.9% in the year to March 2025.

The key development in the year is the acquisition of Virgin Money. The movements in each portfolio over the period are set out below.

Residential mortgages

Group residential mortgage balances have increased to £275.9 billion (2024: £204.5 billion) following the Virgin Money acquisition. Virgin Money mortgages are primarily owner-occupied, with a similar credit risk profile to the Nationwide sub-group. Nationwide sub-group balances have increased due to continued support for first time buyers, together with the continued focus on retention through highly competitive products provided to existing customers.

Residential mortgage arrears have remained at low levels during the year and well below the industry average. The Group arrears rate has increased slightly to 0.43% (2024: 0.41%) following the acquisition of Virgin Money, which has an arrears rate of 0.58%, with the Nationwide sub-group arrears remaining broadly stable at 0.40% (2024: 0.41%).

Consumer lending

Group consumer lending balances have increased to £11.1 billion (2024: £4.3 billion). The acquisition of Virgin Money and its significant credit card portfolio has been the main driver of this increase, with credit card lending now representing 70% of total consumer lending. The significant balance growth and change in the portfolio composition has not resulted in a material change to the overall credit risk profile, reflected by a slight reduction to 1.11% (2024: 1.36%) in the Group arrears rate. Nationwide sub-group arrears have remained low during the year representing 1.23% (2024: 1.36%) of the portfolio.

Business and commercial lending

Group business and commercial lending balances have increased to £15.1 billion (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 Nationwide sub-group lending is primarily to registered social landlords which have a low risk profile.

Provisions

Provisions have increased to £1,288 million (4 April 2024: £781 million) which includes Virgin Money sub-group provisions of £580 million. Group provisions include a modelled adjustment for affordability risks totalling £83 million (4 April 2024: £145 million), which includes the impact of elevated mortgage interest rates. This adjustment has reduced during the year due to the continued resilience of the portfolios, where the previously anticipated increase in arrears has not materialised.

Outlook

In the base case scenario, the Group expects modest growth in the UK economy, with inflation expected to return to target in the years ahead. House prices are expected to continue to grow steadily, whilst Bank rate is likely to be eased gradually. However, the outlook remains uncertain, given ongoing heightened geopolitical tensions, emerging policies of the UK Government and uncertainty surrounding US trade policies.

The Group remains vigilant to the uncertainties within the geopolitical and economic landscape, assessing its impact on borrowers and the credit risks affecting our lending portfolios to ensure appropriate actions are taken to support our customers. To date, borrowers have remained resilient to affordability pressures; arrears rates are expected to rise but remain below the industry average.

Maximum exposure to credit risk

The Group's maximum exposure to credit risk at 31 March 2025 was £383 billion (2024: £282 billion).

Credit risk largely arises from loans and advances to customers, which account for 84% (2024: 80%) of the Group's credit risk exposure. Within this, the exposure relates primarily to residential mortgages, which account for 90% (2024: 95%) of loans and advances to customers and comprise high-quality assets with historically low occurrences of arrears and repossessions.

In addition to loans and advances to customers, the Group is exposed to credit risk on all other financial assets. For all financial assets recognised on the balance sheet, the maximum exposure to credit risk represents the balance sheet carrying value after allowance for impairment, plus off-balance sheet commitments. For off-balance sheet commitments, the maximum exposure is the maximum amount that the Group would have to pay if the commitments were to be called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities, the maximum exposure is the full amount of the committed facilities.

Maximum exposure to credit risk - Group

2025	Gross balances	Impairment provisions	Carrying value	Commitments (note i)	Maximum credit risk exposure	% of total credit risk exposure
	£m	£m	£m	£m	£m	%
Amortised cost loans and advances to customers:						
Residential mortgages	275,890	(351)	275,539	13,765	289,304	76
Consumer lending	11,107	(824)	10,283	113	10,396	3
Business and commercial lending	14,818	(113)	14,705	5,580	20,285	5
Fair value adjustment for micro hedged risk (note ii)	277	-	277	-	277	-
	302,092	(1,288)	300,804	19,458	320,262	84
FVTPL loans and advances to customers:						
Residential mortgages (note iii)	36	-	36	-	36	-
Business and commercial lending (note iv)	49	-	49	-	49	-
	85	-	85	-	85	-
Other items:						
Cash and balances at central banks	29,483	-	29,483	-	29,483	8
Loans and advances to banks and similar institutions	1,810	-	1,810	-	1,810	1
Investment securities – FVOCI	28,658	-	28,658	-	28,658	7
Investment securities – Amortised cost	-	-	-	-	-	-
Investment securities – FVTPL	5	-	5	5	10	-
Derivative financial instruments	4,742	-	4,742	-	4,742	1
Fair value adjustment for portfolio hedged risk (note ii)	(2,037)	-	(2,037)	-	(2,037)	(1)
	62,661	-	62,661	5	62,666	16
Total	364,838	(1,288)	363,550	19,463	383,013	100

The Society's maximum exposure to credit risk at 31 March 2025, which excludes Virgin Money and subsidiary lending, totals £285 billion (2024: £278 billion). This includes all financial assets recognised on the Society's balance sheet, the maximum exposure to credit risk represents the balance sheet carrying value after allowance for impairment, plus off-balance sheet commitments. Further information is included in notes 12, 14 and 29 to the financial statements.

Maximum exposure to credit risk (note v) – Group						
2024	Gross balances	Impairment provisions	Carrying value	Commitments (note i)	Maximum credit risk exposure	% of total credit risk exposure
	£m	£m	£m	£m	£m	%
Amortised cost loans and advances to customers:						
Residential mortgages	204,427	(321)	204,106	11,526	215,632	76
Consumer lending	4,263	(436)	3,827	18	3,845	2
Business and commercial lending	5,139	(24)	5,115	1,795	6,910	2
Fair value adjustment for micro hedged risk (note ii)	350	-	350	-	350	-
	214,179	(781)	213,398	13,339	226,737	80
FVTPL loans and advances to customers:						
Residential mortgages (note iii)	40	-	40	-	40	-
Business and commercial lending (note iv)	2	-	2	-	2	-
	42	-	42	-	42	-
Other items:						
Cash and balances at central banks	25,231	-	25,231	-	25,231	9
Loans and advances to banks and similar institutions	918	-	918	-	918	-
Investment securities – FVOCI	26,522	-	26,522	-	26,522	10
Investment securities – Amortised cost	4	-	4	-	4	-
Investment securities – FVTPL	6	-	6	5	11	-
Derivative financial instruments	6,290	-	6,290	-	6,290	2
Fair value adjustment for portfolio hedged risk (note ii)	(3,330)	-	(3,330)	-	(3,330)	(1)
	55,641	-	55,641	5	55,646	20
Total	269,862	(781)	269,081	13,344	282,425	100

Notes:

i. In addition to the amounts shown above, the Group has revocable commitments of £23,352 million (2024: £10,394 million) primarily 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 the Group, subject to notice requirements, and given their nature are not expected to be drawn down to the full level of exposure.

ii. The fair value adjustment for portfolio hedged risk and the fair value adjustment for micro hedged risk (which relates to the business and commercial lending portfolio) represent hedge accounting adjustments.

iii. FVTPL residential mortgages include equity release and shared equity loans.

iv. Business and commercial lending was previously reported as commercial lending. This has been updated as a result of the Virgin Money acquisition and its material business lending portfolio.

v. Comparatives have been restated as detailed in note 1 to the financial statements.

Commitments

Irrevocable undrawn commitments to lend are within the scope of provision requirements. The commitments in the table above consist of overpayment reserves and separately identifiable irrevocable commitments for the pipeline of residential mortgages, personal loans, business and commercial loans and investment securities. These commitments are not recognised on the balance sheet; the associated provision of £4.6 million (2024: £0.3 million) is included within provisions for liabilities and charges. The majority of the off-balance sheet commitments are in stage 1, with a provision equal to a 12-month ECL.

Revocable commitments relating to overdrafts and credit cards are included in the calculation of impairment provisions, with the allowance for future drawdowns included in the estimate of the exposure at default.

Credit risk – Residential mortgages

Summary

The Group's residential mortgages comprise owner-occupied, buy to let and legacy loans. Owner-occupied residential mortgages are mainly advances made through the Nationwide, Virgin Money, Clydesdale and Yorkshire Bank brands. Buy to let is lending originated through The Mortgage Works (UK) plc as well as Virgin Money, Clydesdale and Yorkshire Bank brands. Legacy mortgages are smaller owner-occupied portfolios in run-off.

Gross balances have increased during the year to £275.9 billion (2024: £204.5 billion), with the acquisition of Virgin Money driving the majority of this increase. Virgin Money balances of £55.6 billion include £41.1 billion of owner-occupied and £14.5 billion of buy to let mortgage balances. Nationwide sub-group balances have increased by £15.9 billion, with a focus on supporting first time buyers. Net lending has also been supported by the continued focus on retention through highly competitive products provided to existing customers.

Residential mortgage arrears have remained at low levels during the year, with the Group arrears rate increasing slightly to 0.43% (2024: 0.41%) following the acquisition of Virgin Money, which has a mortgage arrears rate of 0.58%. The proportion of cases more than 3 months in arrears for the Nationwide sub-group have remained broadly stable at 0.40% (2024: 0.41%).

Residential mortgage gross balances				
	2025		2024	
(Audited)	**£m**	**%**	£m	%
Owner-occupied	**215,546**	**78**	160,941	79
Buy to let and legacy:				
Buy to let	**59,383**	**22**	42,321	21
Legacy	**961**	**-**	1,165	-
	60,344	**22**	43,486	21
Amortised cost loans and advances to customers	**275,890**	**100**	204,427	100
FVTPL loans and advances to customers	**36**		40	
Total residential mortgages	**275,926**		204,467	

Residential mortgages staging analysis

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

Residential mortgages staging analysis - Group								
2025	**Stage 1**	**Stage 2 total**	**Stage 2 Up to date**	**Stage 2 1 – 30 DPD (note i)**	**Stage 2 >30 DPD (note i)**	**Stage 3**	**POCI (note ii)**	**Total**
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
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
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	%	%	%	%	%	%	%	%
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

Residential mortgages staging analysis - Group								
2024	Stage 1	Stage 2 total	Stage 2 Up to date	Stage 2 1 – 30 DPD (note i)	Stage 2 >30 DPD (note i)	Stage 3	POCI (note ii)	Total
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m
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	%	%	%	%	%	%	%	%
Owner-occupied	0.00	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:
i. Days past due (DPD) is a measure of arrears status.
ii. POCI loans are those which were credit impaired on purchase or acquisition. The POCI loans shown in the table above were recognised 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 1 October 2024, Virgin Money balances were recognised 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 (2024: £35.6 billion) include £2.2 billion of Virgin Money balances where lending has transferred to stage 2 since acquisition. Nationwide sub-group stage 2 balances have remained broadly stable at £35.4 billion (2024: £35.6 billion). A reduction in the Nationwide sub-group staging impact of the modelled adjustment for affordability risks to £9.2 billion (2024: £12.8 billion) has been offset by the impact of PD model recalibrations.

Stage 3 balances of £1,337 million (2024: £1,233 million) include £118 million of Virgin Money balances. The Nationwide sub-group stage 3 balance has remained broadly stable. Of the total stage 3 balance, £910 million (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 (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 (2024: £5 million).

Residential mortgage provisions have increased to £351 million (2024: £321 million), primarily due to the recognition of £37 million of provisions for the acquired Virgin Money loans. Nationwide sub-group provisions have remained broadly stable at £314 million (2024: £321 million). Group provisions include a modelled adjustment of £70 million (2024: £72 million) to reflect an increase to the PD to account for ongoing affordability risks, including those related to higher interest rates. Further information is included in note 10 to the financial statements.

The following table shows the Society's residential mortgage lending balances carried at amortised cost, the stage allocation of the loans, impairment provisions and the resulting provision coverage ratios. The Society's balances exclude both Virgin Money and other subsidiaries, including TMW.

Residential mortgages staging analysis – Society								
2025	**Stage 1**	**Stage 2 total**	**Stage 2 Up to date**	**Stage 2 1 – 30 DPD**	**Stage 2 >30 DPD**	**Stage 3**	**POCI**	**Total**
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Gross balances								
Owner-occupied	161,412	12,150	11,064	759	327	736	-	174,298
Buy to let and legacy	129	71	65	3	3	11	-	211
Total	161,541	12,221	11,129	762	330	747	-	174,509
Provisions								
Owner-occupied	8	45	32	6	7	39	-	92
Buy to let and legacy	-	1	1	-	-	2	-	3
Total	8	46	33	6	7	41	-	95
Provisions as a % of total balance	%	%	%	%	%	%	%	%
Owner-occupied	0.00	0.38	0.30	0.76	2.03	5.31	-	0.05
Buy to let and legacy	0.18	2.32	2.28	3.14	2.43	15.55	-	1.72
Total	0.00	0.39	0.31	0.77	2.03	5.46	-	0.05

Residential mortgages staging analysis – Society								
2024	Stage 1	Stage 2 total	Stage 2 Up to date	Stage 2 1 – 30 DPD	Stage 2 >30 DPD	Stage 3	POCI	Total
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m
Gross balances								
Owner-occupied	147,453	12,660	11,584	782	294	683	-	160,796
Buy to let and legacy	164	93	84	6	3	11	-	268
Total	147,617	12,753	11,668	788	297	694	-	161,064
Provisions								
Owner-occupied	7	45	30	7	8	36	-	88
Buy to let and legacy	-	4	4	-	-	1	-	5
Total	7	49	34	7	8	37	-	93
Provisions as a % of total balance	%	%	%	%	%	%	%	%
Owner-occupied	0.00	0.36	0.27	0.89	2.72	5.23	-	0.05
Buy to let and legacy	0.18	4.00	3.89	5.86	3.34	12.42	-	2.02
Total	0.00	0.39	0.29	0.92	2.73	5.34	-	0.06

Group impairment charge and write-offs for the year		
	2025	2024
(Audited)	**£m**	£m
Owner-occupied	**25**	7
Buy to let and legacy	**8**	37
Total impairment charge	**33**	44
	%	%
Impairment charge as a % of average gross balance	**0.01**	0.02
	£m	£m
Gross write-offs	**12**	8

The Group impairment charge for the year includes a £36 million charge for the Virgin Money sub-group. 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 total charge includes an impairment release of £3 million (2024: £44 million charge) for the Nationwide sub-group, reflecting a modest reduction in balance sheet provisions to £314 million (2024: £321 million).

The table below summarises the movements in, and stage allocations of, the Group's residential mortgages held at amortised cost, including the impact of ECL impairment provisions. The movements within the table compare the position at 31 March 2025 to that at the start of the reporting period.

Reconciliation of net movements in residential mortgage balances and impairment provisions – Group

	Non-credit impaired				Credit impaired (note i)			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3 and POCI			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	167,495	22	35,586	197	1,346	102	204,427	321
Stage transfers:								
Transfers from stage 1 to stage 2	**(12,649)**	**(2)**	**12,649**	**2**	**-**	**-**	**-**	**-**
Transfers to stage 3	**(137)**	**-**	**(428)**	**(12)**	**565**	**12**	**-**	**-**
Transfers from stage 2 to stage 1	**11,406**	**33**	**(11,406)**	**(33)**	**-**	**-**	**-**	**-**
Transfers from stage 3	**56**	**1**	**219**	**10**	**(275)**	**(11)**	**-**	**-**
Net remeasurement of ECL arising from transfer of stage	**-**	**(30)**	**-**	**28**	**-**	**15**	**-**	**13**
Net movement arising from transfer of stage	**(1,324)**	**2**	**1,034**	**(5)**	**290**	**16**	**-**	**13**
New assets originated or purchased (notes ii and iii)	**89,768**	**19**	**4,662**	**43**	**609**	**10**	**95,039**	**72**
Net impact of further lending and repayments	**(6,494)**	**(1)**	**(471)**	**(2)**	**(10)**	**(1)**	**(6,975)**	**(4)**
Changes in risk parameters in relation to credit quality	**-**	**5**	**-**	**(4)**	**-**	**9**	**-**	**10**
Other items impacting income statement (including recoveries)	**-**	**-**	**-**	**-**	**-**	**(9)**	**-**	**(9)**
Redemptions	**(13,037)**	**(2)**	**(3,250)**	**(21)**	**(280)**	**(26)**	**(16,567)**	**(49)**
Income statement charge for the period								**33**
Decrease due to write-offs	**-**	**-**	**-**	**-**	**(34)**	**(12)**	**(34)**	**(12)**
Other provision movements	**-**	**-**	**-**	**-**	**-**	**9**	**-**	**9**
At 31 March 2025	**236,408**	**45**	**37,561**	**208**	**1,921**	**98**	**275,890**	**351**
Net carrying amount		**236,363**		**37,353**		**1,823**		**275,539**

Notes:

i. Gross balances of credit impaired loans include £584 million (2024: £113 million) of POCI loans, which are presented net of a lifetime ECL of £21 million (2024: £5 million).

ii. If a new asset is originated in the period, the values included are the closing gross balance and provision for the period. The stage in which the addition is shown reflects the stage allocation of the asset at the end of the period.

iii. Virgin Money balances of £55.6 billion have been included within the new assets originated or purchased line item.

Further information on movements in gross loans and advances to customers and impairment provisions, including the methodology applied in preparing the table, is included in note 14 to the financial statements.

Loans which are reported within stage 2 are those which have experienced a significant increase in credit risk since origination, determined through both quantitative and qualitative indicators. The table below summarises the Group's stage 2 balances and impairment provisions for these indicators.

Reason for residential mortgages being reported in stage 2 (note i) - Group

2025	**Owner-occupied**			**Buy to let and legacy**			**Total**		
	Gross balances	**Provisions**	**Provisions as a % of balance**	**Gross balances**	**Provisions**	**Provisions as a % of balance**	**Gross balances**	**Provisions**	**Provisions as a % of balance**
	£m	**£m**	**%**	**£m**	**£m**	**%**	**£m**	**£m**	**%**
Quantitative criteria:									
Payment status (greater than 30 DPD)	**465**	**10**	**2.05**	**216**	**9**	**4.49**	**681**	**19**	**2.82**
Increase in PD since origination (less than 30 DPD)	**12,589**	**46**	**0.37**	**21,731**	**125**	**0.58**	**34,320**	**171**	**0.50**
Qualitative criteria:									
Forbearance (less than 30 DPD)	**206**	**1**	**0.34**	**24**	**-**	**1.63**	**230**	**1**	**0.47**
Interest only – significant risk of inability to refinance at maturity (less than 30 DPD)	**-**	**-**	**-**	**1,709**	**15**	**0.85**	**1,709**	**15**	**0.85**
Other qualitative criteria	**480**	**1**	**0.29**	**141**	**1**	**0.46**	**621**	**2**	**0.33**
Total stage 2 gross balances	**13,740**	**58**	**0.42**	**23,821**	**150**	**0.63**	**37,561**	**208**	**0.55**

Reason for residential mortgages being reported in stage 2 (note i) - Group

2024	Owner-occupied			Buy to let and legacy			Total		
	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance
	£m	£m	%	£m	£m	%	£m	£m	%
Quantitative criteria:									
Payment status (greater than 30 DPD)	294	8	2.72	177	10	5.55	471	18	3.78
Increase in PD since origination (less than 30 DPD)	12,192	38	0.31	21,298	124	0.58	33,490	162	0.48
Qualitative criteria:									
Forbearance (less than 30 DPD)	148	-	0.01	2	-	0.45	150	-	0.02
Interest only – significant risk of inability to refinance at maturity (less than 30 DPD)	-	-	-	1,430	17	1.22	1,430	17	1.22
Other qualitative criteria	42	-	0.02	3	-	0.23	45	-	0.04
Total stage 2 gross balances	12,676	46	0.36	22,910	151	0.66	35,586	197	0.55

Note:
i. Where loans satisfy more than one of the criteria for determining a significant increase in credit risk, the corresponding gross balance has been assigned in the order in which the categories are presented above.

The table below outlines the main criteria used to determine whether a significant increase in credit risk since origination has occurred.

Criteria	Detail
Quantitative	The primary quantitative indicators are the outputs of internal credit risk assessments. For residential mortgage exposures, PDs are derived using models, which use external information such as that from credit reference agencies, as well as internal information such as known instances of arrears or other financial difficulty. Current and historical data relating to an exposure are combined with forward-looking macroeconomic information to determine the likelihood of default. The 12-month and lifetime PDs are calculated for each loan. Similar quantitative staging principles are applied across Nationwide and Virgin Money sub-groups. However, there are differences in the specific criteria, as outlined below. Nationwide sub-group: The 12-month and lifetime PDs are compared to pre-determined benchmarks at each reporting date to ascertain whether a relative or absolute increase in credit risk has occurred. The indicators for a significant increase in credit risk are: • Absolute measures: - The 12-month PD exceeds the 12-month PD threshold that is indicative, at the assessment date, of an account being in arrears. - The residual lifetime PD exceeds the residual lifetime PD threshold, set at inception, which represents the maximum credit risk that would have been accepted at that point. • Relative measure: - The residual lifetime PD has increased by at least 75 basis points and has at least doubled. Virgin Money sub-group: The residual lifetime PD is compared to a threshold which varies by portfolio, and is based on the lifetime PD curves calculated at origination. The PD threshold curves were recalculated at acquisition, to reset the origination point to 1 October 2024, being the date when the Virgin Money business was acquired by the Group.
Qualitative	Qualitative indicators include the increased risk associated with interest only loans which may not be able to refinance at maturity, customer indebtedness markers and loans which have been in arrears during the past 12 months. Also included are forbearance events where full repayment of principal and interest is still anticipated, on a discounted basis.
Backstop	In addition to the primary criteria for stage allocation described above, accounts that are more than 30 days past due are also transferred to stage 2.

At 31 March 2025, stage 2 balances were £37.6 billion (2024: £35.6 billion). Of these, only 2% (2024: 1%) are in arrears by 30 days or more, with the majority of balances in stage 2 due to an increase in PD since origination. This category includes £9.2 billion (2024: £12.8 billion) of loans where the PD has been uplifted to recognise the increased risk of default due to borrower affordability pressures. The impact of this uplift in PD has resulted in these loans breaching existing quantitative PD thresholds.

Stage 2 loans include all loans greater than 30 days past due (DPD), including those where the original reason for being classified as stage 2 was other than arrears greater than 30 DPD. The value of loans in stage 2 due solely to payment status is 0.1% (2024: <0.1%) of total stage 2 balances.

Credit quality

The residential mortgage portfolio comprises many small loans which are broadly homogenous, have low volatility of credit risk outcomes and are geographically diversified. The table below shows the Group's loan balances and provisions for residential mortgages held at amortised cost, by PD range. The PD distributions shown are based on 12-month IFRS 9 PDs at the reporting date.

Loan balance and provisions by PD - Group

2025	Gross balances (note i)				Provisions				
(Audited)	Stage 1	Stage 2	Stage 3 and POCI	Total	Stage 1	Stage 2	Stage 3 and POCI	Total	Provision coverage
PD Range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to < 0.15%	175,908	3,617	32	179,557	5	6	-	11	0.01
0.15 to < 0.25%	24,703	2,124	16	26,843	4	5	-	9	0.03
0.25 to < 0.50%	19,419	5,160	20	24,599	5	14	-	19	0.08
0.50 to < 0.75%	8,542	3,319	14	11,875	11	9	-	20	0.17
0.75 to < 2.50%	7,032	12,249	47	19,328	10	42	-	52	0.27
2.50 to < 10.00%	613	6,678	67	7,358	5	48	-	53	0.72
10.00 to < 100%	191	4,414	201	4,806	5	84	7	96	2.00
100% (default)	-	-	1,524	1,524	-	-	91	91	5.96
Total	236,408	37,561	1,921	275,890	45	208	98	351	0.13

Loan balance and provisions by PD - Group

2024	Gross balances (note i)				Provisions				
(Audited)	Stage 1	Stage 2	Stage 3 and POCI	Total	Stage 1	Stage 2	Stage 3 and POCI	Total	Provision coverage
PD Range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to < 0.15%	128,032	3,099	32	131,163	4	3	-	7	0.01
0.15 to < 0.25%	14,654	1,888	7	16,549	2	4	-	6	0.04
0.25 to < 0.50%	13,712	5,865	10	19,587	6	11	-	17	0.08
0.50 to < 0.75%	5,148	3,779	8	8,935	2	9	-	11	0.12
0.75 to < 2.50%	5,525	10,733	41	16,299	4	38	-	42	0.26
2.50 to < 10.00%	389	6,491	53	6,933	3	49	-	52	0.75
10.00 to < 100%	35	3,731	191	3,957	1	83	10	94	2.37
100% (default)	-	-	1,004	1,004	-	-	92	92	9.15
Total	167,495	35,586	1,346	204,427	22	197	102	321	0.16

Note:
i. Includes POCI loans of £584 million (2024: £113 million).

At 31 March 2025, 95% (2024: 94%) of the portfolio had a 12-month IFRS 9 PD of less than 2.5%, reflecting the high quality of the residential mortgage portfolio.

The table below shows the Society's loan balances and provisions for residential mortgages held at amortised cost, by PD range. The Society's balances exclude both Virgin Money and other subsidiaries, including TMW. The PD distributions shown are based on 12-month IFRS 9 PDs at the reporting date.

Loan balance and provisions by PD - Society									
2025	**Gross balances**				**Provisions**				**Provision coverage**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	
PD Range	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
0.00 to < 0.15%	**132,568**	**1,801**	**20**	**134,389**	**3**	**1**	**-**	**4**	**0.00**
0.15 to < 0.25%	**14,570**	**622**	**7**	**15,199**	**1**	**1**	**-**	**2**	**0.01**
0.25 to < 0.50%	**9,833**	**983**	**6**	**10,822**	**2**	**1**	**-**	**3**	**0.03**
0.50 to < 0.75%	**2,656**	**442**	**4**	**3,102**	**1**	**1**	**-**	**2**	**0.05**
0.75 to < 2.50%	**1,912**	**3,879**	**20**	**5,811**	**1**	**7**	**-**	**8**	**0.14**
2.50 to < 10.00%	**2**	**2,486**	**33**	**2,521**	**-**	**9**	**-**	**9**	**0.37**
10.00 to < 100%	**-**	**2,008**	**80**	**2,088**	**-**	**26**	**4**	**30**	**1.45**
100% (default)	**-**	**-**	**577**	**577**	**-**	**-**	**37**	**37**	**6.41**
Total	**161,541**	**12,221**	**747**	**174,509**	**8**	**46**	**41**	**95**	**0.05**

Loan balance and provisions by PD - Society									
2024	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
PD Range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to < 0.15%	124,249	2,182	31	126,462	3	1	-	4	0.00
0.15 to < 0.25%	11,073	663	7	11,743	1	1	-	2	0.02
0.25 to < 0.50%	7,779	1,161	8	8,948	1	1	-	2	0.03
0.50 to < 0.75%	2,738	560	6	3,304	1	1	-	2	0.05
0.75 to < 2.50%	1,738	3,671	22	5,431	1	6	-	7	0.14
2.50 to < 10.00%	40	2,515	26	2,581	-	10	-	10	0.40
10.00 to < 100%	-	2,001	63	2,064	-	29	3	32	1.56
100% (default)	-	-	531	531	-	-	34	34	6.28
Total	147,617	12,753	694	161,064	7	49	37	93	0.06

LTV and credit risk concentration

Loan to value (LTV) is calculated by weighting the borrower level LTV by the individual loan balance to arrive at an average LTV. This approach is considered to reflect most appropriately the exposure at risk.

Group average LTV of loan stock (by value) (note i)	2025 %	2024 %
Owner-occupied	**56**	55
Buy to let and legacy	**56**	56
Group	**56**	55

Group average LTV of new business (by value) (note ii)	2025 %	2024 %
Owner-occupied	**75**	71
Buy to let	**65**	62
Group	**73**	**70**

Notes:

i. The average LTV of loan stock includes both amortised cost and FVTPL balances. There have been no new FVTPL advances during the year.

ii. The LTV of new business excludes further advances and product switches.

The Nationwide House Price Index has shown a 3.9% year on year increase in house prices, resulting in limited movements in the average LTV of loan stock.

The Group owner-occupied average LTV of new business has increased to 75% (2024: 71%). The strategy to support first time buyers has increased the proportion of lending at higher LTVs, with the proportion of new business at an LTV greater than 80% within the Nationwide sub-group increasing to 42% (2024: 34%). This is a segment of the owner-occupied market we have extensive experience in lending to, and we maintain robust credit criteria to support this strategy.

The Group buy to let average LTV of new business has increased to 65% (2024: 62%). This is largely due to the reduction in interest rates increasing the maximum loan sizes available to landlords.

Residential mortgage balances by LTV

The following table shows the Group's residential mortgages, excluding FVTPL balances, by LTV across stages 1 and 2 (non-credit impaired) and stage 3 (credit impaired). The LTV is calculated using the latest indexed valuation.

Residential mortgage balances by LTV – Group

2025	**Gross balances (note i)**				**Provisions (note i)**				**Provision coverage**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3 and POCI**	**Total**	**Stage 1**	**Stage 2**	**Stage 3 and POCI**	**Total**	
LTV ratio:	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
Up to 50%	**86,725**	**11,980**	**843**	**99,548**	**4**	**31**	**23**	**58**	**0.06**
50%-60%	**41,051**	**9,588**	**399**	**51,038**	**5**	**37**	**15**	**57**	**0.11**
60%-70%	**42,127**	**9,489**	**305**	**51,921**	**11**	**51**	**18**	**80**	**0.15**
70%-80%	**33,735**	**4,886**	**193**	**38,814**	**15**	**49**	**13**	**77**	**0.20**
80%-90%	**27,721**	**1,327**	**92**	**29,140**	**7**	**25**	**11**	**43**	**0.15**
90%-100%	**5,023**	**242**	**48**	**5,313**	**2**	**8**	**8**	**18**	**0.33**
Over 100%	**26**	**49**	**41**	**116**	**1**	**7**	**10**	**18**	**15.36**
Total	**236,408**	**37,561**	**1,921**	**275,890**	**45**	**208**	**98**	**351**	**0.13**

Residential mortgage balances by LTV – Group

2024	Gross balances (note i)				Provisions (note i)				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3 and POCI	Total	Stage 1	Stage 2	Stage 3 and POCI	Total	
LTV ratio:	£m	£m	£m	£m	£m	£m	£m	£m	%
Up to 50%	63,657	11,809	602	76,068	4	36	22	62	0.08
50%-60%	28,834	9,126	293	38,253	3	36	17	56	0.14
60%-70%	31,859	8,852	224	40,935	5	43	19	67	0.16
70%-80%	23,948	4,579	135	28,662	6	38	15	59	0.21
80%-90%	14,311	939	49	15,299	3	19	13	35	0.23
90%-100%	4,839	228	19	5,086	1	10	4	15	0.30
Over 100%	47	53	24	124	-	15	12	27	21.87
Total	167,495	35,586	1,346	204,427	22	197	102	321	0.16

Note:
i. Includes POCI gross balances of £584 million (2024: £113 million) and provisions of £3 million (2024: £nil)

The following table shows the Society's residential mortgages, excluding FVTPL balances, by LTV across stages 1 and 2 (non credit impaired) and stage 3 (credit impaired). The Society's balances exclude both Virgin Money and other subsidiaries, including TMW. The LTV is calculated using the latest indexed valuation.

Residential mortgage balances by LTV – Society

2025	**Gross balances**				**Provisions**				**Provision**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**coverage**
LTV ratio:	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
Up to 50%	**60,094**	**4,634**	**341**	**65,069**	**2**	**6**	**11**	**19**	**0.03**
50%-60%	**25,931**	**2,621**	**152**	**28,704**	**1**	**6**	**7**	**14**	**0.05**
60%-70%	**26,602**	**2,504**	**121**	**29,227**	**1**	**9**	**8**	**18**	**0.06**
70%-80%	**21,853**	**1,383**	**81**	**23,317**	**1**	**11**	**6**	**18**	**0.08**
80%-90%	**23,434**	**934**	**37**	**24,405**	**2**	**12**	**5**	**19**	**0.08**
90%-100%	**3,624**	**144**	**13**	**3,781**	**1**	**2**	**3**	**6**	**0.17**
Over 100%	**3**	**1**	**2**	**6**	**-**	**-**	**1**	**1**	**14.93**
Total	**161,541**	**12,221**	**747**	**174,509**	**8**	**46**	**41**	**95**	**0.05**

Residential mortgage balances by LTV – Society

2024	Gross balances				Provisions				Provision
(Audited)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	coverage
LTV ratio:	£m	£m	£m	£m	£m	£m	£m	£m	%
Up to 50%	57,092	4,673	336	62,101	1	8	11	20	0.03
50%-60%	24,039	2,682	134	26,855	1	7	6	14	0.05
60%-70%	26,707	2,854	116	29,677	1	10	8	19	0.06
70%-80%	20,715	1,686	75	22,476	1	11	6	18	0.08
80%-90%	14,186	678	21	14,885	2	9	4	15	0.10
90%-100%	4,833	177	9	5,019	1	4	1	6	0.12
Over 100%	45	3	3	51	-	-	1	1	3.19
Total	147,617	12,753	694	161,064	7	49	37	93	0.06

Geographical distribution

During the year, the geographical distribution of the Group's residential mortgages across the UK has remained broadly stable. The highest concentration of lending remains in Greater London and the South East, with the proportion of lending in these regions totalling 46% (2024: 45%).

Arrears

Residential mortgage lending continues to have a low risk profile as demonstrated by the low level of arrears compared to the industry average.

Number of cases more than 3 months in arrears as % of total book - Group		
	2025	2024
	%	%
Owner-occupied	**0.40**	0.36
Buy to let and legacy	**0.51**	0.60
Total	**0.43**	0.41
UK Finance (UKF) industry average	**0.89**	0.94

Residential mortgage arrears have remained at low levels during the year, with the Group arrears rate increasing slightly to 0.43% (2024: 0.41%) following the acquisition of Virgin Money, which has an arrears rate of 0.58%. The proportion of cases more than 3 months in arrears for the Nationwide sub-group have remained broadly stable at 0.40% (2024: 0.41%). The performance of the open buy to let book originated under the TMW brand remains strong, with 0.21% (2024: 0.23%) of cases more than 3 months in arrears.

Interest only mortgages

At 31 March 2025, interest only balances of £13,183 million (2024: £6,240 million) account for 6.1% (2024: 3.9%) of the owner-occupied residential mortgage portfolios. The increase during the year includes Virgin Money balances of £7,420 million. Maturities of interest only mortgages are managed closely, with regular engagement with borrowers in advance of maturity, to ensure the loan is redeemed or to agree a strategy for repayment.

Of the buy to let and legacy portfolio, £54,972 million (2024: £39,619 million) relates to interest only balances, representing 91% (2024: 91%) of balances. The increase during the year includes Virgin Money balances of £13,154 million. Buy to let remains open to new interest only lending under standard terms.

There is a risk that a proportion of interest only mortgages will not be redeemed at their contractual maturity date, because a borrower does not have a means of capital repayment or has been unable to refinance the loan. Interest only loans which are judged to have a significantly increased risk of inability to refinance at maturity are transferred to stage 2. The ability of a borrower to refinance is calculated using current lending criteria which consider LTV and affordability assessments. The impact of recognising this risk is to increase provisions by £28 million (2024: £35 million), of which £4 million is in relation to the Virgin Money sub-group.

Interest only mortgages (gross balance) – term to maturity (note i) - Group

	Term expired (still open)	Due within one year	Due after one year and before two years	Due after two years and before five years	Due after more than five years	Total	% of book
2025	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
Owner-occupied	**126**	**282**	**445**	**1,860**	**10,470**	**13,183**	**6.1**
Buy to let and legacy	**172**	**308**	**536**	**2,169**	**51,787**	**54,972**	**91.1**
Total	**298**	**590**	**981**	**4,029**	**62,257**	**68,155**	**24.7**
2024	£m	£m	£m	£m	£m	£m	%
Owner-occupied	69	187	223	981	4,780	6,240	3.9
Buy to let and legacy	174	191	356	1,679	37,219	39,619	91.1
Total	243	378	579	2,660	41,999	45,859	22.4

Note:
i. Balances subject to forbearance with agreed term extensions are presented based on the latest agreed contractual term.

Past term interest only loans are not considered to be past due where contractual interest payments continue to be met, pending renegotiation of the facility. These loans are, however, treated as credit impaired and categorised as stage 3 balances from three months after the maturity date.

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 European Banking Authority (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.

The table below provides details of residential mortgages held at amortised cost subject to forbearance, including balances which are within stage 1 for provision purposes, but which continue to meet the EBA definition of forbearance. Accounts that are currently subject to a concession are assessed as either stage 2, or stage 3 (credit impaired) where full repayment of principal and interest is no longer anticipated.

Gross balances subject to forbearance - Group						
	2025			2024		
	Owner-occupied	**Buy to let and legacy**	**Total**	Owner-occupied	Buy to let and legacy	Total
Group	**£m**	**£m**	**£m**	£m	£m	£m
Total forbearance	**1,048**	**377**	**1,425**	661	339	1,000
Of which stage 2	**363**	**108**	**471**	206	66	272
Of which stage 3 or POCI	**537**	**252**	**789**	320	263	583
	%	**%**	**%**	%	%	%
Total forbearance as a % of total gross balances	**0.5**	**0.6**	**0.5**	0.4	0.8	0.5
	£m	**£m**	**£m**	£m	£m	£m
Impairment provisions on forborne loans	**16**	**24**	**40**	15	29	44

Gross balances subject to forbearance have increased to £1,425 million (2024: £1,000 million), including £517 million of Virgin Money balances. Nationwide sub-group forbearance balances have reduced to £908 million (2024: £1,000 million) largely due to a reduction in interest only concessions.

In addition to the amortised cost balances above, £2 million (2024: £3 million) of FVTPL balances are also forborne.

Credit risk – Consumer lending

Summary

The consumer lending portfolio comprises balances on unsecured retail banking products: overdrawn current accounts, personal loans and credit cards.

Gross balances have increased during the year to £11.1 billion (2024: £4.3 billion), with the acquisition of Virgin Money driving the majority of this increase. Virgin Money balances of £6.7 billion include £6.2 billion of credit cards, £0.5 billion of personal loans and less than £0.1 billion of overdrawn current accounts. The composition of the consumer lending portfolio has materially changed as a result of the acquisition, with credit card lending now making up 70% (2024: 37%) of the consumer lending portfolio.

The Group arrears rate is 1.11% (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. Nationwide sub-group arrears levels have remained low during the year and, excluding charged off accounts, balances more than 3 months in arrears represent 1.23% (2024: 1.36%) of the portfolio.

Consumer lending gross balances - Group				
	2025		2024	
(Audited)	**£m**	**%**	£m	%
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 are classified and measured at amortised cost.

Consumer lending staging analysis

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

Consumer lending staging analysis - Group	2025					2024			
	Stage 1	Stage 2	Stage 3	POCI (note i)	Total	Stage 1	Stage 2	Stage 3	Total
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross balances									
Overdrawn current accounts	179	115	44	-	338	187	120	40	347
Personal loans	2,131	488	342	1	2,962	1,274	950	129	2,353
Credit cards	6,311	1,304	165	27	7,807	1,099	380	84	1,563
Total	8,621	1,907	551	28	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	(4)	542	16	105	74	195
Total	125	386	317	(4)	824	31	182	223	436
Provisions as a % of total balance	%	%	%	%	%	%	%	%	%
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

Note:
i. POCI loans are those which were credit impaired on acquisition. The POCI loans shown in the table above were recognised on the balance sheet when 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 1 October 2024, Virgin Money balances were recognised 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 (2024: £1,450 million) include £1,031 million of Virgin Money balances where lending has transferred to stage 2 since acquisition. Nationwide sub-group stage 2 balances of £876 million (2024: £1,450 million) include £66 million (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 (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 to not 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 Nationwide sub-group stage 3 balance has remained broadly stable at £252 million (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 (2024: £178 million) and £171 million (2024: £170 million) respectively. Excluding these charged off balances and related provisions, provisions amount to 6.0% (2024: 6.5%) of gross balances.

Consumer lending provisions have increased to £824 million (2024: £436 million), primarily due to the recognition of £452 million of provisions for the acquired Virgin Money loans. Nationwide sub-group balance sheet provisions of £372 million (2024: £436 million) include a modelled adjustment of £13 million (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 materialised. Further information is included in note 10 to the financial statements. The total provision coverage ratio has reduced primarily due to the reduction in the modelled adjustment for affordability risks and has also been impacted by the inclusion of Virgin Money gross balances and provisions.

The following table shows Society consumer lending balances by stage, with the corresponding impairment provisions and resulting provision coverage ratios. The Society's balances exclude Virgin Money lending.

Consumer lending staging analysis - Society									
	2025					2024			
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	Stage 1	Stage 2	Stage 3	Total
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Gross balances									
Overdrawn current accounts	**154**	**115**	**43**	**-**	**312**	187	120	40	347
Personal loans	**1,882**	**479**	**127**	**-**	**2,488**	1,274	950	129	2,353
Credit cards	**1,277**	**282**	**82**	**-**	**1,641**	1,099	380	84	1,563
Total	**3,313**	**876**	**252**	**-**	**4,441**	2,560	1,450	253	4,263
Provisions									
Overdrawn current accounts	**4**	**22**	**39**	**-**	**65**	5	23	36	64
Personal loans	**14**	**39**	**112**	**-**	**165**	10	54	113	177
Credit cards	**13**	**57**	**72**	**-**	**142**	16	105	74	195
Total	**31**	**118**	**223**	**-**	**372**	31	182	223	436
Provisions as a % of total balance	**%**	**%**	**%**	**%**	**%**	%	%	%	%
Overdrawn current accounts	**2.47**	**19.28**	**90.20**	**-**	**20.72**	2.81	18.89	90.00	18.39
Personal loans	**0.72**	**8.17**	**87.49**	**-**	**6.60**	0.76	5.82	86.93	7.54
Credit cards	**1.06**	**20.18**	**88.06**	**-**	**8.69**	1.43	27.52	88.26	12.46
Total	**0.93**	**13.49**	**88.14**	**-**	**8.37**	1.20	12.58	87.86	10.23

Group impairment charge/(release) and write-offs for the year		
(Audited)	**2025**	2024
Impairment charge	**£m**	£m
Overdrawn current accounts	**21**	15
Personal loans	**75**	37
Credit cards	**418**	(1)
Total impairment charge	**514**	51
	%	%
Impairment charge as a % of average gross balance	**6.93**	1.17
Gross write-offs	**£m**	£m
Overdrawn current accounts	**17**	14
Personal loans	**44**	45
Credit cards	**105**	30
Total gross write-offs	**166**	89

The 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 recognising initial provisions for the acquired loans, including alignment to the key elements of the Group's impairment provision methodology. The Nationwide sub-group impairment charge of £18 million (2024: £51 million) includes the impact of the reduction in balance sheet provisions to £372 million (2024: £436 million) where the previously anticipated increase in arrears has not materialised, combined with broadly stable losses due to write-offs.

Gross write-offs have increased to £166 million (2024: £89 million), which include £79 million of Virgin Money balances which have been written off since the acquisition. Nationwide sub-group write-offs have remained broadly stable at £87 million (2024: £89 million).

The table below summarises the movements in, and stage allocation of, the Group's consumer lending balances held at amortised cost, including the impact of ECL impairment provisions. The movements within the table compare the position at 31 March 2025 to that at the start of the reporting period.

Reconciliation of net movements in consumer lending balances and impairment provisions - Group								
	Non-credit impaired				Credit impaired			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3 and POCI (note i)			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	2,560	31	1,450	182	253	223	4,263	436
Stage transfers:								
Transfers from stage 1 to stage 2	(211)	(4)	211	4	-	-	-	-
Transfers to stage 3	(21)	(1)	(64)	(23)	85	24	-	-
Transfers from stage 2 to stage 1	702	71	(702)	(71)	-	-	-	-
Transfers from stage 3	2	1	3	2	(5)	(3)	-	-
Net remeasurement of ECL arising from transfer of stage	-	(57)	-	36	-	46	-	25
Net movement arising from transfer of stage	472	10	(552)	(52)	80	67	-	25
New assets originated or purchased (notes ii and iii)	6,578	107	1,279	291	413	174	8,270	572
Net impact of further lending and repayments	(585)	(13)	(52)	(15)	(1)	3	(638)	(25)
Changes in risk parameters in relation to credit quality	-	(7)	-	(10)	-	12	-	(5)
Other items impacting income statement (including recoveries)	-	-	-	-	-	(40)	-	(40)
Redemptions	(404)	(3)	(218)	(10)	-	-	(622)	(13)
Income statement charge for the period								514
Decrease due to write-offs	-	-	-	-	(166)	(166)	(166)	(166)
Other provision movements	-	-	-	-	-	40	-	40
At 31 March 2025	8,621	125	1,907	386	579	313	11,107	824
Net carrying amount		8,496		1,521		266		10,283

Notes:
i. Gross balances of credit impaired loans include £28 million (2024: £nil million) of POCI loans, which are presented net of lifetime ECL of £29 million (2024: £nil million).
ii. If a new asset is originated or purchased during the period, the values included are the closing gross balance and provision for the period. The stage in which the addition is shown reflects the stage of the account at the end of the period.
iii. Virgin Money balances of £6.7 billion have been included within the new assets originated or purchased line item.

Further information on movements in gross loans and advances to customers and impairment provisions, including the methodology applied in preparing the table, is included in note 14 to the financial statements.

Loans which are reported within stage 2 are those which have experienced a significant increase in credit risk since origination, determined through both quantitative and qualitative indicators. The table below summarises the Group's stage 2 balances and impairment provisions for these indicators.

Reason for consumer lending balances being reported in stage 2 (note i) - Group												
2025	**Overdrawn current accounts**			**Personal loans**			**Credit cards**			**Total**		
	Gross balances	**Provisions**	**Provisions as a % of balance**	**Gross balances**	**Provisions**	**Provisions as a % of balance**	**Gross balances**	**Provisions**	**Provisions as a % of balance**	**Gross balances**	**Provisions**	**Provisions as a % of balance**
	£m	**£m**	**%**	**£m**	**£m**	**%**	**£m**	**£m**	**%**	**£m**	**£m**	**%**
Quantitative criteria:												
Payment status (greater than 30 DPD) (note ii)	**5**	**3**	**56**	**12**	**6**	**51**	**35**	**22**	**63**	**52**	**31**	**59**
Increase in PD since origination (less than 30 DPD)	**96**	**18**	**19**	**470**	**35**	**7**	**924**	**230**	**25**	**1,490**	**283**	**19**
Qualitative criteria:												
Forbearance (less than 30 DPD) (note iii)	**1**	**-**	**10**	**-**	**-**	**6**	**9**	**2**	**29**	**10**	**2**	**27**
Other qualitative criteria (less than 30 DPD)	**13**	**1**	**7**	**6**	**-**	**3**	**336**	**69**	**21**	**355**	**70**	**20**
Total stage 2 gross balances	**115**	**22**	**19**	**488**	**41**	**8**	**1,304**	**323**	**25**	**1,907**	**386**	**20**

Reason for consumer lending balances being reported in stage 2 (note i) - Group												
2024	Overdrawn current accounts			Personal loans			Credit cards			Total		
	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance
	£m	£m	%	£m	£m	%	£m	£m	%	£m	£m	%
Quantitative criteria:												
Payment status (greater than 30 DPD) (note ii)	4	3	68	12	7	63	5	4	86	21	14	69
Increase in PD since origination (less than 30 DPD)	108	19	18	935	47	5	347	95	27	1,390	161	12
Qualitative criteria:												
Forbearance (less than 30 DPD) (note iii)	-	-	14	-	-	9	-	-	14	-	-	13
Other qualitative criteria (less than 30 DPD)	8	1	8	3	-	4	28	6	20	39	7	16
Total stage 2 gross balances	120	23	19	950	54	6	380	105	28	1,450	182	13

Notes:
i. Where loans satisfy more than one of the criteria for determining a significant increase in credit risk, the corresponding balance has been assigned in the order in which the categories are presented above.
ii. This category includes all loans greater than 30 DPD, including those whose original reason for being classified as stage 2 was not arrears greater than 30 DPD.
iii. Stage 2 forbearance relates to cases where full repayment of principal and interest is still anticipated.

Balances reported within stage 2 represent loans which have experienced a significant increase in credit risk since origination. The significant increase is determined through both quantitative and qualitative indicators. Of the £1,907 million (2024: £1,450 million) stage 2 balances, 3% (2024: 1%) are in arrears by 30 days or more, with the majority of balances in stage 2 due to an increase in PD since origination. This category includes £66 million (2024: £473 million) of loans where the PD has been uplifted to recognise the increased risk of default due to borrower affordability pressures. The impact of this uplift in PD has resulted in these loans breaching existing quantitative PD thresholds.

The other qualitative criteria category includes £225 million (2024: £28 million) of loans which have been moved to stage 2 in recognition of the risk related to borrowers in credit card persistent debt, with £193 million of this relating to Virgin Money balances.

The table below outlines the main criteria used to determine whether a significant increase in credit risk since origination has occurred.

Criteria	Detail
Quantitative	The primary quantitative indicators are the outputs of internal credit risk assessments. For consumer lending exposures, PDs are derived using models, which use external information such as that from credit reference agencies, as well as internal information such as known instances of arrears or other financial difficulty. Current and historical data relating to the exposure are combined with forward-looking macroeconomic information to determine the likelihood of default. 12-month and lifetime PDs are calculated for each loan. Similar quantitative staging principles are applied across Nationwide and Virgin Money sub-groups. However, there are differences in the specific criteria, as outlined below. Nationwide sub-group: The 12-month and lifetime PDs are compared to pre-determined benchmarks at each reporting date to ascertain whether a relative or absolute increase in credit risk has occurred. The indicators for a significant increase in credit risk are: • Absolute measures: - The 12-month PD exceeds the 12-month PD threshold that is indicative, at the assessment date, of an account being in arrears. - The residual lifetime PD exceeds the residual lifetime PD threshold, set at inception, which represents the maximum credit risk that would have been accepted at that point. • Relative measure: - The residual lifetime PD has increased by at least 75 basis points and has at least doubled. Virgin Money sub-group: The residual lifetime PD is compared to a threshold which varies by portfolio, and is based on the lifetime PD curves calculated at origination. The PD threshold curves were recalculated at acquisition, to reset the origination point to 1 October 2024, being the date when the Virgin Money business was acquired by the Group.
Qualitative	Qualitative criteria include forbearance events, customer indebtedness markers, and, within the credit card portfolio, recognition of the risk related to borrowers in persistent debt.
Backstop	In addition to the primary criteria for stage allocation described above, accounts that are more than 30 days past due are also transferred to stage 2.

Credit quality

The Group adopts robust credit management policies and processes designed to recognise and manage the risks arising from its lending portfolios.

The following tables show gross balances and provisions for consumer lending balances held at amortised cost by PD range for the Group and the Society. The Society table excludes Virgin Money balances and provisions. The PD distributions shown are based on 12-month IFRS 9 PDs at the reporting date.

The credit quality of the consumer lending portfolio has remained strong; 88% (2024: 87%) of the portfolio has a 12-month IFRS 9 PD of less than 10%.

Consumer lending gross balances and provisions by PD - Group

2025	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI	Total	
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	1,101	33	-	1,134	2	2	-	4	0.37
0.15 to < 0.25%	529	21	-	550	2	1	-	3	0.58
0.25 to < 0.50%	1,267	70	-	1,337	7	3	-	10	0.72
0.50 to < 0.75%	1,030	80	-	1,110	8	3	-	11	0.98
0.75 to < 2.50%	3,125	319	-	3,444	43	24	-	67	1.94
2.50 to < 10.00%	1,502	740	1	2,243	52	125	-	177	7.90
10.00 to < 100%	67	644	3	714	11	228	1	240	33.74
100% (default)	-	-	575	575	-	-	312	312	54.21
Total	8,621	1,907	579	11,107	125	386	313	824	7.42

Note:
i. Includes POCI loans of £28 million (2024: £nil million).

Consumer lending gross balances and provisions by PD - Society

2025	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	879	34	-	913	2	2	-	4	0.40
0.15 to < 0.25%	384	21	-	405	1	1	-	2	0.54
0.25 to < 0.50%	585	67	-	652	2	3	-	5	0.71
0.50 to < 0.75%	330	70	-	400	2	3	-	5	1.14
0.75 to < 2.50%	749	229	-	978	9	16	-	25	2.50
2.50 to < 10.00%	374	235	1	610	12	29	-	41	6.89
10.00 to < 100%	12	220	3	235	3	64	1	68	29.27
100% (default)	-	-	248	248	-	-	222	222	89.31
Total	3,313	876	252	4,441	31	118	223	372	8.37

Consumer lending gross balances and provisions by PD – Group and Society									
2024	Gross balances				Provisions				Provision
(Audited)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	coverage
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	684	24	-	708	2	2	-	4	0.52
0.15 to < 0.25%	307	24	-	331	1	1	-	2	0.70
0.25 to < 0.50%	408	121	-	529	2	3	-	5	0.96
0.50 to < 0.75%	227	126	-	353	2	3	-	5	1.31
0.75 to < 2.50%	555	444	-	999	7	20	-	27	2.73
2.50 to < 10.00%	354	427	1	782	14	53	-	67	8.61
10.00 to < 100%	25	284	3	312	3	100	1	104	33.42
100% (default)	-	-	249	249	-	-	222	222	88.80
Total	2,560	1,450	253	4,263	31	182	223	436	10.23

Forbearance

The Group is committed to supporting customers facing financial difficulty by working with them to find a solution through proactive arrears management and forbearance. The 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 (2024: £81 million) include £131 million of Virgin Money balances. The Nationwide sub-group forbearance balance has decreased to £60 million (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.

Gross balances subject to forbearance - Group								
	2025				2024			
	Overdrawn current accounts	**Personal loans**	**Credit cards**	**Total**	Overdrawn current accounts	Personal loans	Credit cards	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Total forbearance	**15**	**27**	**149**	**191**	30	30	21	81
Of which stage 2	**5**	**2**	**46**	**53**	16	2	12	30
Of which stage 3 or POCI	**10**	**24**	**94**	**128**	9	27	9	45
	%	**%**	**%**	**%**	%	%	%	%
Total forbearance as a % of total gross balances	**4.4**	**0.9**	**1.9**	**1.7**	8.6	1.3	1.3	1.9
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Impairment provisions on forborne loans	**10**	**21**	**47**	**78**	12	24	10	46

Credit risk – Business and commercial lending

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

Gross balances have increased during the year to £15.1 billion (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.

Nationwide sub-group lending balances total £5.6 billion (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. The project finance and commercial real estate portfolios within the Nationwide sub-group remain closed to new business.

Business and commercial lending gross balances		
	2025	2024
(Audited)	**£m**	£m
Business and commercial lending (excl. registered social landlords)	**9,817**	753
Registered social landlords	**5,001**	4,386
Business and commercial lending balances at amortised 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

The following table shows the Group's business and commercial lending balances carried at amortised cost on the balance sheet, with the stage allocation of the exposures, impairment provisions and resulting provision coverage ratios.

Business and commercial lending portfolio and staging analysis – Group

	2025					2024			
	Stage 1	**Stage 2**	**Stage 3**	**POCI (note i)**	**Total**	Stage 1	Stage 2	Stage 3	Total
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
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 social landlords)	**34**	**39**	**35**	**4**	**112**	-	2	21	23
Registered social landlords	**1**	**-**	**-**	**-**	**1**	1	-	-	1
Total	**35**	**39**	**35**	**4**	**113**	1	2	21	24
Provisions as a % of total balance	**%**	**%**	**%**	**%**	**%**	%	%	%	%
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**

Note:
i. POCI loans are those which were credit impaired on acquisition. The POCI loans shown in the table above were recognised on the balance sheet when 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 1 October 2024, Virgin Money loans were recognised 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 (2024: £267 million) include £1,272 million of Virgin Money balances where lending has transferred to stage 2 since acquisition. The stage 2 Virgin Money balance includes £910 million of loans which have met qualitative staging criteria, including early warning indicators and forbearance events.

Stage 3 balances of £137 million (2024: £67 million) include £71 million of Virgin Money balances. The Nationwide sub-group stage 3 balance has remained broadly stable at £66 million (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 (2024: £24 million), which is primarily due to the recognition of £91 million of provisions for the acquired Virgin Money loans.

The following table shows the Society's business and commercial lending balances carried at amortised cost on the balance sheet, with the stage allocation of the exposures, impairment provisions and resulting provision coverage ratios. The Society's balances exclude both Virgin Money and other subsidiary lending.

Business and commercial lending portfolio and staging analysis – Society

	2025					2024			
	Stage 1	**Stage 2**	**Stage 3**	**POCI**	**Total**	Stage 1	Stage 2	Stage 3	Total
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Gross balances									
Business and commercial lending (excl. registered social landlords)	**469**	**84**	**66**	**-**	**619**	623	63	67	753
Registered social landlords	**4,216**	**232**	**-**	**-**	**4,448**	3,915	162	-	4,077
Total	**4,685**	**316**	**66**	**-**	**5,067**	4,538	225	67	4,830
Provisions									
Business and commercial lending (excl. registered social landlords)	**-**	**2**	**19**	**-**	**21**	-	2	21	23
Registered social landlords	**1**	**-**	**-**	**-**	**1**	1	-	-	1
Total	**1**	**2**	**19**	**-**	**22**	1	2	21	24
Provisions as a % of total balance	**%**	**%**	**%**	**%**	**%**	%	%	%	%
Business and commercial lending (excl. registered social landlords)	**0.13**	**1.92**	**28.09**	**-**	**3.38**	0.11	2.93	31.58	3.15
Registered social landlords	**0.01**	**0.14**	**-**	**-**	**0.02**	0.01	0.15	-	0.02
Total	**0.02**	**0.62**	**28.09**	**-**	**0.43**	0.03	0.92	31.58	0.51

The Group impairment charge for the year includes a charge for the Virgin Money sub-group 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 Nationwide sub-group impairment release for the year was £3 million (2024: £17 million impairment charge) reflecting updated case assessments for a small number of individually assessed exposures.

Group impairment charge and write-offs for the year

	2025	2024
(Audited)	**£m**	£m
Total impairment charge	**85**	17
	%	%
Impairment charge as a % of average gross balance	**0.88**	0.34
	£m	£m
Total gross write-offs	**5**	9

The table below summarises the movements in, and stage allocation of, the Group's business and commercial lending balances held at amortised cost, including the impact of ECL impairment provisions. The movements within the table compare the position at 31 March 2025 to that at the start of the reporting period.

Reconciliation of net movements in business and commercial lending balances and impairment provisions - Group								
	Non-credit impaired				**Credit impaired**			
	Subject to 12-month ECL		**Subject to lifetime ECL**		**Subject to lifetime ECL**		**Total**	
	Stage 1		**Stage 2**		**Stage 3 and POCI (note i)**			
	Gross balances	**Provisions**	**Gross balances**	**Provisions**	**Gross balances**	**Provisions**	**Gross balances**	**Provisions**
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 5 April 2024	4,805	1	267	2	67	21	5,139	24
Stage transfers:								
Transfers from stage 1 to stage 2	(116)	-	116	-	-	-	-	-
Transfers to stage 3	-	-	(3)	-	3	-	-	-
Transfers from stage 2 to stage 1	4	-	(4)	-	-	-	-	-
Transfers from stage 3	-	-	-	-	-	-	-	-
Net remeasurement of ECL arising from transfer of stage	-	-	-	-	-	-	-	-
Net movement arising from transfer of stage	(112)	-	109	-	3	-	-	-
New assets originated or purchased (notes ii and iii)	8,896	34	1,282	37	410	25	10,588	96
Net impact of further lending and repayments	(189)	-	(23)	-	-	-	(212)	-
Changes in risk parameters in relation to credit quality	-	-	-	-	-	(1)	-	(1)
Other items impacting income statement (including recoveries)	-	-	-	-	-	(9)	-	(9)
Redemptions	(678)	-	(11)	-	(3)	(1)	(692)	(1)
Income statement charge for the period								85
Decrease due to write-offs	-	-	-	-	(5)	(5)	(5)	(5)
Other provision movements	-	-	-	-	-	9	-	9
At 31 March 2025	12,722	35	1,624	39	472	39	14,818	113
Net carrying amount		12,687		1,585		433		14,705

Notes:
i. Gross balances of credit impaired loans include £335 million (2024: £nil million) of POCI loans, which are presented net of lifetime ECL of £50 million (2024: £nil million).
ii. If a new asset is originated or purchased in the period, the values included are the closing gross balance and provision for the period. The stage in which the addition is shown reflects the stage of the account at the end of the period.
iii. Virgin Money balances of £9.5 billion have been included within the new assets originated or purchased line item.

Loans which are reported within stage 2 are those which have experienced a significant increase in credit risk since origination, determined through both quantitative and qualitative indicators. The table below summarises the Group's stage 2 balances and impairment provisions for these indicators.

Reason for business and commercial lending balances being reported in stage 2 (note i) - Group

	2025			2024		
	Gross balances	**Provisions**	**Provisions as a % of balance**	Gross balances	Provisions	Provisions as a % of balance
	£m	**£m**	**%**	£m	£m	%
Quantitative criteria:						
Payment status (greater than 30 DPD) (note ii)	**11**	**-**	**0.29**	1	-	0.01
Increase in PD since origination (less than 30 DPD)	**703**	**15**	**2.22**	146	2	1.30
Qualitative criteria:						
Watchlist/approaching financial difficulty	**833**	**23**	**2.72**	120	-	0.21
Forbearance (less than 30 DPD) (note iii)	**77**	**1**	**1.08**	-	-	-
Other qualitative criteria (less than 30 DPD)	**-**	**-**	**4.14**	-	_	-
Total stage 2 gross balances	**1,624**	**39**	**2.41**	267	2	0.80

Notes:
i. Where loans satisfy more than one of the criteria for determining a significant increase in credit risk, the corresponding balance has been assigned in the order in which the categories are presented above.
ii. This category includes all loans greater than 30 DPD, including those whose original reason for being classified as stage 2 was not arrears greater than 30 DPD.
iii. Stage 2 forbearance relates to cases where full repayment of principal and interest is still anticipated.

The table below outlines the main criteria used to determine whether a significant increase in credit risk since origination has occurred.

Criteria	Detail
Quantitative	The primary quantitative indicators are the outputs of internal credit risk assessments. For business and commercial lending exposures, internal risk grades are derived using models, which use both external and internal information, such as known instances of arrears or other financial difficulty. Current and historical data relating to an exposure are combined with forward-looking macroeconomic information to determine the likelihood of default. 12-month and lifetime PDs are calculated for each loan, based on internal risk grade and portfolio. The internal risk grades are compared to pre-determined benchmarks at each reporting date to ascertain whether an increase in credit risk has occurred.
Qualitative	Qualitative indicators include early warning indicators such as loans being added to internal watchlists or loans judged to be approaching financial difficulty. Also included are forbearance events where full repayment of principal and interest is still anticipated, on a discounted basis.
Backstop	In addition to the primary criteria for stage allocation described above, accounts that are more than 30 days past due are also transferred to stage 2.

The following table shows the Group's business and commercial lending balances held at amortised cost, impairment provisions and resulting provision coverage ratios by industry sector.

Business and commercial lending portfolio by sector - Group

	2025			2024		
	Gross balance	**Provision**	**Provisions as a % of total balance**	Gross balance	Provision	Provisions as a % of total balance
	£m	**£m**	**%**	£m	£m	%
Agriculture	**1,246**	**3**	**0.22**	-	-	-
Business services	**1,286**	**18**	**1.42**	-	-	-
Commercial real estate	**842**	**6**	**0.67**	257	6	2.33
Government, health & education	**1,595**	**12**	**0.72**	-	-	-
Hospitality	**1,020**	**2**	**0.23**	-	-	-
Manufacturing	**659**	**17**	**2.52**	-	-	-
PFI	**440**	**17**	**3.98**	496	17	3.57
Registered social landlords	**5,001**	**1**	**0.02**	4,386	1	0.02
Resources	**169**	**1**	**0.80**	-	-	-
Retail and wholesale trade	**878**	**19**	**2.17**	-	-	-
Transport and storage	**391**	**1**	**0.26**	-	-	-
Utilities, post and telecoms	**578**	**7**	**1.13**	-	-	-
Other	**713**	**9**	**1.26**	-	-	-
Total business and commercial lending	**14,818**	**113**	**0.76**	5,139	24	0.48

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 Nationwide sub-group exposures are limited to registered social landlords, PFI and commercial real estate.

Credit quality

The following table shows the Group's gross balances and provisions for business and commercial lending balances held at amortised cost by PD range. The PD distributions shown are based on 12-month IFRS 9 PDs at the reporting date.

The registered social landlord portfolio exposure is low risk and weighted towards the lowest PD banding range. The additional business and commercial lending exposures are predominantly within the 0.75%-10.00% range.

Business and commercial lending gross balances and provisions by PD – Group

2025	**Gross balances**				**Provisions**				**Provision coverage**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3 and POCI (note i)**	**Total**	**Stage 1**	**Stage 2**	**Stage 3 and POCI (note i)**	**Total**	
12-month IFRS 9 PD range	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
0.00 to <0.15%	**5,410**	**247**	**-**	**5,657**	**2**	**-**	**-**	**2**	**0.03**
0.15 to < 0.25%	**617**	**39**	**-**	**656**	**-**	**-**	**-**	**-**	**0.07**
0.25 to < 0.50%	**869**	**25**	**-**	**894**	**1**	**-**	**-**	**1**	**0.09**
0.50 to < 0.75%	**552**	**53**	**-**	**605**	**1**	**1**	**-**	**2**	**0.28**
0.75 to < 2.50%	**3,317**	**434**	**-**	**3,751**	**10**	**4**	**-**	**14**	**0.37**
2.50 to < 10.00%	**1,946**	**679**	**2**	**2,627**	**21**	**21**	**-**	**42**	**1.59**
10.00 to < 100%	**11**	**147**	**1**	**159**	**-**	**13**	**-**	**13**	**8.28**
100% (default)	**-**	**-**	**469**	**469**	**-**	**-**	**39**	**39**	**8.33**
Total	**12,722**	**1,624**	**472**	**14,818**	**35**	**39**	**39**	**113**	**0.76**

Business and commercial lending gross balances and provisions by PD – Group

2024	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	4,564	217	-	4,781	1	-	-	1	0.02
0.15 to < 0.25%	167	2	-	169	-	-	-	-	0.02
0.25 to < 0.50%	7	-	-	7	-	-	-	-	0.15
0.50 to < 0.75%	5	22	-	27	-	1	-	1	3.23
0.75 to < 2.50%	61	4	-	65	-	-	-	-	0.05
2.50 to < 10.00%	1	1	-	2	-	-	-	-	0.27
10.00 to < 100%	-	21	-	21	-	1	-	1	5.93
100% (default)	-	-	67	67	-	-	21	21	31.58
Total	4,805	267	67	5,139	1	2	21	24	0.48

Note:
i. Includes POCI loans of £335 million (2024: £nil million).

The following table shows the Society's gross balances and provisions for business and commercial lending balances held at amortised cost by PD range. The Society balances exclude Virgin Money and other subsidiary lending. The PD distributions shown are based on 12-month IFRS 9 PDs at the reporting date.

Business and commercial lending gross balances and provisions by PD – Society

2025	**Gross balances**				**Provisions**				**Provision coverage**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	
12-month IFRS 9 PD range	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
0.00 to <0.15%	**4,648**	**210**	**-**	**4,858**	**1**	**-**	**-**	**1**	**0.02**
0.15 to < 0.25%	**12**	**35**	**-**	**47**	**-**	**-**	**-**	**-**	**0.33**
0.25 to < 0.50%	**10**	**-**	**-**	**10**	**-**	**-**	**-**	**-**	**0.17**
0.50 to < 0.75%	**15**	**28**	**-**	**43**	**-**	**1**	**-**	**1**	**2.19**
0.75 to < 2.50%	**-**	**2**	**-**	**2**	**-**	**-**	**-**	**-**	**0.40**
2.50 to < 10.00%	**-**	**35**	**-**	**35**	**-**	**-**	**-**	**-**	**0.56**
10.00 to < 100%	**-**	**6**	**-**	**6**	**-**	**1**	**-**	**1**	**9.65**
100% (default)	**-**	**-**	**66**	**66**	**-**	**-**	**19**	**19**	**28.09**
Total	**4,685**	**316**	**66**	**5,067**	**1**	**2**	**19**	**22**	**0.43**

Business and commercial lending gross balances and provisions by PD - Society

2024	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	4,297	175	-	4,472	1	-	-	1	0.02
0.15 to < 0.25%	167	2	-	169	-	-	-	-	0.02
0.25 to < 0.50%	7	-	-	7	-	-	-	-	0.15
0.50 to < 0.75%	5	22	-	27	-	1	-	1	3.23
0.75 to < 2.50%	61	4	-	65	-	-	-	-	0.05
2.50 to < 10.00%	1	1	-	2	-	-	-	-	0.27
10.00 to < 100%	-	21	-	21	-	1	-	1	5.93
100% (default)	-	-	67	67	-	-	21	21	31.58
Total	4,538	225	67	4,830	1	2	21	24	0.51

Forbearance

Nationwide is 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 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.

Gross balances subject to forbearance (note i) - Group		
	2025	2024
	£m	£m
Total forbearance	**659**	184
Of which stage 2	**382**	102
Of which stage 3 or POCI	**277**	82
Total forbearance as a % of total gross balances	**4.4**	3.6
Total impairment provision on forborne loans	**42**	23

Note:
i. Balances include the fair value adjustment for micro hedged risk.

Gross balances subject to forbearance (excluding FVTPL) have increased to £659 million (2024: £184 million), including £481 million of Virgin Money balances. Nationwide sub-group forbearance balances remain broadly unchanged at £178 million (2024: £184 million).

Credit risk – Treasury assets

Summary

The treasury portfolio is held primarily for operational purposes, liquidity management and, in the case of derivatives, for market risk management. As at 31 March 2025, treasury assets represented 17.6% (2024: 21.7%) of total assets. Treasury asset balances are set out below.

Treasury asset balances - Group

(Audited)	Classification	2025 £m	2024 (note i) £m
Cash and balances at central banks	Amortised cost	**29,483**	25,231
Loans and advances to banks and similar institutions (note ii)	Amortised cost	**1,810**	918
Investment securities (note iii)	FVOCI	**28,658**	26,522
Investment securities (note iii)	FVTPL	**5**	6
Investment securities	Amortised cost	**-**	4
Liquidity and investment portfolio		**59,956**	52,681
Derivative instruments (note iv)	FVTPL	**4,742**	6,290
Treasury assets		**64,698**	58,971

Notes:
i. Comparatives have been restated as detailed in note 1 to the financial statements.
ii. The majority of this balance is collateral placed with the Bank of England to cover requirements for payments systems.
iii. Investment securities at FVOCI include £60 million (2024: £57 million) and investment securities at FVTPL include £5 million (2024: £6 million) which relate to investments not included within the Group's liquidity portfolio. These investments primarily relate to investments made in Fintech companies which are being held for strategic purposes.
iv. Derivatives are classified as assets where their fair value is positive and liabilities where their fair value is negative. As at 31 March 2025, derivative liabilities were £1,547 million (2024: £1,451 million).

Investment activity remains focused on high-quality liquid assets, which includes assets eligible for central bank operations. Derivatives are used to economically hedge financial risks inherent in core lending and funding activities and are not used for trading or speculative purposes.

Managing treasury credit risks

Credit risk within the treasury portfolio predominantly arises from the government and supranational bonds held to meet liquidity requirements. In addition, counterparty credit risk arises from the use of derivatives to reduce exposure to market risks; these are only transacted with highly-rated institutions and are collateralised using standard documentation. Standardised derivatives are cleared though a central clearing counterparty (CCP).

There were no impairment losses for the period ended 31 March 2025 (2024: £nil). All treasury assets within the Group's liquidity portfolio are classified as stage 1, reflecting the strong and stable credit quality of the Group's treasury assets.

Liquidity and investment portfolio

The tables below show the breakdown of the Group and Society liquidity and investment portfolios.

Liquidity and investment portfolio - Group										
2025		**By credit rating (note i)**				**By geographical region**				
		AAA	**AA**	**A**	**Below A**	**UK**	**US & Canada**	**Europe**	**Japan**	**Other**
(Audited)	**£m**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Liquid assets:										
Cash and balances at central banks	29,483	-	100	-	-	100	-	-	-	-
Government bonds (note iii)	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	-	-
Other asset backed securities	157	100	-	-	-	100	-	-	-	-
Liquid assets total	**57,681**	**16**	**81**	**3**	**-**	**70**	**12**	**7**	**3**	**8**
Other securities (note iv):										
RMBS FVOCI	400	100	-	-	-	100	-	-	-	-
RMBS amortised cost	-	-	-	-	-	-	-	-	-	-
Other investments (note v)	65	-	-	-	100	99	-	1	-	-
Other securities total	**465**	**86**	**-**	**-**	**14**	**100**	**-**	**-**	**-**	**-**
Loans and advances to banks and similar institutions	1,810	-	50	50	-	71	21	8	-	-
Total	**59,956**	**16**	**79**	**5**	**-**	**70**	**12**	**7**	**3**	**8**

Liquidity and investment portfolio - Society										
2025		**By credit rating (note i)**				**By geographical region**				
		AAA	**AA**	**A**	**Below A**	**UK**	**US & Canada**	**Europe**	**Japan**	**Other**
(Audited)	**£m**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Liquid assets:										
Cash and balances at central banks	18,601	-	100	-	-	100	-	-	-	-
Government bonds (note iii)	15,388	7	81	12	-	35	35	18	12	-
Supranational bonds	2,929	46	54	-	-	-	-	-	-	100
Covered bonds	2,807	100	-	-	-	44	33	18	-	5
Residential mortgage backed securities (RMBS)	721	100	-	-	-	54	-	46	-	-
Other asset backed securities	156	100	-	-	-	100	-	-	-	-
Liquid assets total	**40,602**	**15**	**80**	**5**	**-**	**63**	**16**	**9**	**4**	**8**
Other securities (note iv):										
RMBS FVOCI	400	100	-	-	-	100	-	-	-	-
RMBS amortised cost	-	-	-	-	-	-	-	-	-	-
Other investments (note v)	1	-	-	-	100	100	-	-	-	-
Other securities total	**401**	**100**	**-**	**-**	**-**	**100**	**-**	**-**	**-**	**-**
Loans and advances to banks and similar institutions	1,339	-	46	54	-	62	28	10	-	-
Total	**42,342**	**16**	**78**	**6**	**-**	**64**	**16**	**9**	**4**	**7**

Liquidity and investment portfolio - Group

2024 (note ii)		By credit rating (note i)				By geographical region				
		AAA	AA	A	Below A	UK	US & Canada	Europe	Japan	Other
(Audited)	£m	%	%	%	%	%	%	%	%	%
Liquid assets:										
Cash and balances at central banks	25,231	-	100	-	-	100	-	-	-	-
Government bonds (note iii)	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	-	-
Other asset backed securities	137	100	-	-	-	100	-	-	-	-
Liquid assets total	51,152	12	83	5	-	67	15	7	4	7
Other securities (note iv):										
RMBS FVOCI	544	100	-	-	-	100	-	-	-	-
RMBS amortised cost	4	100	-	-	-	100	-	-	-	-
Other investments (note v)	63	-	-	-	100	100	-	-	-	-
Other securities total	611	90	-	-	10	100	-	-	-	-
Loans and advances to banks and similar institutions	918	-	34	66	-	47	42	11	-	-
Total	52,681	13	81	6	-	68	15	7	4	6

Notes:
i. Ratings used are obtained from S&P Global, Moody's or Fitch.
ii. Comparatives have been restated as detailed in note 1 to the financial statements.
iii. Balances classified as government bonds include government guaranteed, agency and government sponsored bonds.
iv. Includes RMBS (UK buy to let and UK non-conforming) not eligible for the Liquidity Coverage Ratio (LCR).
v. Includes investment securities held at FVTPL of £5 million (2024: £6 million).

Derivative financial instruments

Derivatives are used for market risk management, and not for trading or speculative purposes, although the application of accounting rules can create volatility in the income statement in an individual financial year. The fair value of derivative assets at 31 March 2025 was £4.7 billion (2024: £6.3 billion) and the fair value of derivative liabilities was £1.5 billion (2024: £1.5 billion).

Derivatives are transacted with counterparties under an International Swaps and Derivatives Association (ISDA) Master Agreement with a Credit Support Annex (CSA) always executed in conjunction with the ISDA Master Agreement. The legal agreements grant the legal right of set-off and allow the netting of positions and exchange of collateral between counterparties, which can reduce net derivative credit exposure.

This table shows the exposure to counterparty credit risk for derivative contracts after netting benefits and collateral. The £13 million of unrated derivative exposure relates to Virgin Money's business banking activities.

Derivative credit exposure by credit rating – Group

	2025				2024			
	AA	**A**	**Unrated**	**Total**	AA	A	Unrated	Total
(Audited)	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Derivative assets as per balance sheet	**1,209**	**3,520**	**13**	**4,742**	584	5,706	-	6,290
Netting benefits	**(408)**	**(828)**	**-**	**(1,236)**	(156)	(1,109)	-	(1,265)
Net current credit exposure	**801**	**2,692**	**13**	**3,506**	428	4,597	-	5,025
Collateral (cash)	**(796)**	**(2,671)**	**-**	**(3,467)**	(422)	(4,587)	-	(5,009)
Net derivative credit exposure	**5**	**21**	**13**	**39**	6	10	-	16

Liquidity and funding risk

Summary

Liquidity risk is the risk that the Group is unable to meet its liabilities as they fall due and maintain member and other stakeholder confidence. Funding risk is the risk that the Group is 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.

The Group's Liquidity Coverage Ratio (LCR), which averaged 174% over the 12 months ended 31 March 2025 (2024: 191%), demonstrates that sufficient high-quality liquid assets are held to survive a short-term severe but plausible liquidity stress. The Group continues to manage liquidity against internal risk appetite which is more prudent than regulatory requirements.

The position against the longer-term funding metric, the Net Stable Funding Ratio (NSFR), is also monitored. The Group's average NSFR for the four quarters ended 31 March 2025 was 147% (2024: 151%), well in excess of the 100% minimum regulatory requirement.

Following the acquisition of Virgin Money UK PLC, the Nationwide sub-group and Virgin Money sub-group continue to manage liquidity risk on an independent basis, including meeting all regulatory requirements. Each sub-group holds sufficient liquid assets, both in terms of amount and quality, to meet their individual daily cash flow needs as well as simulated stressed requirements driven by the Group's risk appetite and regulatory assessments.

Managing liquidity and funding risk

Liquidity and funding risks are managed within a comprehensive risk framework which includes policies, strategy, limit setting and monitoring, stress testing and robust governance controls. This framework ensures that the Group and its sub-groups maintain stable and diverse funding sources and a sufficient holding of high-quality liquid assets such that there is no significant risk that liabilities cannot be met as they fall due.

The Group's management of liquidity and funding risks aims to ensure that there are sufficient liquid assets at all times, in both amount and quality, to:

- cover cash flow mismatches and fluctuations in funding;
- retain public confidence; and
- meet financial obligations as they fall due, even during episodes of stress.

The liquidity and funding risk framework is reviewed by the Board as part of the annual Internal Liquidity Adequacy Assessment Process (ILAAP). Each sub-group's Assets and Liabilities Committee (ALCO) is responsible for managing the balance sheet structure and risk for the sub-group, within limits defined by Group risk appetite. Cash flow forecasts are maintained and reviewed weekly to support the separate sub-groups in monitoring key risk metrics. The framework also ensures the Group and its sub-groups maintain a prudent funding mix and maturity profile, and appropriate encumbrance levels.

A Group 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 regularly to ensure it remains robust. The Group Recovery Plan describes potential actions that could be utilised in a more extreme stress.

Outlook

The Group continues to hold a diversified high-quality liquid asset buffer which will evolve in line with its liquidity requirements. The Group's funding plans include a continued presence in wholesale funding markets. The approach to liquidity and funding risk management will continue to evolve as part of the integration of Virgin Money.

Liquidity risk

Liquidity strategy

Following the acquisition of Virgin Money UK PLC, the Nationwide sub-group and Virgin Money sub-group continue to manage their day-to-day liquidity requirements as separate businesses.

The Group's risk appetite, as set by the Board, defines the minimum size and mix of the liquid asset buffer and is translated into a set of risk appetite metrics and liquidity risk limits for each sub-group. Sufficient liquid assets, both in terms of amount and quality, are held to meet daily cash flow needs as well as simulated stressed requirements driven by the Group's risk appetite and regulatory assessments. This includes prudent management of the currency mix of liquid assets to ensure there is no undue reliance on currencies not consistent with the profile of stressed outflows.

Liquid assets are held and managed centrally by each sub-group's Treasury function. A high-quality liquidity portfolio is maintained, predominantly comprising reserves held at central banks and highly-rated debt securities issued by a restricted range of governments, central banks and supranationals. The Group also holds high-quality, central bank-eligible covered bonds, residential mortgage backed securities (RMBS) and asset-backed securities (ABS). Other securities are held that are not eligible for central bank operations but can be monetised through sale and repurchase (repo) agreements with third parties or through sale.

The Group undertakes securities financing transactions in the form of repo agreements. This demonstrates the liquid nature of the assets held in its liquid asset buffers as well as satisfying regulatory requirements.

For contingency purposes, each sub-group prepositions 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 Nationwide sub-group has met its most recent Environmental, Social and Governance (ESG) asset investment target of £2 billion. Nationwide's internal definition of ESG assets remains restricted to bonds issued by multilateral development banks, and green, social or sustainable-labelled bonds issued by selected governments.

Liquidity stress testing

To mitigate liquidity and funding risks generated by its business activities, the Group aims to maintain a liquid asset buffer of at least 100% of the anticipated outflows seen under internal stress test scenarios and the regulatory-prescribed LCR.

Potential contractual and behavioural stressed outflows are assessed across a range of liquidity risk drivers over 30 calendar days, with the key assumptions shown below. Internal stress assumptions are reviewed regularly, with changes approved by ALCO, and approved annually by the Board Risk Committee as part of the ILAAP. Assessments over other stress horizons are also performed and assessed against contingent liquidity resources.

Under the most severe internal 30 day stress test (a combined market-wide and firm-specific stress scenario), the average ratio of the liquid asset buffer to stressed net outflows over the 12 months ended 31 March 2025 remained within risk appetite.

Liquidity risk driver	Modelling assumptions used
Deposit funding	Significant unexpected outflows are experienced with no new deposits received.
Wholesale funding	Following a credit rating downgrade: • zero rollover of maturing long-term wholesale funding; • zero rollover of maturing short-term funding received from financial counterparties and partial roll-over from non-financial counterparties; and • no new wholesale funding received.
Off-balance sheet	Contractual outflows occur in relation to secured funding programmes and central derivatives clearing due to credit rating downgrades. Lending commitments continue to be met. Collateral outflows arise due to adverse movements in market rates. Expected inflows from mortgages, consumer, business and commercial loans are recognised.
Intra-day	Liquidity is needed to pre-fund outgoing payments.
Liquid assets	Asset values are reduced in recognition of the stressed conditions assumed.

Liquid assets

The tables below set out the sterling equivalent carrying value of the Group's liquid asset buffer, by asset class and by issuing currency. The liquid asset buffer includes off-balance sheet liquidity, such as securities received through reverse repo agreements, and excludes securities encumbered through repo agreements and for other purposes.

LCR eligible assets (note i) – Group

	2025			2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	£bn	£bn	£bn	£bn	£bn	£bn
Cash and balances at central banks	25.9	-	25.9	23.5	-	23.5
Government and supranational bonds (note ii)	17.0	2.0	19.0	16.2	2.8	19.0
Covered bonds	2.3	2.4	4.7	1.1	1.8	2.9
RMBS and ABS	-	0.9	0.9	-	0.8	0.8
Total LCR eligible assets	**45.2**	**5.3**	**50.5**	40.8	5.4	46.2

LCR eligible assets by currency (note i) – Group

	2025					2024				
	GBP	EUR	USD	Other (note iii)	Total	GBP	EUR	USD	Other (note iii)	Total
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Total LCR eligible assets	**36.9**	**7.2**	**4.3**	**2.1**	**50.5**	31.8	6.1	5.5	2.8	46.2

Notes:
i. Prior year comparatives have been restated to exclude holdings of non-LCR eligible assets.
ii. Government bonds include regional governments, government guaranteed, agency and government sponsored bonds. Supranational bonds are multilateral development bank and international organisations.
iii. Other currencies primarily consist of Canadian dollars and Japanese yen.

The Group's holdings of LCR eligible high-quality liquid assets averaged £54.5 billion, post any liquidity haircuts, for the 12 months ended 31 March 2025 (2024: £56.1 billion). Further details can be found in the Group's annual Pillar 3 Disclosure 2025 at **nationwide.co.uk**

Funding risk

Funding strategy

Nationwide's funding strategy is to be predominantly funded by deposits from individuals, as set out below.

Funding profile (note i) – Group					
Assets	**2025**	2024	**Members' interests, equity and liabilities**	**2025**	2024
(note ii)	**£bn**	£bn		**£bn**	£bn
Residential mortgages	**275.6**	204.1	Customer deposits – individuals	**260.9**	193.4
Treasury assets (including liquidity portfolio)	**60.0**	52.7	Customer deposits – business	**20.9**	4.2
Business and commercial lending	**15.0**	5.5	Wholesale funding (note iii)	**57.4**	51.4
Consumer lending	**10.3**	3.8	Other liabilities	**5.6**	3.2
Other assets	**7.0**	6.0	Capital and reserves (note iv)	**23.1**	19.9
Total	**367.9**	272.1	**Total**	**367.9**	272.1

Notes:
i. Comparatives have been restated as detailed in note 1 to the financial statements.
ii. Figures are stated net of impairment provisions where applicable.
iii. Includes debt securities in issue, deposits from banks and other non-customer deposits. Comparatives have been restated to exclude deposits from business customers which are now presented separately.
iv. Includes all subordinated liabilities and subscribed capital.

At 31 March 2025, the Group's loan to deposit ratio, which represents loans and advances to customers divided by the total of shares and other deposits, was 106.7% (2024: 107.9%).

The non-member funding ratio (funding from sources other than Nationwide member deposits as a proportion of total funding liabilities) at 31 March 2025 was 37.3% (2024: 22.5%). The main driver of the increase is the inclusion of Virgin Money balances within non-member funding.[1]

Wholesale funding

The wholesale funding portfolio comprises a range of secured and unsecured instruments to ensure that a stable and diversified funding base is maintained across a range of instruments, currencies, maturities, and investor types. Part of the Group's wholesale funding strategy is to remain active in core markets and currencies. A funding risk limit framework also ensures that a prudent funding mix and maturity concentration profile is maintained and limits the level of encumbrance to ensure enough contingent funding capacity is retained in the event of a stress.

Wholesale funding has increased by £6.0 billion to £57.4 billion during the period, primarily due to the acquisition of Virgin Money UK PLC offset by repayment of drawings from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME). The Nationwide sub-group has fully repaid its TFSME drawings, while the Virgin Money sub-group has £0.9 billion remaining.

[1] Non-member funding comprises deposits from Virgin Money customers, business deposits and certain on-balance sheet wholesale funding items.

The table below sets out the Group's wholesale funding and subordinated liabilities by currency.

Currency composition of wholesale funding and subordinated liabilities - Group	**2025**					2024				
	GBP	**EUR**	**USD**	**Other**	**Total**	GBP	EUR	USD	Other	Total
	£bn	**£bn**	**£bn**	**£bn**	**£bn**	£bn	£bn	£bn	£bn	£bn
Repos	**1.2**	**0.2**	**0.1**	**-**	**1.5**	0.1	1.7	0.1	-	1.9
Deposits (note i)	**3.8**	**-**	**-**	**-**	**3.8**	5.5	-	-	-	5.5
Certificates of deposit	**1.8**	**-**	**-**	**-**	**1.8**	1.5	-	-	-	1.5
Commercial paper	**0.1**	**-**	**0.6**	**-**	**0.7**	-	-	-	-	-
Covered bonds	**9.1**	**9.6**	**1.2**	**1.3**	**21.2**	5.7	7.4	1.2	1.2	15.5
Securitisations	**5.0**	**-**	**-**	**-**	**5.0**	1.9	-	0.1	-	2.0
Senior preferred	**3.1**	**7.0**	**3.6**	**1.2**	**14.9**	1.5	5.9	2.9	1.3	11.6
Senior non-preferred (note ii)	**1.8**	**2.7**	**3.2**	**0.5**	**8.2**	0.8	0.9	3.2	0.5	5.4
TFSME	**0.9**	**-**	**-**	**-**	**0.9**	9.3	-	-	-	9.3
Other (notes ii and iii)	**-**	**(0.5)**	**(0.1)**	**-**	**(0.6)**	-	(0.9)	(0.3)	(0.1)	(1.3)
Total of wholesale funding	**26.8**	**19.0**	**8.6**	**3.0**	**57.4**	26.3	15.0	7.2	2.9	51.4
Subordinated liabilities (notes ii and iv)	**0.8**	**0.4**	**1.2**	**-**	**2.4**	-	0.9	1.2	-	2.1

Notes:
i. Comparatives for deposits have been restated to exclude business customer deposits which are now presented separately from wholesale funding in the funding profile table on page 174.
ii. Comparatives for senior non-preferred notes have been reclassified from subordinated liabilities and are now shown as a separate item within wholesale funding.
iii. The figure shown for Other consists of fair value adjustments to debt securities in issue for micro hedged risks.
iv. Subordinated liabilities include fair value hedge accounting adjustments.

The following table sets out the Group's residual maturity of wholesale funding, on a contractual maturity basis.

At 31 March 2025, cash, government bonds and supranational bonds included in the liquid asset buffer represented 316% (2024: 278%[2]) of wholesale funding maturing in less than one year, assuming no rollovers.

[2] Prior year comparative has been restated to exclude £4.2 billion of deposits from business customers which are no longer classified as wholesale funding.

Wholesale funding – residual maturity - Group

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**	**Subtotal less than one year**	**Over one year but not more than two years**	**Over two years**	**Total**
	£bn	**£bn**	**£bn**	**£bn**	**£bn**	**£bn**	**£bn**	**£bn**
Repos	**1.5**	**-**	**-**	**-**	**1.5**	**-**	**-**	**1.5**
Deposits (note i)	**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**
Securitisations	**0.1**	**0.1**	**0.1**	**0.2**	**0.5**	**0.9**	**3.6**	**5.0**
Senior preferred	**0.1**	**0.4**	**2.5**	**0.4**	**3.4**	**3.1**	**8.4**	**14.9**
Senior non-preferred (note ii)	**0.1**	**-**	**-**	**-**	**0.1**	**4.3**	**3.8**	**8.2**
TFSME	**-**	**-**	**-**	**-**	**-**	**0.9**	**-**	**0.9**
Other (notes ii and iii)	**-**	**-**	**-**	**-**	**-**	**-**	**(0.6)**	**(0.6)**
Total of wholesale funding	**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**	**100.0**

Wholesale funding – residual maturity - Group

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	Subtotal less than one year	Over one year but not more than two years	Over two years	Total
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Repos	1.9	-	-	-	1.9	-	-	1.9
Deposits (note i)	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
Securitisations	0.1	-	-	0.1	0.2	0.2	1.6	2.0
Senior preferred	-	0.1	0.1	0.8	1.0	3.2	7.4	11.6
Senior non-preferred (note ii)	-	-	-	-	-	4.5	0.9	5.4
TFSME	-	-	-	4.0	4.0	5.3	-	9.3
Other (notes ii and iii)	-	-	-	-	-	(0.2)	(1.1)	(1.3)
Total of wholesale funding	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

Notes:

i. Comparatives for deposits have been restated to exclude business customer deposits which are now presented separately from wholesale funding in the funding profile table on page 174.

ii. Comparatives for senior non-preferred notes have been reclassified from subordinated liabilities and are now shown as a separate item within wholesale funding.

iii. The figure shown for Other consists of fair value adjustments to debt securities in issue for micro hedged risks.

Residual maturity of financial assets and liabilities

The table below segments the carrying value of financial assets and financial liabilities into relevant maturity groupings based on the final contractual maturity date (residual maturity). This gives rise to funding mismatches on the balance sheet. In practice, customer behaviours mean that liabilities are often retained for longer than their contractual maturities and assets are repaid earlier. The balance sheet structure and risks are managed and monitored by each sub-group's ALCO within Group risk appetite. Judgement and past behavioural performance of each asset and liability class are used to forecast likely cash flow requirements.

Residual maturity (note i) - Group									
2025	**Due less than one month (note ii)**	**Due between one and three months**	**Due between three and six months**	**Due between six and nine months**	**Due between nine and twelve months**	**Due between one and two years**	**Due between two and five years**	**Due after more than five years**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Financial assets									
Cash and balances at central banks (note iii)	29,483	-	-	-	-	-	-	-	29,483
Loans and advances to banks and similar institutions (note iii)	1,676	-	-	-	-	-	-	134	1,810
Investment securities	207	411	515	381	966	2,237	9,117	14,829	28,663
Derivative financial instruments	13	95	611	172	265	1,153	727	1,706	4,742
Fair value adjustment for portfolio hedged risk	(19)	(17)	(90)	(57)	(108)	(703)	(819)	(224)	(2,037)
Loans and advances to customers (note iv)	3,271	10,434	2,997	2,812	2,783	10,821	31,171	236,600	300,889
Total financial assets	34,631	10,923	4,033	3,308	3,906	13,508	40,196	253,045	363,550
Financial liabilities									
Shares	151,469	9,128	15,934	16,369	10,294	2,611	811	812	207,428
Deposits from banks and similar institutions	5,143	-	10	-	-	900	-	-	6,053
Of which repo	1,535	-	10	-	-	-	-	-	1,545
Of which TFSME	10	-	-	-	-	900	-	-	910
Other deposits	52,358	3,858	8,952	4,131	3,985	1,252	131	-	74,667
Fair value adjustment for portfolio hedged risk	-	4	8	7	7	1	-	-	27
Secured funding (note v)	111	175	353	403	1,932	6,057	11,180	5,632	25,843
Unsecured funding (notes v and vii)	1,569	1,337	2,561	377	39	3,320	12,127	3,936	25,266
Of which MREL resources	45	1	41	23	19	1,079	5,910	3,632	10,750
Derivative financial instruments	13	16	98	24	29	296	545	526	1,547
Subordinated liabilities (notes v and vii)	25	7	2	-	-	843	-	1,567	2,444
Subscribed capital (notes vi and vii)	-	-	1	-	-	-	-	128	129
Total financial liabilities	210,688	14,525	27,919	21,311	16,286	15,280	24,794	12,601	343,404
Off-balance sheet commitments (note viii)									
Financial guarantees	5	7	14	7	12	13	5	37	100
Other commitments	19,363	-	-	-	-	-	-	-	19,363
Net liquidity difference	(195,425)	(3,609)	(23,900)	(18,010)	(12,392)	(1,785)	15,397	240,407	683
Cumulative liquidity difference	(195,425)	(199,034)	(222,934)	(240,944)	(253,336)	(255,121)	(239,724)	683	-

Residual maturity (note i) - Group									
2024	Due less than one month (note ii)	Due between one and three months	Due between three and six months	Due between six and nine months	Due between nine and twelve months	Due between one and two years	Due between two and five years	Due after more than five years	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets									
Cash and balances at central banks (note iii)	25,231	-	-	-	-	-	-	-	25,231
Loans and advances to banks and similar institutions (note iii)	818	-	-	-	-	-	-	100	918
Investment securities	58	212	272	239	325	2,016	10,639	12,771	26,532
Derivative financial instruments	20	41	51	11	276	1,736	2,170	1,985	6,290
Fair value adjustment for portfolio hedged risk	(41)	(18)	(140)	(185)	(171)	(814)	(1,698)	(263)	(3,330)
Loans and advances to customers (note iv)	1,249	2,878	1,953	1,925	1,927	7,664	22,460	173,384	213,440
Total financial assets	27,335	3,113	2,136	1,990	2,357	10,602	33,571	187,977	269,081
Financial liabilities									
Shares	139,238	4,595	14,887	12,006	8,486	12,126	1,128	900	193,366
Deposits from banks and similar institutions	7,129	7	1	1	3,980	5,270	-	-	16,388
Of which repo	1,943	-	-	-	-	-	-	-	1,943
Of which TFSME	-	4	-	-	3,980	5,270	-	-	9,254
Other deposits	1,283	1,585	1,167	223	192	75	5	-	4,530
Fair value adjustment for portfolio hedged risk	1	3	16	17	7	6	-	-	50
Secured funding (note v)	176	533	49	54	659	1,652	7,663	6,488	17,274
Unsecured funding (notes v and vii)	1,557	75	92	35	748	3,928	9,622	1,418	17,475
Of which MREL resources	30	2	16	15	-	828	3,433	826	5,150
Derivative financial instruments	21	42	43	-	59	158	574	554	1,451
Subordinated liabilities (notes v and vii)	7	-	13	-	-	-	832	1,223	2,075
Subscribed capital (notes vi and vii)	1	-	1	-	-	-	-	171	173
Total financial liabilities	149,413	6,840	16,269	12,336	14,131	23,215	19,824	10,754	252,782
Off-balance sheet commitments (note viii)									
Other commitments	13,344	-	-	-	-	-	-	-	13,344
Net liquidity difference	(135,422)	(3,727)	(14,133)	(10,346)	(11,774)	(12,613)	13,747	177,223	2,955
Cumulative liquidity difference	(135,422)	(139,149)	(153,282)	(163,628)	(175,402)	(188,015)	(174,268)	2,955	-

Notes:

i. 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. Further information on lease liabilities is shown in note 28 to the financial statements.

ii. Due less than one month includes amounts repayable on demand.

iii. Comparatives have been restated to reflect presentational changes to the Group's financial statements required to facilitate alignment of accounting policies across the Group. For further information see note 1 to the financial statements.

iv. Credit card outstanding balances have been moved from due less than one month to due between one and three months; balances of £1,557 million have been restated for this change in the prior period.

v. The balance sheet amount for debt securities in issue is split into secured funding and unsecured funding in this table. Senior non-preferred notes were previously reported in subordinated liabilities. They have been reclassified to debt securities in issue and are now presented in unsecured funding in this table.

vi. The principal amount for undated subscribed capital is included within the due after more than five years column.

vii. Unsecured funding, subordinated liabilities and subscribed capital may include early redemption features.

viii. 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. Further information on commitments is shown in note 29 to the financial statements.

Financial liabilities – gross undiscounted contractual cash flows

The tables below provide an analysis of gross contractual cash flows. In the prior year, as the majority of the Group's liabilities were owed by the Society, only a Group table is presented. The totals differ from the analysis of residual maturity as they include estimated future interest payments, calculated using balances outstanding at the balance sheet date, contractual maturities, and appropriate forward-looking interest rates.

Amounts are allocated to the relevant maturity band based on the timing of individual contractual cash flows.

Gross contractual cash flows (note i) – Group

2025	**Due less than one month (note ii)**	**Due between one and three months**	**Due between three and six months**	**Due between six and nine months**	**Due between nine and twelve months**	**Due between one and two years**	**Due between two and five years**	**Due after more than five years**	**Total**
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Shares	151,470	9,684	16,354	16,616	10,397	2,738	958	812	209,029
Deposits from banks and similar institutions	5,142	-	20	10	9	933	-	-	6,114
Other deposits	52,406	3,917	9,189	4,200	4,052	1,289	133	-	75,186
Secured funding (note iii)	134	244	520	611	2,178	6,848	12,316	6,647	29,498
Unsecured funding (notes iii and iv)	1,579	1,352	2,745	497	307	4,115	13,535	4,644	28,774
Subordinated liabilities (note iii and iv)	26	12	21	20	21	974	312	1,813	3,199
Subscribed capital (notes iv and v)	-	-	4	-	4	8	25	127	168
Total non-derivative financial liabilities	**210,757**	**15,209**	**28,853**	**21,954**	**16,968**	**16,905**	**27,279**	**14,043**	**351,968**
Derivative financial liabilities:									
Gross settled derivative outflows	296	635	1,508	826	755	6,351	12,454	8,433	31,258
Gross settled derivative inflows	(242)	(572)	(1,342)	(708)	(642)	(5,836)	(12,023)	(8,735)	(30,100)
Gross settled derivatives – net flows	54	63	166	118	113	515	431	(302)	1,158
Net settled derivative liabilities (note vi)	20	3	28	31	(21)	17	176	246	500
Total derivative financial liabilities	**74**	**66**	**194**	**149**	**92**	**532**	**607**	**(56)**	**1,658**
Total financial liabilities	**210,831**	**15,275**	**29,047**	**22,103**	**17,060**	**17,437**	**27,886**	**13,987**	**353,626**
Off-balance sheet commitments (note vii)									
Financial guarantees	5	7	14	7	12	13	5	37	100
Other commitments	19,363	-	-	-	-	-	-	-	19,363
Total financial liabilities including off-balance sheet commitments	**230,199**	**15,282**	**29,061**	**22,110**	**17,072**	**17,450**	**27,891**	**14,024**	**373,089**

Gross contractual cash flows (note i) – Society

2025 *(Audited)*	**Due less than one month (note ii)** £m	**Due between one and three months** £m	**Due between three and six months** £m	**Due between six and nine months** £m	**Due between nine and twelve months** £m	**Due between one and two years** £m	**Due between two and five years** £m	**Due after more than five years** £m	**Total** £m
Shares	151,470	9,684	16,354	16,616	10,397	2,738	958	812	209,029
Deposits from banks and similar institutions	5,096	-	-	-	-	-	-	-	5,096
Other deposits	1,562	1,376	1,394	76	128	17	6	-	4,559
Secured funding (note iii)	48	112	304	415	1,209	3,847	6,546	6,647	19,128
Unsecured funding (notes iii and iv)	1,567	1,352	2,716	478	245	3,136	11,661	4,644	25,799
Subordinated liabilities (note iii and iv)	26	-	17	8	17	915	117	963	2,063
Subscribed capital (notes iv and v)	-	-	4	-	4	8	25	127	168
Total non-derivative financial liabilities	159,769	12,524	20,789	17,593	12,000	10,661	19,313	13,193	265,842
Derivative financial liabilities:									
Gross settled derivative outflows	233	583	1,421	738	682	5,020	11,017	7,943	27,637
Gross settled derivative inflows	(188)	(519)	(1,274)	(648)	(597)	(4,609)	(10,659)	(8,232)	(26,726)
Gross settled derivatives – net flows	45	64	147	90	85	411	358	(289)	911
Net settled derivative liabilities (note vi)	19	4	20	23	(28)	2	140	226	406
Total derivative financial liabilities	64	68	167	113	57	413	498	(63)	1,317
Total financial liabilities	159,833	12,592	20,956	17,706	12,057	11,074	19,811	13,130	267,159
Off-balance sheet commitments (note vii)									
Financial guarantees	-	-	-	-	-	-	-	-	-
Other commitments	11,754	-	-	-	-	900	-	-	12,654
Total financial liabilities including off-balance sheet commitments	171,587	12,592	20,956	17,706	12,057	11,974	19,811	13,130	279.813

Gross contractual cash flows (note i) – Group									
2024	Due less than one month (note ii)	Due between one and three months	Due between three and six months	Due between six and nine months	Due between nine and twelve months	Due between one and two years	Due between two and five years	Due after more than five years	Total
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m	£m
Shares	139,238	5,206	15,376	12,327	8,679	12,442	1,284	900	195,452
Deposits from banks and similar institutions	7,129	128	122	122	4,067	5,281	-	-	16,849
Other deposits	1,283	1,612	1,179	227	194	77	5	-	4,577
Secured funding (note iii)	191	564	153	208	835	2,238	8,740	7,222	20,151
Unsecured funding (notes iii and iv)	1,563	89	200	146	901	4,563	10,837	2,125	20,424
Subordinated liabilities (note iii and iv)	8	-	35	8	18	69	998	1,342	2,478
Subscribed capital (notes iv and v)	1	-	4	1	4	11	33	188	242
Total non-derivative financial liabilities	149,413	7,599	17,069	13,039	14,698	24,681	21,897	11,777	260,173
Derivative financial liabilities:									
Gross settled derivative outflows	366	841	1,328	268	1,216	3,085	11,863	7,758	26,725
Gross settled derivative inflows	(314)	(787)	(1,256)	(219)	(1,150)	(2,906)	(11,480)	(7,670)	(25,782)
Gross settled derivatives – net flows	52	54	72	49	66	179	383	88	943
Net settled derivative liabilities (note vi)	33	16	43	84	(40)	57	343	160	696
Total derivative financial liabilities	85	70	115	133	26	236	726	248	1,639
Total financial liabilities	149,498	7,669	17,184	13,172	14,724	24,917	22,623	12,025	261,812
Off-balance sheet commitments (note vii)									
Financial guarantees	-	-	-	-	-	-	-	-	-
Other commitments	13,344	-	-	-	-	-	-	-	13,344
Total financial liabilities including off-balance sheet commitments	162,842	7,669	17,184	13,172	14,724	24,917	22,623	12,025	275,156

Notes:

i. The analysis excludes certain financial liabilities relating to trade payables and settlement balances which are generally short-term in nature, and lease liabilities. Further information on lease liabilities is shown in note 28 to the financial statements.

ii. Due less than one month includes amounts repayable on demand.

iii. The balance sheet amount for debt securities in issue is split into secured funding and unsecured funding in this table. Senior non-preferred notes were previously reported in subordinated liabilities. They have been reclassified to debt securities in issue and are now shown under unsecured funding in this table.

iv. Unsecured funding, subordinated liabilities and subscribed capital may include early redemption features.

v. The principal amount for undated subscribed capital is included within the due after more than five years column.

vi. Cashflows from derivative assets and liabilities, and corresponding collateral balances which meet the criteria for offset in the balance sheet, are included on a net basis, with only the residual cash flows payable reflected. Comparative information has been restated to reflect this approach. Also included in this line are the residual cash flows from net settled derivatives that do not have an unconditional right of offset. Further information is detailed in note 24 to the financial statements.

vii. 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.

Asset encumbrance

Encumbrance arises where assets are pledged as collateral against secured funding and other obligations and therefore cannot be used for other purposes. An analysis of the Group's encumbered and unencumbered on-balance sheet assets is set out below.

Asset encumbrance – Group										
2025	**Assets encumbered as a result of transactions with counterparties other than central banks**				**Other assets (comprising assets encumbered at the central bank and unencumbered assets)**					**Total**
						Assets not positioned at the central bank				
	As a result of covered bonds	**As a result of securitisations**	**Other**	**Total**	**Assets positioned at the central bank (i.e. prepositioned plus encumbered)**	**Readily available for encumbrance**	**Other assets that are capable of being encumbered**	**Cannot be encumbered**	**Total**	
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Cash and balances at central banks	**480**	**463**	**-**	**943**	**3,753**	**24,585**	**-**	**202**	**28,540**	**29,483**
Loans and advances to banks and similar institutions	**-**	**242**	**471**	**713**	**-**	**89**	**-**	**1,008**	**1,097**	**1,810**
Investment securities (note i)	**-**	**-**	**4,463**	**4,463**	**-**	**24,136**	**-**	**64**	**24,200**	**28,663**
Derivative financial instruments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,742**	**4,742**	**4,742**
Loans and advances to customers (note ii)	**32,739**	**19,353**	**-**	**52,092**	**96,928**	**62,369**	**89,106**	**394**	**248,797**	**300,889**
Non-financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,327**	**4,327**	**4,327**
Fair value adjustment for portfolio hedged risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,037)**	**(2,037)**	**(2,037)**
Total	**33,219**	**20,058**	**4,934**	**58,211**	**100,681**	**111,179**	**89,106**	**8,700**	**309,666**	**367,877**
2024 (note iii)	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash	558	394	-	952	1,449	22,625	-	205	24,279	25,231
Loans and advances to banks and similar institutions	-	-	352	352	-	52	-	514	566	918
Investment securities (note i)	-	-	3,873	3,873	-	22,596	-	63	22,659	26,532
Derivative financial instruments	-	-	-	-	-	-	-	6,290	6,290	6,290
Loans and advances to customers (note ii)	23,581	7,321	-	30,902	67,206	51,983	62,999	350	182,538	213,440
Non-financial assets	-	-	-	-	-	-	-	3,006	3,006	3,006
Fair value adjustment for portfolio hedged risk	-	-	-	-	-	-	-	(3,330)	(3,330)	(3,330)
Total	24,139	7,715	4,225	36,079	68,655	97,256	62,999	7,098	236,008	272,087

Notes:
i. Encumbered investment securities primarily relate to repo transactions and collateral pledged for derivatives.
ii. Loans and advances to customers 'readily available for encumbrance' are expected to be immediately eligible to use in existing secured funding programmes or at the central bank. Any fair value micro hedge balance is reported as 'cannot be encumbered'. Mortgages pledged include £15.2 billion (2024: £6.3 billion) in the covered bond and securitisation programmes that are in excess of the amount contractually required to support notes in issue.
iii. Comparatives have been restated as detailed in note 1 to the financial statements.

The majority of asset encumbrance arises from the use of residential mortgage pools to collateralise the covered bond and securitisation programmes. Further information is included in note 14 to the financial statements.

Certain unencumbered assets are readily available to secure funding or meet collateral requirements. These include cash and securities held in the liquid asset buffer and residential mortgages eligible for use in existing secured funding programmes or at the central bank. Other unencumbered assets, such as other residential mortgages, business and commercial loans and consumer lending, are capable of being encumbered with a degree of further management action. Assets which do not fall into either of these categories are classified as not being capable of being encumbered.

External credit ratings

The Group's long-term and short-term credit ratings are shown in the table below.

Credit ratings	Long-term	Short-term	Date of last rating action / confirmation	Outlook
Nationwide Building Society				
S&P Global	**A+**	**A-1**	**March 2024**	**Stable**
Moody's	**A1**	**P-1**	**September 2024**	**Stable**
Fitch	**A**	**F1**	**November 2024**	**Stable**
Virgin Money				
S&P Global	**BBB**	**A-2**	**October 2024**	**Stable**
Moody's	**A3**	**P-2**	**September 2024**	**Stable**
Fitch	**A-**	**F1**	**October 2024**	**Stable**
Clydesdale Bank				
S&P Global	**A**	**A-1**	**October 2024**	**Stable**
Moody's	**A1**	**P-1**	**September 2024**	**Stable**
Fitch	**A-**	**F1**	**October 2024**	**Stable**

Collateral sensitivity

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 (4 April 2024: £nil) and £1.0 billion (4 April 2024: £0.7 billion) respectively.

Capital risk

Capital risk is the risk that the Group fails to maintain sufficient capital to absorb losses throughout a full economic cycle and sufficient to maintain the confidence of current and prospective investors, members, the Board, and regulators. Capital is held to protect customers, cover inherent risks, provide a buffer for stress events and support the business strategy. In assessing the adequacy of capital resources, risk appetite is considered in the context of the material risks to which the Group is exposed and the appropriate strategies required to manage those risks.

Managing capital risk

The Board is responsible for setting the Group's risk appetite with respect to capital risk, which is articulated through its risk appetite statements, and it defines minimum levels of capital surplus above regulatory requirements that it is willing to operate with. These are translated into specific Group risk metrics, which are monitored by the Board Risk Committee (BRC) and Group Risk Committee (GRC). Following the Virgin Money acquisition, capital is managed for the Nationwide and Virgin Money sub-groups through their respective Boards, BRCs, Assets and Liabilities Committees (ALCOs) and other internal management reviews.

The capital structure is managed across the Group through the governance arrangements outlined above, to ensure that the minimum regulatory requirements and the expectations of other key stakeholders continue to be met on a Group, sub-group and individual consolidation basis. As part of the risk appetite framework, strong capital ratios are targeted 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 through other comprehensive income reserve and defined benefit pension deficit) are all considered.

The capital strategy is to manage capital ratios through retained earnings, supplemented by external capital where appropriate. Since general reserves form the majority of capital resources, profitability is an important factor when considering the ability to meet capital requirements. Frameworks are in place to ensure that overall capital requirements are appropriately allocated, as well as performance monitoring activity for individual product segments. Following the Virgin Money acquisition, an internal capital framework has been established to enable capital to be transferred from the Nationwide sub-group to the Virgin Money sub-group. As at 31 March 2025, £0.8 billion of Common Equity Tier 1 (CET1) capital resources had been transferred in response to the impact of harmonisation of accounting policies and acquisition-related costs recognised in the Virgin Money sub-group, ensuring that the Virgin Money sub-group continues to maintain sufficient capital.

In line with the Group's capital management practices, opportunities are assessed and may be taken to reduce excess capital resources through liability management exercises, and the use of open market repurchases of core capital deferred shares (CCDS).

Capital is held to meet Pillar 1 requirements for credit, counterparty credit and operational risks. In addition, the Prudential Regulation Authority (PRA) requires firms to hold capital to meet Pillar 2A requirements which are firm-specific. This is a point-in-time estimate, set by the PRA on an annual basis, based on the submission of the results of the annual Internal Capital Adequacy Assessment Process (ICAAP). This process confirms the amount of capital required to be held to meet risks partly covered by Pillar 1 such as operational risk, and risks not covered by Pillar 1 such as pension and interest rate risks. The combination of Pillar 1 and Pillar 2A requirements form the Group's Total Capital Requirement (TCR).

The Group's latest Pillar 2A requirements were effective from October 2024 and were equivalent to 4.7% of risk weighted assets (RWAs) at 31 March 2025 (2024: 5.1% of RWA). This is equal to a capital requirement of £3.9 billion, of which at least £2.2 billion must be met by CET1 capital. The Pillar 2A percentage is above the majority of banking peers due to the low average RWA density of the Group's balance sheet, given that 81% (2024: 82%) of total assets, excluding central bank reserves, are in the form of secured residential mortgages.

To protect against the risk of falling below Pillar 1 and Pillar 2A requirements (thereby breaching TCR), firms are subject to regulatory capital buffers which are set out in UK Capital Requirements Directive V (UK CRD V). The PRA may set an additional firm-specific PRA buffer based upon supervisory judgement informed by the results of the Bank of England's stress testing scenarios. This Bank of England assessment considers the impacts of the stress scenarios on a firm's capital requirements and resources, and other factors including leverage, systemic importance and any weaknesses in firms' risk management and governance procedures. The ICAAP also considers appropriate internal capital buffers to ensure that the impact of a severe but plausible stress can be absorbed.

Stress testing

An assessment of potential vulnerabilities and available management actions is undertaken by considering a range of severe but plausible stressed scenarios by both Nationwide and Virgin Money sub-groups. These stress tests project capital resources and requirements over a multi-year horizon and cover a range of macroeconomic and idiosyncratic scenarios that test the most material risks to the individual sub-group business models. The combination of the sub-group stress testing scenarios supports the overall assessment of the Group's capital ratio resilience. The Group aims to maintain strong capital ratios in excess of regulatory minima under stressed conditions.

In 2023, the Bank of England confirmed it intended to run a desk-based stress test exercise in 2024, rather than an ACS (Annual Cyclical Scenario). The most recent Bank of England ACS (2022/23) tested the resilience of the UK banking system to deep simultaneous recessions in the UK and global economies, large falls in asset prices and higher global interest rates, as well as a separate stress of misconduct costs. The ACS was undertaken before Nationwide's acquisition of Virgin Money. Both firms independently participated in the stress test. The results were published by the Bank of England (www.**bankofengland.co.uk**) confirming that both Nationwide and Virgin Money remained above regulatory requirements and hurdle rates at the low point with CET1 ratios of 20.3% and 9.9% respectively, before strategic management actions against starting CET1 ratios of 24.6% and 14.8% respectively. The leverage ratio low point was 5.6% and 4.1% for Nationwide and Virgin Money respectively against starting leverage ratios of 5.6% and 4.0% respectively.

On 24 March 2025, the Bank of England released the 2025 Bank Capital Stress Test (BCST) which is the successor to the Bank of England's Concurrent Stress Test (CST), which included the Annual Cyclical Scenario. Nationwide is participating in BCST on a combined group basis, with results expected to be published by the Bank of England in Q4 2025.

Recovery planning and resolvability

The Group maintains a Group Recovery Plan under UK regulatory rules implementing the European Bank Recovery and Resolution Directive (BRRD). As a material subsidiary, Virgin Money also maintains a Recovery Plan which would work alongside the Group Plan in the event of a stress. The plans contain a set of management actions that would be available to support the Group's capital and liquidity position in the event of a breach of one or more of the Group's internal risk appetite metrics.

The Group submitted its initial Group Recovery Plan to the PRA in March 2025, and will continue to do so typically on a two-year cycle or as requested by the PRA, with the next scheduled submission due in June 2027. Prior to submission of the initial Group Recovery Plan, in October 2023, Nationwide and Virgin Money sub-groups independently submitted their individual resolvability self-assessments to the Bank of England. These assessments document the capabilities that are designed to achieve the resolvability outcomes as prescribed within the Bank of England Resolvability Assessment Framework, and included enhancements and developments since the previous self-assessment submissions in October 2021.

In March 2025, the Group submitted a Group interim resolvability self-assessment to the Bank of England summarising the capabilities across the Group and developments to capabilities as a result of the Virgin Money acquisition. A summary of the Nationwide sub-group's approach to resolvability is available within the Resolvability Assessment Framework Disclosure at **nationwide.co.uk** and Virgin Money sub-group's Resolution Disclosure at **virginmoneyukplc.com**. The next self-assessment submission is expected to be made in October 2026, with disclosures to follow in June 2027, and will describe how the resolvability outcomes are achieved for the Group.

Capital position

The capital disclosures included in this report are in line with UK Capital Requirements Directive V (UK CRD V). The disclosures are on a consolidated Group basis, including all subsidiary entities, unless otherwise stated.

Capital ratios and requirements - Group		
	2025	2024
Capital ratios	**%**	%
CET1 ratio	**19.1**	27.1
Tier 1 ratio	**21.7**	29.5
Total regulatory capital ratio	**23.8**	32.6
Leverage ratio	**5.2**	6.5
Capital requirements	**£m**	£m
Risk weighted assets (RWAs)	**81,871**	54,628
Leverage exposure	**344,018**	249,263

Risk-based capital ratios remain in excess of regulatory requirements with the CET1 ratio at 19.1% (2024: 27.1%), above the Group'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 has decreased to 19.1% (2024: 27.1%) primarily due to the acquisition of Virgin Money. CET1 capital resources increased by £0.8 billion due to profit after tax of £2.3 billion, partially offset by an increase in regulatory CET1 capital deductions of £1.4 billion following the Virgin Money acquisition; this increase in CET1 capital resources adds 1.5% to the CET1 ratio. RWAs increased by £27.2 billion, mainly driven by the inclusion of £27.7 billion of Virgin Money RWAs; the change in RWAs reduces the CET1 ratio by 9.5% in absolute terms.

UK CRD V requires firms to calculate a leverage ratio, which is non-risk-based, to supplement risk-based capital requirements. The Group's leverage ratio decreased to 5.2% (2024: 6.5%), primarily due to the Virgin Money acquisition as outlined above and increased Group residential mortgage balances.

The leverage ratio remains in excess of the Group's 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 and a 0.35% additional leverage ratio buffer.

Leverage requirements continue to be the Group's binding Tier 1 capital measure, as the combination of minimum and regulatory buffer requirements is in excess of the risk-based equivalent. The risk of excessive leverage is managed through regular monitoring and reporting of leverage, which forms part of risk appetite.

Further details of the leverage exposure can be found in the Nationwide Group and sub-group Pillar 3 Disclosures 2025 at **nationwide.co.uk** and Virgin Money Pillar 3 Disclosures 2025 at **virginmoneyukplc.com.**

The table below shows how components of members' interests, equity and liabilities contribute to total regulatory capital and does not include non-qualifying instruments.

Total regulatory capital - Group		
(Audited)	**2025 £m**	2024 £m
General reserve	**17,086**	15,119
Proportional consolidated gains/losses arising from joint venture (note i)	**9**	-
Core capital deferred shares (CCDS) (note ii)	**1,334**	1,334
Revaluation reserve	**35**	36
Fair value through other comprehensive income (FVOCI) reserve	**(119)**	(38)
Cash flow hedge and other hedging reserves	**79**	76
Regulatory adjustments and deductions:		
Cash flow hedge and other hedging reserves (note iii)	**(79)**	(76)
Direct holdings of CET1 instruments (note ii)	**(177)**	(177)
Foreseeable distributions (note iv)	**(100)**	(63)
Prudent valuation adjustment (note v)	**(82)**	(73)
Own credit and debit valuation adjustments (note vi)	**(4)**	(11)
Intangible assets (note vii)	**(1,226)**	(812)
Goodwill (note vii)	**(12)**	(12)
Defined-benefit pension fund asset (note vii)	**(669)**	(454)
Excess of regulatory expected losses over impairment provisions (note viii)	**(247)**	(51)
Deferred tax assets that rely on future profitability and do not arise from temporary differences (note ix)	**(217)**	-
Total regulatory adjustments and deductions	**(2,813)**	(1,729)
CET1 capital	**15,611**	14,798
Other equity instruments (Additional Tier 1 - note x)	**2,121**	1,336
Tier 1 capital	**17,732**	16,134
Subordinated debt (note xi)	**1,757**	1,650
Excess of impairment provisions over regulatory expected losses (note viii)	**-**	24
Tier 2 capital	**1,757**	1,674
Total regulatory capital	**19,489**	17,808

Notes:

i. 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.

ii. The CCDS amount does not include the deductions for the Group's repurchase exercises completed in 2023. This is presented separately as a regulatory adjustment in line with UK Capital Requirements Regulation (CRR) article 42.

iii. In accordance with CRR article 33, institutions do not include the fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value.

iv. Foreseeable distributions in respect of CCDS and AT1 securities are deducted from CET1 capital under UK CRD V rules.

v. A prudent valuation adjustment (PVA) is applied in respect of fair valued instruments as required under UK CRD V rules.

vi. 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.

vii. Intangible, goodwill and defined benefit pension fund assets are deducted from capital resources after netting associated deferred tax liabilities.

viii. 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 CRR. The expected loss amounts for equity exposures are deducted from CET1 capital, gross of tax.

ix. 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

x. Minority interest haircuts are applied to Virgin Money's externally issued Additional Tier 1 capital instruments in line with CRR article 85.

xi. Subordinated debt includes fair value adjustments relating to changes in market interest rates, adjustments for unamortised premiums and discounts that are included in the consolidated balance sheet, and any amortisation of the capital value of Tier 2 instruments required by regulatory rules for instruments with fewer than five years to maturity. In addition, minority interest haircuts are applied to Virgin Money's externally issued subordinated debt in line with CRR article 87.

As part of the Bank Recovery and Resolution Directive, the Bank of England, in its capacity as the UK resolution authority, has published its policy for setting the minimum requirement for own funds and eligible liabilities (MREL). In line with the latest 2025 Bank of England MREL publication, the Group is required to hold twice the minimum capital requirements (equating to 6.5% of leverage exposure), plus the applicable capital requirement buffers, which amount to 1.05% of leverage exposure. This equals a total loss-absorbing requirement of 7.55%.

At 31 March 2025, total MREL resources were 8.9% (2024: 9.4%) of leverage exposure, in excess of the loss-absorbing requirement of 7.55% (2024: 7.55%) described above.

Risk weighted assets

The table below shows the breakdown of risk weighted assets (RWAs) by risk type and business activity. Market risk has been set to zero as permitted by the UK CRR, as the exposure is below the threshold of 2% of own funds at a Group level.

Risk weighted assets (note i) – Group	2025		2024	
	Risk weighted assets	**Minimum capital requirements**	Risk weighted assets	Minimum capital requirements
	£m	**£m**	£m	£m
Retail mortgages	**45,914**	**3,673**	37,373	2,990
Retail unsecured lending	**9,481**	**758**	4,750	380
Business and commercial lending	**11,274**	**902**	1,818	145
Treasury	**1,903**	**152**	1,736	139
Other (note ii)	**2,686**	**215**	1,676	134
Total credit risk (excluding counterparty credit risk)	**71,258**	**5,700**	47,353	3,788
Counterparty credit risk (note iii)	**463**	**38**	415	33
Credit valuation adjustment	**338**	**27**	362	29
Operational risk	**9,812**	**785**	6,498	520
Total	**81,871**	**6,550**	54,628	4,370

Notes:
i. Comparatives have been updated to align to the current year presentation; operational risk is no longer split by lending type and the credit valuation adjustment is shown separately to counterparty credit risk.
ii. Other relates to equity, fixed, intangible, deferred tax and other assets.
iii. Counterparty credit risk relates to derivative financial instruments, securities financing transactions (repurchase agreements) and exposures to central counterparties.

RWAs increased by £27.2 billion, predominantly driven by the acquisition of Virgin Money, with Virgin Money sub-group RWAs equal to £27.7 billion. Nationwide sub-group 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.

More detailed analysis of RWAs is included in the Nationwide Group and sub-group Pillar 3 Disclosures 2025 at **nationwide.co.uk** and Virgin Money Pillar 3 Disclosures 2025 at **virginmoneyukplc.com.**

IRB model risk

The performance and accuracy of IRB models is critical to the calculation of credit risk capital requirements. The effectiveness of the models is achieved through clear allocation and segregation of roles and responsibilities covering model ownership, approval and governance, ongoing model monitoring, review and independent validation. Further information can be found in the 'Use of the IRB Approach to credit risk' section of Nationwide sub-group and Virgin Money Pillar 3 Disclosures 2025 at **nationwide.co.uk** and **virginmoneyukplc.com.**

Outlook

The Basel Committee published its final reforms to the Basel III framework in December 2017, now denoted by the PRA as Basel 3.1. The amendments include changes to the standardised approaches for credit and operational risks, including the introduction of an RWA standardised output floor to restrict the use of internal models. On 12 September 2024, the Bank of England published its last instalment of near-final rules for implementation of Basel 3.1 with a revised implementation date of 1 January 2026, following the consultation paper released on 30 November 2022. Although materially similar to the original Basel reforms, the near-final rules include interpretations and some divergences from Basel standards in relation to market, counterparty credit, and operational risks as well as credit risk and the output floor. However, on 17 January 2025, the PRA announced the decision to delay the implementation of Basel 3.1 in the UK by one year until 1 January 2027.

The near-final rules include a phased introduction of the RWA standardised output floor until fully implemented by 2030. The day-one impact of Basel 3.1 on the Group's CET1 ratio is expected to be positive with a small increase in the CET1 ratio anticipated, based on the Group's initial interpretation of the near-final rules. This is primarily due to the impact of changes to prescribed IRB model calculations. The Basel 3.1 RWA standardised output floor is expected to bind for the Group's risk-based capital assessment towards the end of the implementation period. The exact impact of Basel 3.1 on the Group position, and the point where the output floor becomes binding, will be influenced by the Group's interpretation of the final rules and the evolution of the balance sheet.

The Group will remain engaged in the development of the regulatory approach to ensure it is prepared for any resulting change.

The PRA has granted a renewed 12-month general prior permission to repurchase CCDS up to 2% of existing CET1 capital resources (£312 million at 31 March 2025), though this does not mean further repurchase exercises will necessarily follow. The permission will expire in January 2026.

Market risk

Summary

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 and they provide stability of earnings, minimise costs or enable operational efficiency. Following the acquisition of Virgin Money UK, 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.

The principal market risks that affect the Group are listed below, together with the types of risk reporting measures used in their assessment and management.

Market risk exposure	Reporting measure
Interest rate risk	Value sensitivity / Value at risk / Net interest income sensitivity / Economic value of equity sensitivity
Product option risk	Value at risk / Economic value of equity sensitivity
Foreign Exchange (FX) risk	Value sensitivity / Value at risk
Credit Spread risk	Value at risk
Inflation risk	Value sensitivity

The Group has a capital requirement for its market risk exposure. In addition, stress analysis is used to evaluate the impact of more extreme, but plausible events.

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. The Group's interest rate risk is measured and monitored using a combination of value-based and earnings sensitivity assessments. Balance sheet matching (the use of internal offsets) is the primary strategy used to manage interest rate risk. Derivatives including interest rate swaps are used when matching is not appropriate or available.

The Group has structural hedging programmes in place to stabilise earnings as interest rates change. The most material hedging programmes are in place to manage liabilities, including reserves and customer deposits. The Group also undertakes other balance sheet hedging to mitigate the asymmetric risk which arises in very low or negative interest rate scenarios, mainly due to the different levels at which variable product rates can reach a minimum floor level.

Product option risk

Product option risk is the risk that changes to hedging may be required if customer behaviour 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 behaviour in response to changes in interest rates.

Foreign exchange (FX) risk

FX 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

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.

Credit spread risk is monitored using a Value at Risk (VaR) metric and the risk is controlled via internal limits. Exposures are monitored daily and are reported monthly to the relevant sub-group Asset and Liability Committee (ALCO).

Inflation risk

Inflation risk is the risk to market values and income arising from the impact of changes in inflation swap rates on inflation-linked assets in the Group's liquidity portfolio. This risk is managed through the use of inflation swaps. Residual exposures are monitored through sensitivity metrics (IE01), which measure the change in present value of future cashflows from a one basis point parallel shift in inflation swap rates.

The principal market risks, linked to the Group's balance sheet assets, liabilities, capital and reserves, are listed in the table below, irrespective of materiality.

Market risk linkage to the balance sheet							
2025			**Market risk**				
	Group £m	**Society £m**	**Interest rate risk**	**Product option risk**	**Foreign Exchange (FX) risk**	**Credit spread risk**	**Inflation risk**
Assets							
Cash	29,483	18,601	✓		✓		
Loans and advances to banks and similar institutions	1,810	1,339	✓		✓		
Investment securities	28,663	22,402	✓		✓	✓	✓
Derivative financial instruments	4,742	5,373	✓		✓	✓	✓
Loans and advances to customers	300,889	183,843	✓	✓	✓		
Other assets (note i)	2,290	47,582	✓		✓		
Total assets	367,877	279,140					
Liabilities							
Shares	207,428	207,428	✓	✓			
Deposits from banks and similar institutions	6,053	5,102	✓		✓		
Other deposits	74,667	4,525	✓	✓	✓		
Debt securities in issue	51,109	39,429	✓		✓		
Derivative financial instruments	1,547	1,637	✓		✓	✓	✓
Subordinated liabilities	2,444	1,674	✓		✓		
Other liabilities	4,147	4,746	✓		✓		
Total liabilities	347,395	264,541					
Total members' interests and equity	20,482	14,599	✓				

Note:

i. Other assets for the Group and Society include the fair value adjustment for portfolio hedged risk and the net defined benefit asset of the Pension Fund Investment. Other assets for the Society also include investments in group undertakings. The Pension Fund is subject to pension risk, which includes exposure to market risk factors such as interest rate risk, inflation risk, and equity risk (from changes to share prices). Pension risk is managed separately from the market risk arising from the Group's core business. Further information is detailed in the Pension risk section on page 196.

Governance

The Group's market risk exposure arises in the banking book; the Group does not have a trading book. Most of the exposure to market risk arises from fixed rate mortgages or savings and changes in the market value of the liquidity portfolio. There is a low-level of foreign exchange risk on non-sterling financial assets and liabilities held.

The Board is responsible for setting market risk appetite. Nationwide and Virgin Money's sub-group ALCOs are responsible for managing the market risk profile of each sub-group within their defined risk appetites. Market risk is managed within a comprehensive risk framework which includes policies, limit setting and monitoring, stress testing, and robust governance controls. This includes setting and monitoring more granular limits within Board limits, with relevant market risk metrics reported monthly to each sub-group's ALCO and monitored daily by the Treasury functions.

Measurement

The Group's objective is to measure, manage and control market risk exposures while maintaining a market profile consistent with the Group's risk appetite. The analytical techniques used to measure market risk are outlined below.

Value and earning sensitivities

Sensitivity analysis is used to assess the change in value of the net exposure to defined parallel and non-parallel shifts in interest rates. For example, a one basis point (0.01%) shift is measured using PV01. This analysis is performed daily for each currency. Earning sensitivity metrics are used to measure and quantify exposure to interest rate risks, including basis risk, and inflation risk. These techniques assess the impact on earnings when rate shocks are applied to the rates paid on liabilities and to the rates earned on assets.

The Group measures Interest Rate Risk in the Banking Book (IRRBB) through Net Interest Income (NII) and Economic Value of Equity (EVE) measures, under a range of shock scenarios which factors in behavioural assumptions for retail products as interest rates change. These measures are assessed based on the standard shocks prescribed by the PRA, as well as against internally generated shock scenarios.

- NII sensitivities assess the impact to earnings under a range of 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.

Value at Risk (VaR)

VaR is a technique that estimates the maximum potential losses that could occur from risk positions because of future movements in market rates and prices, over a specified time horizon, to a given level of statistical confidence. VaR is based on historic market behaviour and uses a series of recorded market rates and prices to derive plausible future scenarios. This considers inter-relationships between different markets and rates.

The VaR model incorporates risk factors based on historic interest rate and currency movements using a ten-year historical data series. A two-week horizon and a 99% confidence level is used in day-to-day VaR monitoring. VaR is used to monitor interest rate, credit 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.

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; and
- Historical data may not adequately predict circumstances arising from government interventions and stimulus packages, which increase the difficulty of evaluating risks.

The Group validates the VaR model on a monthly basis by back testing the calculated VaR against a hypothetical profit and loss, which reflects the profit and loss that would have been realised if positions were held constant over a two-week period. An exception is recognised where a loss over a two-week period exceeds the VaR calculated by the model. The number of exceptions over a 12-month period is used to assess the performance of the VaR model, which in turn helps to decide whether it requires recalibration.

The model is subject to an annual review process to ensure it remains appropriate for risk reporting. In addition, stressed VaR is used to estimate the potential loss arising from unfavourable market movements in a stressed environment. It is calculated in the same way as standard VaR, calibrated with a 99% confidence level and on a two-week basis, but uses market data from a two-year period of significant financial stress.

Market Risk Monitoring

Market risk is identified and assessed by monitoring and reporting market risk information at Society and Group levels. Industry expertise, effective treasury management systems, processes and advanced evaluation techniques such as stress testing are used to enhance the effectiveness of the identification and assessment of all material market risks. Exposures are monitored against limits on a daily basis, with relevant management information reports shared with key stakeholders, including the regulators, in line with the reporting frequency established in the Market Risk Policy. A summary of the Group's value and earnings-based assessment is presented below.

Value-Based Assessments - VaR

The table below highlights the Group's limited exposure to market risk, shown against a range of value-based assessments. Interest Rate VaR represents the maximum potential loss, with a 99% confidence, that could be incurred over a 2-week period, given an adverse movement in interest rates. Interest Rate VaR does not include the impact of future changes in expected customer behaviour, but it does reflect changes in expectations of customer behaviour since the product was initially hedged. This is a refinement in methodology during the year, and the 2024 values have been restated on this basis. Credit spread VaR represents the maximum potential loss, with a 99% confidence, over a 2-week period on the liquidity portfolio due to an adverse movement in credit spreads, which are predominantly the spreads between fixed rate bond yields and swap rates.

The risk exposure is monitored each day and summarised over the financial year:

Value at Risk – Group								
	2025				2024 (note i)			
	Close	**Average**	**High**	**Low**	Close	Average	High	Low
(Audited)	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Interest Rate VaR (99%/10-day)	**7.7**	**5.7**	**7.7**	**4.3**	4.5	4.6	5.6	3.9
Credit Spread VaR (99%/10-day)	**143.5**	**134.2**	**143.5**	**124.3**	135.0	147.8	160.4	135.0

Value at Risk – Society								
	2025				2024 (note i)			
	Close	**Average**	**High**	**Low**	Close	Average	High	Low
(Audited)	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Interest Rate VaR (99%/10-day)	**4.9**	**4.7**	**4.9**	**4.3**	4.5	4.6	5.6	3.9
Credit Spread VaR (99%/10-day)	**116.6**	**121.1**	**127.0**	**116.6**	135.0	147.8	160.4	135.0

Note:
i. Comparatives have been restated to incorporate the impact of retail product behavioural changes as outlined above, which increased the reported VaR.

Net Interest Income (NII) sensitivity

The sensitivities presented below measure the extent to which the Group's pre-tax earnings are exposed to changes in interest rates over a one-year period based on instantaneous parallel rises and falls in interest rates, with the shifts applied to the prevailing interest rates at the reporting date.

The sensitivities are prepared based on a static balance sheet, with all assets and liabilities maturing within the year replaced with like-for-like products, and changes in interest rates being passed through to variable rate retail products, unless a floor close to 0% is reached when rates fall. No management actions are included in the sensitivities.

The purpose of these sensitivities is to assess the Group's exposure to interest rate risk and therefore the sensitivities should not be considered as a guide to future earnings performance, with actual future earnings influenced by the extent to which changes in interest rates are passed through to product pricing, the timing of maturing assets and liabilities and changes to the balance sheet mix. In practice, earnings changes from actual interest rate movements will differ from those shown below because interest rate changes may not be passed through in full to those assets and liabilities that do not have a contractual link to Bank rate.

Potential (adverse)/favourable impact on annual pre-tax future earnings				
	Group		Society	
	2025	2024	**2025**	2024
(Audited)	**£m**	£m	**£m**	£m
+100 basis points shift	**71**	(16)	**24**	(16)
+25 basis points shift	**22**	(2)	**10**	(2)
-25 basis points shift	**(49)**	(9)	**(33)**	(9)
-100 basis points shift	**(204)**	(47)	**(135)**	(47)

Following the acquisition of Virgin Money UK PLC on 1 October 2024, the Group's NII sensitivities have increased, reflecting a larger balance sheet. The sensitivities reflect that changes in rates are fully passed through in these scenarios, and product margins are held static. The sensitivities also include the impact of balance sheet hedging and take-up risk in the mortgage pipeline. Whilst the NII sensitivities have increased in the period, they remain low in absolute terms and reflect the Group's prudent management of interest rate risk.

Economic Value of Equity (EVE)

The Group also measures interest rate risk through EVE sensitivity which identifies the change in value of interest rate sensitive items, both on and off-balance sheet, under a range of interest rate shocks prescribed by the Prudential Regulation Authority (PRA). This measure includes behavioural assumptions using a run-off balance sheet basis. EVE is managed against internal and regulatory risk limits and is monitored by each sub-group ALCO. Further details on EVE can be found in the Group's annual Pillar 3 Disclosure for 2025 at **nationwide.co.uk.**

Global market conditions

Global GDP is estimated to have grown by 3.2% in 2024, with most countries experiencing a continued gradual easing of inflation rates and a shift to looser monetary policy. Trade policy uncertainty has risen in the early part of 2025, as the new US administration announced new tariffs on some of its trading partners, posing downside risks to global activity. Having grown solidly in the first half of 2024, UK GDP growth was flat in Q3 2024 and is estimated to have grown marginally by 0.1% in the final quarter of 2024.

UK consumer price inflation eased to 1.7% in September 2024, dipping below the Bank of England's 2% target before steadily resuming an upward trajectory in Q4 2024 and Q1 2025, with the March 2025 inflation rate at 2.6%. In response to inflation movements, the Monetary Policy Committee (MPC) has gradually reduced Bank rate to 4.5% at March 2025, from its August 2023 peak of 5.25%. The 2-year and 5-year swap rates closed at 4.04% and 3.99% respectively as at 31 March 2025. An 18 basis points increase in 5-year swap rate between March 2024 and March 2025, reflects market expectations about the level of the UK base rate in the medium term, with expectations being slightly higher as at 31 March 2025 than a year ago. While the Group has some inflation exposures to UK, EU and US inflation indices via inflation-linked bonds, this risk is managed within tight limits.

Sterling strengthened against both the dollar and euro by 2.15% and 2.22% respectively, over the 12-month period from March 2024 to March 2025. The movements had an immaterial impact on earnings as foreign currency exposures are hedged. Whilst economic conditions within the UK have an impact on the Group, market risk is closely managed to ensure it remains within risk appetite.

Outlook

The Group will continue to have a limited appetite for market risk, which will only be taken if it is essential to core business activities and provides stability of earnings, minimises costs or enables operational efficiency.

Pension risk

Summary

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

The Group has funding obligations to a number of defined benefit pension schemes, including the Nationwide Pension Fund (NPF) and, following the acquisition of Virgin Money UK PLC on 1 October 2024, the Yorkshire and Clydesdale Bank Pension Scheme (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 31 March 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 1 August 2017. Further details are set out below and in note 30 to the financial statements.

In accordance with UK legislation, the assets of the Group's defined benefit pension schemes are held in distinct and legally separate trusts from the Group's assets, and each are administered by separate boards of trustees (the Trustee boards) which have fiduciary responsibilities to pension scheme members.

The Group has specialist pension risk management teams responsible for regularly monitoring the financial risk to the Group from the defined benefit pension schemes. This includes analysis, insight, risk appetite articulation and regular reporting to governance committees. The Group maintains effective engagement with the trustees in order to manage the long-term impact on the capital and financial position. For the NPF and YCBPS, this is supported by the Group's representation at the Trustee boards' investment sub-committee meetings and investment working groups, and the sharing of management information between the Group and the Trustee boards for the consideration of specific risk management initiatives.

Pension risk is embedded into the Group's individual Enterprise Risk Management Frameworks and stress testing processes. The Group monitors the potential capital deterioration from the retirement benefit position that might occur in a 1-in-200 year stress test. The Group considers all pension regulation and legislation change which may impact its obligations to defined benefit schemes.

Risk factors

Volatility in investment returns from the assets and the value of the liabilities affect the pension schemes' net deficit or surplus positions. The key risk factors which impact this position are set out below. These factors can have a positive or negative effect on the position.

Asset performance

The liabilities are calculated using a discount rate set with reference to high-quality bond yields. This creates a risk that the assets underperform against those bond yields, resulting in the net position worsening.

The Group's pension schemes hold a proportion of return-seeking assets, including private equity, infrastructure, property, credit investments and corporate bonds. Return-seeking assets are expected to outperform liabilities in the long-term, but they are riskier and potentially more volatile in the short to medium-term. Investments in return-seeking assets are monitored by both the Trustee boards and the Group to ensure they remain appropriate given the long-term objectives. Further details are set out in note 30 to the financial statements.

Liabilities

There is a risk that the Group's pension schemes' liabilities increase to a level which is not supported by their respective asset performance, whether through discount rate changes, increases in long-term inflation expectations, or increases in the life expectancy (longevity) of the participants. Approximately one third of all liabilities are hedged using longevity swaps, which have been entered into within both the NPF and YCBPS schemes.

Actuarial assumptions

There is a risk that a change in the methodology used to derive key actuarial assumptions (for example, the discount rate or longevity assumptions) results in a step change in the assessment of the liabilities and therefore in the net surplus or deficit, potentially impacting the Group's capital and/or deficit funding requirements. The ultimate cost of providing pension benefits over the life of the obligation will depend on actual future events, rather than assumptions made.

Developments in the year

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 31 March 2025 and none are scheduled for the year ending 31 March 2026. As the 31 March 2022 Triennial Valuation indicated a funding surplus, a recovery plan requiring employer deficit contributions was not required. The effective date of the NPF's next Triennial Valuation is 31 March 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.

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

As at 31 March 2025, the value of the Group's pension schemes' assets is £6,767 million (2024: £4,679 million) and the value of liabilities is £5,875 million (2024: £4,069 million). Movements in the net defined benefit asset are set out below:

Changes in the present value of net defined benefit asset - Group		
	2025	2024
	£m	£m
At 5 April	610	950
Pension charge	**(7)**	(4)
Net interest credit	**45**	44
Actuarial remeasurement	**(192)**	(381)
Employer contributions (including deficit contributions)	**7**	1
Acquisition of Virgin Money UK PLC (note i)	**429**	-
At 31 March (2024: 4 April)	**892**	610

Note:
i. Acquisition of Virgin Money UK PLC refers to the surplus position of the YCBPS as at 1 October 2024. Movements in the YCBPS between 1 October 2024 and 31 March 2025 are included in the other components of the table.

The movement in the net defined benefit asset is largely driven by the acquisition of Virgin Money UK PLC on 1 October 2024. The acquisition increased the Group's net defined benefit asset by £429 million as at 1 October 2024, due to inheriting the surplus position of the YCBPS. The increase in surplus was partially offset by actuarial losses driven by decreases in asset valuations in both schemes.

The actuarial remeasurement quantifies the impact on the net defined benefit asset from updating financial assumptions (such as discount rate and long-term inflation), demographic assumptions (such as longevity), and the return on the pensions schemes' assets being greater or less than the discount rate. Further details can be found in note 30 to the financial statements.

In June 2023, His Majesty's High Court of Justice issued a ruling in respect of Virgin Media Limited versus NTL Pension Trustees II Limited (and others) challenging the validity of rule amendments made to pension schemes contracted out on a Reference Scheme Test basis between 6 April 1997 and 5 April 2016. On 25 July 2024, the Court of Appeal upheld the original decision. The Group has assessed the possible impact on its two main pension schemes by reviewing a sample of amendments from the relevant period, judged as material. Uncertainties remain over the Group's position in respect of this, particularly with respect to the YCBPS, but the results of the review to date have not indicated any specific concerns and therefore no adjustment has been made to the defined benefit obligation value.

Outlook

The Group will continue to engage 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.

Business risk

Summary

Business risk is the risk that volumes decline, margins shrink, or losses increase relative to the cost or capital base, affecting long-term business sustainability and the ability to deliver the strategy due to external (macroeconomic, geopolitical, industry, regulatory or other external events) or internal factors (including the development and execution of the strategy). This risk is actively managed to ensure the Group generates sustainable returns by focusing on recurrent sources of income that provide value commensurate with risk appetite, and which meet the needs of current and future customers.

Business risk is monitored and reported to the Board and senior management, with an emphasis on long-term sustainability over short-term gain. Ongoing monitoring ensures that the strategy and associated execution plans adapt to address business model risks by considering changes in the external environment, including technology innovation, consumer behaviour, regulation, and market conditions. The insights derived from this activity ensure actions are identified that can be implemented to minimise potential impacts on Group performance.

The acquisition of Virgin Money has expanded the Group's presence in existing core retail markets and provided further diversification of the Group's income streams and customer base, with increased exposure in credit card and business lending.

The Group's business model is reliant on managing net interest margin – primarily the difference between the interest rates paid to savers and those received from mortgage holders. As inflationary pressures eased last year, the Bank of England reduced the Bank rate by 0.75% to 4.50% and this decrease affected both mortgage and savings rates with an associated slight reduction in margin as a result.

The Group operates in a highly competitive environment where incumbent banks and digital new entrants aim to attract and retain customers with a focus on service and product offerings. To mitigate the impact of this competition, the Group's strategic initiatives focus on improving business efficiency and maintaining attractive customer propositions. This supports a financially sustainable and competitive position in our core retail and business banking markets.

Managing business risk

Business risk is managed and mitigated through a range of measures which include:

- **Financial forecasting –** As part of the financial planning process, income and costs are forecast over a five-year period with an updated forecast reviewed regularly by management, taking into consideration the key internal and external risks and sensitivities.
- **Performance monitoring –** Financial performance is monitored monthly against internal forecasts and key indicators across a variety of committees and forums, which consider potential risks and possible mitigating actions. In addition, business areas monitor the demand for products and services to ensure we continue to deliver propositions that provide value and meet customers' needs.
- **Stress testing and sensitivity analysis –** Business risk is regularly stress tested via upside and downside scenarios to the Financial Plan, the Internal Capital Adequacy Assessment Process, and internal recovery and reverse stress tests. In addition, the Prudential Regulation Authority's Bank Capital Stress Test provides an industry comparable test of the Group business model through a stressed economic scenario.

A range of indicators are monitored to ensure the early identification of an extreme stress to business conditions. Should one arise. a Group Recovery Plan is maintained and includes a list of strategic actions that could be taken, if necessary, to protect the Group.

Outlook

Business risks are linked to the top and emerging risks outlined in the Risk overview section of the Strategic report. The outlook for the UK economy is impacted by factors which have the potential to create volatility and uncertainty such as elevated geopolitical tensions and macro-economic policy interventions. The Group expects further gradual reduction in the Bank rate over the medium term. Delivery of the Group strategic priorities continues to be an important mitigant to the business risk arising from uncertain conditions.

Operational and conduct risk

Summary

Operational and conduct risk is the risk of impacts resulting from inadequate or failed internal processes, conduct and compliance management, people and systems, or from external events. These risks are managed through proportionate controls designed to identify and prevent failures that could affect customers, colleagues or the Group. The Board recognises the importance of, and has prioritised, continuous improvement in the understanding of the operational and conduct risks the Group is exposed to and enhancement of the associated control environment it relies on to mitigate these risks. Additional investment has been allocated to enhance cyber defences, economic crime and conduct and compliance capabilities across the Group.

Following the acquisition of Virgin Money, the operational and conduct risks to which the Group is exposed remain largely unchanged. Whilst the Group's aggregate exposure has increased when compared to last year, reflecting a larger and more complex business, this is commensurate with the increased resources available to the Group. Governance structures for the management and oversight of operational and conduct risk, operational performance and transformation matters have been enhanced to ensure they remain appropriate for the larger Group. More detail is provided in the Managing risk section of the Risk report on pages 123 to 126.

The primary areas of operational and conduct risk to which the Group is exposed are detailed below.

Operational resilience and technology

Customers understandably expect services to be available when they want to use them, with a demand for an 'always on' capability. To support customers, operational resilience is a fundamental part of the Group's strategy and continues to be an area of regulatory focus. Significant work has been undertaken to define the Group's most critical business services, identify the resources required to prevent unacceptable levels of customer disruption to these services, and ensure there are sufficient resources in place. The Group was materially compliant with operational resilience expectations set by the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) by the prescribed deadline of March 2025. Following the delivery of these regulatory activities, plans are in place to further mature and invest in operational resilience capabilities, addressing any residual issues or opportunities. This will include harmonisation and alignment of a Group approach.

Cyber security

A successful cyber-attack on the Group could potentially cause significant disruption to business operations and prevent our customers accessing key services. The Group maintains and develops its cyber-control capabilities to ensure a robust suite of preventative, detective and recovery measures is in place to effectively manage cyber security risk. In addition, as new technologies are implemented and external attack techniques strengthen, the Group constantly assesses how to protect against attacks. This includes threat monitoring, ensuring a robust security culture is maintained, risk assessing third parties and allocating investment appropriately.

Following acquisition by the Group, Virgin Money's existing cyber security programme has been accelerated, with support provided by Nationwide subject matter experts.

Artificial Intelligence (AI)

The continued, rapid growth of digitisation and demand for enhanced customer experience has led to ever greater volumes of data being used in increasingly complex ways. As a result, the challenges of ensuring that data is used ethically and appropriately, particularly in relation to emerging AI developments, are becoming ever more complex. Responding to these challenges relies upon a rapidly evolving set of skills required to operate and maintain systems and data whilst ensuring a rigorous focus on customer outcomes.

Whilst these new artificial technologies unquestionably offer significant benefits, they also carry potentially significant risks. The Group has a number of safeguards in place to ensure these risks are appropriately identified and managed, including defined principles for Generative AI experimentation, development and control, and only using Generative AI in a limited group of sanctioned applications. The development and implementation of Generative AI technologies follows an enhanced governance process with specialist review, challenge and oversight provided.

The Group continues to review and further strengthen its AI governance as this emerging field matures, and new risk management approaches are identified.

Data

The Group collects, stores and uses data, including personal information, to deliver services that meet the needs of our customers, to engage with our employees and to meet regulatory requirements. We are committed to protecting the data under our control and achieving compliance with all legal and regulatory obligations such as the UK General Data Protection Regulation, the Basel Committee on Banking Supervision (BCBS 239) requirements and being transparent about how we use data. Policies and controls are in place to protect data and manage data risk end-to-end. If data issues are identified, timely and proactive remediation activities are prioritised. Nationwide has achieved material compliance with BCBS 239 requirements, and Virgin Money has assessed the work required to move towards compliance.

Following its acquisition by the Group, Virgin Money is investing further to mature data governance and align data risk capabilities with those of the Nationwide sub-group.

Supply chain

The Group uses a network of third parties to provide services to customers and internal functions, supporting areas such as IT infrastructure and back-office processing. When outsourcing activities to third parties, the Group retains responsibility for all services and the associated risks. Third party risk is managed in proportion to the criticality of the service provided. When outsourcing activities to third parties, we ensure that appropriate risk assessments, due diligence, screening, controls, and contract clauses are in place.

Supply chain risk is an area of increased regulatory focus as there are third parties that provide similar services to many banks and building societies, and their failure could potentially impact on the UK's financial stability, market integrity and consumer protection. The Group will continue to maintain and enhance internal continuity strategies and seek to leverage benefits from FCA and PRA policy statements aimed at managing the systemic risks posed by critical third parties and national infrastructure.

The acquisition of Virgin Money has increased the number of third parties upon which the Group is now reliant. All required risk management activities, including concentration risk assessments, are performed across the Group. Opportunities to consolidate the Group's supplier base are likely to be identified as operations are reviewed, aligned and integrated. The integration will progress on a conservative basis, and opportunities to enhance third party risk management and controls will continue to be explored.

Regulatory compliance risk

There continues to be a high volume of complex regulatory change impacting the financial services industry. The Group will respond to these changes, while actively engaging with its regulators. Key developments include:

- The Group has implemented the higher operational resilience standards set by the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) by the prescribed deadline of March 2025. This is discussed in more detail in the Operational resilience and technology section above.
- The Group has implemented the PRA's supervisory statement 'Model risk management principles for banks' which applied from May 2024. This is discussed in more detail in the Model risk section of the Risk report.
- The PRA has postponed implementation of the remaining elements of the Basel 3.1 framework. Further detail of the impact for the Group is provided in the Capital risk and Model risk sections of the Risk report.

Conduct risk

The FCA's Consumer Duty has been in force since July 2023 for new and existing products, and since July 2024 for products and services no longer on sale. These requirements, which mandate a higher standard of consumer care and require firms to be more proactive in the delivery, monitoring and evidencing of good outcomes have been implemented across the Group and a range of activity has been undertaken to ensure that the Group continues to deliver good outcomes for all customers, including those with characteristics of vulnerability.

Following the acquisition, Virgin Money has taken a number of actions to increase alignment of conduct risk management practices across the Group in line with the spirit of the Duty. These include investment in customer service, repricing certain products, and enhancements to how change is delivered. As integration activities progress, further opportunities to align or enhance approaches are expected to be identified.

Economic Crime risk

The Group is exposed to economic crime risks across all its business lines. Criminal activity to which each business is exposed includes physical theft, money laundering, terrorist financing, bribery and corruption, tax evasion, and fraud, both external and internal. The Group may be adversely affected if its customers, employees or third-party suppliers engage in criminal activity, or if the business's products or services are used to facilitate economic crime. Furthermore, the Group may incur significant costs to rectify issues, reimburse customer losses, address regulatory concerns, or for potential penalties. Management's consideration of such matters, and any associated contingent liabilities or provisions, are discussed further in notes 27 and 29 to the financial statements.

The Group has obligations and responsibilities to reduce the risk of being used to further economic crime. To meet these, economic crime risk is managed through detailed controls policies, standards and procedures. There remains significant focus on this area, as legal and regulatory requirements and criminal methods evolve, shaping the nature of the threats faced across the Group.

Operational and conduct risk events

Operational and conduct risk events which have occurred are monitored and reported on to understand those exposures better and to drive sustainable mitigation to prevent recurrence. For the purposes of this report, events shown include only those where a financial loss arises from an incident. Events are recorded against internally defined risk categories, in addition to reporting them against the categories defined by the Basel Committee on Banking Supervision in Basel II, which allows comparison of risk experience with our main banking peers.

Operational risk events by Basel risk category, % of total events by value (note i)	2025 (note ii)	2024 (note iii)
	%	%
Clients, products and business practices	**1.1**	2.3
External fraud	**18.8**	33.3
Execution, delivery and process management	**79.9**	63.1
Internal fraud	**-**	0.1
Business disruption and system failure	**-**	-
Damage to physical assets	**0.1**	0.5
Employment practices and workplace safety	**0.1**	0.7
Total	**100.0**	100.0

Operational risk events by Basel risk category, % of total events by number (note i)	2025 (note ii)	2024 (note iii)
	%	%
Clients, products and business practices	**0.7**	0.7
External fraud	**92.4**	94.2
Execution, delivery and process management	**6.2**	4.3
Internal fraud	**0.2**	0.2
Business disruption and system failure	**0.1**	-
Damage to physical assets	**0.1**	0.1
Employment practices and workplace safety	**0.3**	0.5
Total	**100.0**	100.0

Notes:
i. Risk events with aggregated gross losses of £5,000 and over (before monies recovered); multiple losses related to the same event are counted once.
ii. 2025 figures provide a consolidated view of Nationwide sub-group operational losses for the whole year, plus Virgin Money sub-group operational losses from 1 October 2024 to 31 March 2025.
iii. Comparatives have been restated to include additional historic data where more information has been received.

The most material categories remain 'Execution, delivery and process management' and 'External fraud'. The value of losses against the 'Execution, delivery and process management' category is largely attributable to a payment relating to a legal and regulatory provision that was settled in the period. Losses relating to key customer remediation projects have decreased this year due to several remediation projects winding down.

Operational losses arising from external fraud risk events, as a percentage of events by number, have remained stable. However, there has been a reduction in the percentage of events by value due to a reduction in redress related to historic Authorised Push Payment scams recognised in 2025, compared to 2024.

Outlook

The Group's operational and conduct risk outlook is impacted by the environment it operates in and its strategy. The sources of operational and conduct risk are expected to remain broadly consistent. The Group continues to invest to maintain and develop appropriate controls in all areas to ensure residual risk exposures are managed within appetite. As the Group strategy is implemented, operational and conduct exposures and risk management practices will be continuously assessed to enable appropriate mitigating actions to be taken.

Model risk

Summary

Models are widely used across the Group to support a broad range of business and risk management activities. Examples include credit approval, estimating capital requirements, stress testing, loss provisioning, financial planning, and product pricing. A model is a quantitative method, system, or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into output for business use.

Whilst models are essential tools, they are inherently imperfect as they are simplified representations of the real world. This introduces model risk, which is the risk of adverse consequences from model errors or the inappropriate use of modelled outputs. Model risk can arise from a number of factors, including the quality of data inputs, choice and suitability of methodology and the integrity of implementation. Model risk is managed in line with other principal risks such as credit risk and operational risk.

Model risk management

Model risk is governed through risk policy and appetite is set at Board level. Across the Nationwide and Virgin Money sub-groups, management responsibility for model risk is assigned to the respective Chief Risk Officer. Policy requirements and supplementary standards prescribe how model risk is to be managed, including roles and responsibilities, model development, independent validation, monitoring, adjustments and governance. There are dedicated resources that support overarching Model Risk Management, separate to the development and validation teams. Model risk committees are responsible for overseeing the management of model risk.

Developments in the year

With the acquisition of Virgin Money, the size of the model estate for the Group has materially increased in the year. There is broad alignment in model risk management practices across the Nationwide and Virgin Money sub-groups, with opportunities to adopt best practices in the future.

The PRA's 'Model Risk Management Principles for Banks' (SS1/23) was implemented on 17 May 2024. In line with regulatory expectations, compliance with the principles has been assessed, with remediation plans agreed and being executed to achieve compliance.

The safe adoption of artificial intelligence solutions for business problems is a continuing focus, including enabling effective management of the associated risks, which are more cross-cutting in nature than traditional models.

Good progress has been made towards compliance with IRB Roadmap regulations, with Retail mortgage hybrid IRB rating systems for the Nationwide sub-group receiving regulatory approval and being implemented within the year. Appropriate adjustments are in place to ensure minimum capital requirements continue to align to regulatory expectations.

Outlook

Nationwide will continue to make progress towards compliance with SS1/23 while further aligning model risk management practices across the Nationwide and Virgin Money sub-groups in line with broader integration plans. The adoption of artificial intelligence will continue to advance and model risk management will evolve in line with developments in this area. Achieving compliance across the IRB model landscape continues to be a priority, with Basel 3.1 implementation being considered within development plans.

Financial statements

Independent auditor's report to the members of Nationwide Building Society

Opinion

In our opinion:

- The financial statements of Nationwide Building Society (the "Society") and its subsidiaries (together, the "Group") give a true and fair view of the state of the Group's and the Society's affairs as at 31 March 2025 and of the Group's and the Society's income and expenditure for the period then ended;
- The financial statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- The financial statements have been prepared in accordance with the requirements of the Building Societies Act 1986.

We have audited the financial statements included within the Annual Report and Accounts 2025 (the "Annual Report") of the Group and the Society for the period ended 31 March 2025, which comprise:

Group	Society
• Consolidated balance sheet as at 31 March 2025; • Consolidated income statement for the period then ended; • Consolidated statement of comprehensive income for the period then ended; • Consolidated statement of movements in members' interests and equity for the period then ended; • Consolidated cash flow statement for the period then ended; • Related notes 1 to 41 to the financial statements, including information on material accounting policies; • Information identified as 'audited' in the Report of the directors on remuneration; • Information identified as 'audited' in the Risk report; and • Information in the Capital requirements (Country-by-country reporting) regulations report.	• Balance sheet as at 31 March 2025; • Income statement for the period then ended; • Statement of comprehensive income for the period then ended; • Statement of movements in members' interests and equity for the period then ended; • Cash flow statement for the period then ended; • Related notes 1 to 41 to the financial statements, including information on material accounting policies; and • Information identified as 'audited' in the Risk report.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

Following the acquisition of Virgin Money UK PLC ('Virgin Money'), the Society changed its accounting reference date to 31 March. Where reference is made to the 'period' ended 31 March 2025, this represents the 361-day period from 5 April to 31 March 2025.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("FRC's") Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Society and we remain independent of the Group and the Society in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and the Society's ability to continue to adopt the going concern basis of accounting included the following:

- We obtained management's going concern assessment for the Group, including consolidated forecasts for the going concern period covering 12 months from the date of approval of the financial statements by the Board, and compared historical budgeted financial information with actual results to form a view of the reliability of the forecasting process;
- We understood and evaluated the reasonableness of these forecasts, which included using EY modelling specialists to help assess the assumptions used to develop forecasted results using relevant peer and sector comparatives. We used this to challenge the reasonableness of the Bank of England base rate assumptions and resultant impact on net interest margin, operating costs, and customer deposit growth;
- We used EY financial modelling specialists to assess the refinancing risk of wholesale funding maturing in the 12 months from the date of approval of the financial statements by the Board. We evaluated the reasonableness of the Group's liquidity position in light of the increased outflow of funds required to acquire Virgin Money and to support the enlarged Group;
- We used EY economic specialists to assess the macroeconomic assumptions in the forecast, through benchmarking to institutional and HM Treasury consensus forecasts and Bank of England inflation projections;
- We reviewed the results of adverse scenarios modelled by management to incorporate unexpected changes to forecasted liquidity and capital positions, as well as reverse stress testing exercises, to identify whether they indicated significant issues that might impact the Group's ability to continue as a going concern;
- We assessed the Group's regulatory capital computation and reviewed capital risk disclosures, with the involvement of EY Regulatory specialists;
- We understood the directors' considerations of the current uncertain geopolitical and economic outlook and climate change, including both financial risks and impacts on operational resilience; and
- We read and evaluated the adequacy of the disclosures included in the Annual Report in relation to going concern and considered whether there were other events subsequent to the balance sheet date which could have a bearing on the going concern conclusion.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Society's ability to continue as a going concern for a period of 12 months from the date the financial statements are approved for issue.

In relation to the Group's and the Society's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and the Society's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of both components of the Group as detailed in the 'An overview of the scope of our audit' section of this report. • These components accounted for 100% of the Group's profit before tax measure used to calculate materiality, 100% of revenue, and 100% of total assets.
Key audit matters	• Valuation of the gain on acquisition of Virgin Money, including the subsequent unwind of fair value adjustments; • Measurement of IFRS 9 expected credit losses; • Risk of fraud in revenue recognition relating to effective interest rate accounting; • Valuation of the net defined benefit pension asset; and • IT access management.

Materiality	• Overall Group materiality was set at £83.5 million, which represents 5.0% of Group profit before tax adjusted for member reward payments and individual items related to the Virgin Money acquisition. • Overall Society materiality was set at £61.1 million, which represents 3.8% of profit before member reward payments and tax.

An overview of the scope of our audit

Tailoring the scope

In the current period our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion.

The Group comprises two components: Virgin Money and its consolidated subsidiaries ("the Virgin Money component"), and the Society and its consolidated subsidiaries, excluding the Virgin Money component ("the Nationwide component"). We identified both components as individually relevant to the Group due to their materiality and the financial size of the component relative to the Group, as well as the related risks of material misstatement of the Group financial statements. We designed and performed audit procedures on the entire financial information of both components, which are therefore considered full scope components.

The audit team is structured as a Group audit team (covering the Group and the Nationwide component), and a component audit team (covering the Virgin Money component).

As a Group audit team we performed risk assessment procedures, with input from the component auditors, to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures.

For both components, we identified the significant accounts where audit work needed to be performed by applying professional judgement, having considered the reasons for identifying the financial reporting component as individually relevant and the size of the component's account balance relative to the Group significant financial statement account balance.

We then considered whether the remaining Group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Group financial statements. We did not identify additional components, as we assessed the residual risk not to be material.

Our scoping to address the risk of material misstatement for each key audit matter is set out below.

Key Audit Matter	How we scoped our audit to respond to the risk	Involvement with the component team
Valuation of the gain on acquisition of Virgin Money, including the subsequent unwind of fair value adjustments	All audit work performed to address this risk was undertaken by the Group audit team, aside from the audit of the acquisition balance sheet which was performed by the component team.	The Group audit team's involvement with the component team and procedures performed included: • Risk assessment procedures and determining the type and extent of work to be undertaken by the component team; • Regular interactions throughout the course of the audit, including planning meetings, maintaining regular communications on the status of audit work, and meetings on results and conclusions; and • Reviewing key working papers and taking responsibility for the scope and direction of the audit process.
Measurement of IFRS 9 expected credit losses	We performed full scope audit procedures at both components over this risk, which covered 100% of the risk amount.	
Risk of fraud in revenue recognition relating to effective interest rate ("EIR") accounting		
Valuation of the defined benefit pension asset		
IT access management	The audit work performed to address this risk was undertaken by both the Group audit team and component team.	The audit work performed by both the Group audit team and component team was overseen by the same executives across the Group audit.

Involvement with component team

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit team, or by component auditors operating under our instruction.

The Group audit team interacted regularly with the component team throughout the course of the audit, which included holding planning meetings, maintaining regular communications on the status of the audits, reviewing key working papers and taking responsibility for the scope and direction of the audit process. The Group audit team followed a programme of oversight that has been designed to ensure that the Senior Statutory Auditor has ongoing interactions with the other in-scope component. The Group audit team interacted regularly with the component team and maintained a continuous and open dialogue to ensure that the Group audit team were fully aware of their progress and results of their procedures. The Group audit team also reviewed key working papers and were responsible for the scope and direction of the audit process. Where relevant, the 'Key audit matters' section of our report details the level of involvement we had with component auditors to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact the Group and Society. Management has determined that the most significant future impacts from climate change on their operations will be from physical and transition risks, which are explained on pages 36 to 39 in the Climate-related financial disclosures section of the Strategic report and on page 42 in the Top and emerging risks section. They have also explained the Group's climate commitments on pages 36 to 39. These disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

The Group has explained how climate risks have been considered in the preparation of the financial statements in Note 2 'Judgements in applying accounting policies and critical accounting estimates' on page 236; and also explained their approach to quantifying the impact of climate risks on expected credit losses in Note 10 'Impairment charge and provisions on loans and advances to customers'.

We performed our own risk assessment, supported by EY climate change specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit and to assess whether the effects of potential climate risks have been appropriately reflected by management in reaching their judgements in relation to the measurement of financial assets and liabilities. We also challenged the directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matter: IFRS 9 expected credit losses. Details of the impact, our procedures and findings are included in our explanation of key audit matters below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the gain on acquisition of Virgin Money, including the subsequent unwind of fair value adjustments *Group and Society: Refer to the Audit Committee report (page 81); Accounting policies (page 224); and note 38 of the consolidated financial statements (page 309)*	
Key audit matter	**Our response to the key audit matter**
The Society acquired 100% of the ordinary share capital of Virgin Money on 1 October 2024. As the fair value of the identifiable net assets acquired was greater than the total consideration paid, negative	We obtained an understanding of management's process related to the acquisition accounting and assessed whether the treatment applied was in accordance with IFRS 3 Business Combinations. We evaluated the design of key controls related to the acquisition accounting and purchase price allocation. We assessed the competence, objectivity and independence of management's specialists and we engaged our own EY valuations specialists to assist in our challenge of management's process and key assumptions. We also instructed our component team to

Valuation of the gain on acquisition of Virgin Money, including the subsequent unwind of fair value adjustments *Group and Society: Refer to the Audit Committee report (page 81); Accounting policies (page 224); and note 38 of the consolidated financial statements (page 309)*	
goodwill arose as a result of the acquisition. This represented a gain on acquisition of £2.3 billion. The acquisition was accounted for as a business combination. In line with IFRS 3 Business Combinations, management allocated the purchase price to the identifiable assets acquired, liabilities assumed and non-controlling interests. Purchase Price Allocation ("PPA") adjustments were recognised on assets and liabilities, including loans and advances to customers, a core deposit intangible asset and a purchased credit card relationship intangible asset. Management engaged their own specialists to assist in determining the fair value of certain assets and liabilities on the acquisition date balance sheet. The degree of subjectivity in estimating the resulting gain on acquisition is high due to significant judgment and complexity in valuing the identified net assets of the acquired business's opening balance sheet and the intangible assets arising on acquisition, which were reliant on valuation models, assumptions, and data. Certain fair value adjustments recorded on the acquired portfolios are amortised over the projected behavioural lives of the financial instruments and as a result are subject to assumptions on customer behaviour.	audit the acquisition date opening balance sheet, and this work was directed by us and done under our supervision. In addition, we performed the following procedures: *Models:* We engaged EY model risk specialists to assess the appropriateness of the models used against industry standards. In addition, the specialists performed a combination of model code reviews and independent implementation of these model codes to assess the appropriateness of the modelled valuation calculations. EY model risk specialists used independent EY developed models to inform our testing in response to model risk, after considering the size of relevant portfolios, modelling approach used and the related judgments applied. We used independent challenger models for the mortgages and term deposits portfolios. *Assumptions:* We engaged EY valuation specialists to assist in evaluating and challenging the reasonableness of key assumptions including the weighted average cost of capital and attrition rates underpinning the intangible assets, with consideration of their expectations and industry benchmarking. In addition, EY model risk specialists performed an independent assessment of credit risk assumptions, including challenging the appropriateness of the probability of default ("PD") and loss given default ("LGD") curves used and assessing the need for any overlay adjustment as a result of model or data limitations. *Data:* We identified the critical data fields and performed data lineage testing to confirm accurate inputs were used within the valuation models. We verified the completeness and accuracy of data used by reconciling balances to the Virgin Money general ledger, and tracing critical data fields for a sample of assets and liabilities to underlying source documentation. With the involvement of EY valuation specialists, we challenged the key assumptions and the appropriateness of the amortisation approach applied by management in the unwind of the fair value adjustments. This included reviewing actual attrition profiles observed since the acquisition.
Key observations communicated to the Audit Committee Based on the procedures we performed we concluded that the models used in the fair value calculation were appropriate, the key assumptions used in the valuation were reasonable and the data used in the valuation models was complete and accurate. We concluded that management's purchase price allocation was performed in compliance with IFRS 3 Business Combinations, and based on the procedures performed and the evidence obtained, the gain on acquisition and the unwind of the fair value adjustments was reasonable.	

Measurement of IFRS 9 expected credit losses *Group and Society: Refer to the Audit Committee report (page 81); Accounting policies (page 224); and note 10 of the consolidated financial statements (page 247)*	
Key audit matter	**Our response to the key audit matter**
IFRS 9 expected credit losses ("ECL"): £1,288 million (2024: £781 million) The degree of subjectivity in the assumptions and estimates used by management to measure IFRS 9 ECL is high due to significant	*Risk assessment:* We performed a detailed risk assessment over the loans and advances to customers within the Group's financial statements. We assessed the accounting considerations related to the loans and advances to customers acquired as part of the Virgin Money acquisition, and the impact of acquired portfolios with differing characteristics, including credit cards and commercial and business lending. Portfolios associated with a risk of

Measurement of IFRS 9 expected credit losses *Group and Society: Refer to the Audit Committee report (page 81); Accounting policies (page 224); and note 10 of the consolidated financial statements (page 247)*	
uncertainty associated with the assumptions used. These include the impacts of the continued uncertain geopolitical and economic outlook, continued impact of higher interest rates and inflation on borrower affordability, and the potential impact of climate change, which were all considered in our risk assessment. The risk of material misstatement within the measurement and timing of IFRS 9 ECL manifests itself across the following five areas: *Staging:* The qualitative and quantitative criteria applied by management may not completely and accurately identify a significant increase in credit risk or credit impairment on a timely basis. *Modelling:* Models that calculate the ECLs, including PD, LGD and exposure at default ("EAD") models, may not appropriately apply accounting interpretations, modelling assumptions, or data, or may not be appropriately implemented. *Multiple Economic Scenarios ("MES"):* ECLs may be inaccurate because the range of scenarios considered and the probability weightings applied to them are not sufficient or appropriate to capture all relevant factors required, including the continued uncertain geopolitical and economic outlook, and continued impact of higher interest rates and inflation, or because the MES may not be incorporated appropriately into the estimation of PD, LGD, and EAD. *In-Model and Post Model Adjustments ("PMAs"):* In-model and post-model adjustments could be inappropriate, incomplete, or in the case of in-	material misstatement were identified, taking into account the following where appropriate: staging, modelling, multiple economic scenarios ("MES"), in-model and post-model adjustments ("PMAs"), and individually impaired assets. *Control testing:* We evaluated the Group's design of controls across the processes relevant to ECL, including the controls relating to the approval of key judgements and development of the estimate. These controls included: • Review of staging effectiveness; • Model governance controls, including model validation and monitoring; • Controls over the completeness and accuracy of data feeding into ECL provision calculations; • Governance of statistical models used to develop the MES and their associated probability weights; and • The governance and review of MES, post-model adjustments, and individual provisions. As a result of our evaluation, we elected to take a combination of controls reliance and substantive-only approaches across the Group. *Staging:* We reviewed the Group's accounting policies and tested how they were applied in allocating a financial asset to stage 1, 2 or 3, to assess whether they remained compliant with the requirements of IFRS 9. This included peer benchmarking to consider staging triggers and staging levels. We assessed the appropriateness of staging criteria and their accurate application through the modelled environment, and then independently recalculated staging results for all portfolios we determined to be of higher risk by replicating the staging model code and recreating the results in our own environment. We also performed sensitivity analysis to consider the significance of potential impacts on staging as a result of (i) cohorts of borrowers coming to the end of their fixed term contracts, thereby moving to higher interest rates; and (ii) collectively downgrading exposures to industries and geographic regions at greater risk of climate change impacts. We tested the staging of the commercial and business lending portfolio on a sample basis to verify the completeness and accuracy of loans classified in respective stages. We also assessed the staging criteria applied to the Virgin Money acquired portfolio, which was reset to stage 1 on acquisition to comply with initial recognition and measurement requirements of IFRS 9, and concluded on the reasonableness of the staging criteria. *Modelling:* We involved EY modelling specialists to assist in the qualitative and quantitative risk assessment of the models, and to perform a combination of model methodology reviews, model implementation testing, model reperformance testing, model assumptions testing and model sensitivity analysis, based on the risk designated to each model. We tested the completeness and accuracy of data fields that drive ECL provisions through a combination of controls and substantive testing. We substantively tested the accuracy of data underpinning the ECL provisions by testing lineage from the ECL models back to source systems for each critical data item, and a sample of non-critical data items, and tested the completeness and accuracy of loan data lineage from source systems into the ECL models. *MES:* With the support of our EY economic specialists, we considered both the appropriateness of the scenario weightings and the underlying macroeconomic variables, with specific focus on the continued uncertain geopolitical and economic outlook, continued impact of higher interest rates and inflation on borrower affordability, as well as the impacts of climate change on the economic variables. In addition, we evaluated management's approach in using statistical models to inform their judgement in determining the scenarios and their probability weightings. We carried out comparisons to consensus forecasts and other independently derived assumptions. We engaged EY economic and modelling

Measurement of IFRS 9 expected credit losses *Group and Society: Refer to the Audit Committee report (page 81); Accounting policies (page 224); and note 10 of the consolidated financial statements (page 247)*	
model adjustments, incorrectly incorporated into the PD, LGD, and EAD models, with consideration to the risk of management override. These adjustments are inherently uncertain and subjective. Significant management judgement is often involved in identifying and estimating certain adjustments, including the appropriate criteria for release. *Individually impaired assets:* Individual impairment within the commercial and business lending portfolios may not be identified on a timely basis or the provisions recognised may be incorrectly measured considering the impact of geopolitical tensions on exit strategies, collateral valuation and time to collect.	specialists to assess the reasonableness of the non-linearity in the scenarios and perform sensitivities on the weightings and macroeconomic variables to confirm they are reasonable. We also independently tested the appropriate application of the MES data within the models. *In-Model and PMAs:* We involved EY modelling specialists to assess whether the inventory of adjustments was complete considering the evolution of external factors and whether all material adjustments were appropriate. In performing the model methodology reviews for a sample of models, we considered whether there were shortcomings that could require further adjustment. We reviewed risk registers and governance meeting materials and performed independent cohort analysis to assess the completeness of management adjustments. Additionally, we performed a benchmarking exercise by comparing the suite of model adjustments recognised by management to those seen in the industry. We also evaluated the application of, and independently recalculated, all material adjustments, the outputs of which we reconciled to the reported balances. We assessed reasonable alignment across the components in the significant judgements and adjustments applied in responding to risk factors to verify consistency and validated the implementation of additional adjustments arising. *Individually impaired assets:* We assessed the completeness and reasonableness of impairment provisions recorded for individually assessed loans by selecting a sample for which we recalculated the ECL. As part of this recalculation, we independently estimated the impact on ECLs of applying multiple scenarios that impact collateral values estimated by management, involving EY valuation specialists where appropriate. We considered the impact that the current geopolitical and economic outlook and climate change had on collateral valuations and time to collect as well as whether planned exit strategies remained viable. *Overall stand-back assessment:* We performed a stand-back assessment of the ECL provisions and coverage at an overall level and by stage to determine if changes were reasonable and internally consistent by considering the overall credit quality of the Group's portfolios, their risk profile, and the impacts of the current uncertain geopolitical and economic outlook and climate change. We performed peer benchmarking where available to assess overall staging and provision coverage levels.
Key observations communicated to the Audit Committee Based on the work we performed, we were satisfied that IFRS 9 ECL provisions were reasonably stated. In particular: • The Group accounting policy for ECL provisions on loans and advances to customers is sufficiently aligned across both components and appropriately applied. • Independent model testing showed that IFRS 9 ECL models performed as expected, with some immaterial differences; were aligned to the requirements of the standard; and the external data, internal data and assumption data feeding the IFRS 9 ECL models was complete and accurate. • Economic assumptions and probability weightings assigned to the multiple economic scenarios used within the models were concluded to be reasonable. • Staging criteria were appropriate and the results of staging reperformance indicated their application was complete and accurate. • Independent replication of material PMA and in-model adjustment calculations confirmed they had been accurately recorded, and we were satisfied that they were complete and appropriate. • Individual provisions recorded for the stage 3 commercial and business lending portfolio were in line with the industry-specific risks highlighted by EY valuation specialists. • Our stand-back assessment of the overall provision balance, in light of the current economic environment, through peer benchmarking and analysis of key indicators such as coverage ratios, did not indicate the provision recorded as at period end was unreasonable.	

Risk of fraud in revenue recognition relating to effective interest rate ("EIR") accounting *Group and Society: Refer to Accounting policies (page 224); and note 3 of the consolidated financial statements (page 237)*	
Key audit matter	**Our response to the key audit matter**
EIR adjustment to mortgage loans and advances: £60 million (2024: £33 million) The Group records income on financial instruments under the EIR method. The most material adjustments to interest income under EIR accounting are made in respect of the Group's mortgage portfolios. Significant management judgement is required to forecast cashflows; which in turn are derived from expected customer behaviour over the life of the financial instrument. Mortgage EIR adjustments are sensitive to the following assumptions: • The period over which to defer eligible fees and costs, which is determined by reference to analysis of historical customer behaviours; and • The extent to which early redemption charges ("ERCs") and variable interest expected to be collected in the future should be recognised as revenue/assets upfront. The complexity of calculations, the degree of management judgement in respect of forecast future cashflows, and the sensitivity of the amounts recognised in the financial statements to the assumptions increases the risk of material misstatement.	We assessed the Group's policies in relation to the application of EIR adjustments for compliance with the requirements of IFRS 9. We understood the design and operating effectiveness of the Group's controls over system-driven revenue recognition. We took a substantive approach to testing the EIR models which are applied to that revenue, and the related balances. We tested the data used within the EIR models, including historical data used to analyse customer behaviours. We involved EY model risk specialists in reviewing the code used to extract historical data from the mortgage systems as part of our work to verify that the data used in the EIR models was complete and accurate. We involved EY model risk specialists in reviewing the functionality of the models, ensuring consistency of the calculations with the accounting policy. We benchmarked the inclusion of lending fees and costs in the EIR calculations, as well as the upfront recognition of early redemption charges ("ERCs") and expected future variable interest income, to equivalent assumptions made by peers. We also performed sensitivity analysis over key assumptions and judgements. We extended our analysis to reflect increased uncertainty and potential fluctuations in borrowing and switching activity attributable to changes in the Bank of England's base rate. Further, we have assessed the reasonableness of the assumption for the future propensity to redeem mortgages early through the performance of EY independent stress testing.
Key observations communicated to the Audit Committee The Group accounting policy for recognising interest income using the EIR method on loans and advances to customers is sufficiently aligned across both components, and appropriately applied. We concluded that the fees and costs being deferred are reasonable and complete; the average lives used in the EIR models are reasonable; the extent to which ERC fees are recognised upfront is reasonable; and the data populating the EIR models is complete and accurate. We concluded that the resulting EIR adjustments are appropriate and comply with the requirements of IFRS 9.	

Valuation of the defined benefit pension asset

Group and Society: Refer to the Audit Committee report (page 81); Accounting policies (page 224); and note 30 of the consolidated financial statements (page 291)

Key audit matter	Our response to the key audit matter
Net retirement benefit asset: £892 million (2024: £610 million) The Group operates a number of defined benefit schemes with a combined defined benefit pension asset of £892 million, which represents the fair value of pension plan assets less the present value of defined benefit obligations after applying the asset ceiling test as required by IFRIC 14. The net defined benefit pension asset is sensitive to changes in key judgements and estimates. Management uses specialists to inform the valuation of the net defined benefit pension asset. We identified the key audit matter as the judgements and estimates used in valuing the defined benefit obligation and the assets which are considered to be illiquid. Below are the key judgements and estimates used in deriving the valuation of the net defined benefit pension asset: • Assumptions: actuarial assumptions and inputs, including discount rate, inflation and longevity which are used to determine the valuation of the defined benefit pension obligation; and • Valuations: pricing inputs and calibrations for illiquid valuations of certain investments held by the pension scheme.	We assessed the design of controls in place over the valuation of the plan assets, and the process of setting significant assumptions which are used in the calculation of the defined benefit obligation. We elected to take a combination of controls reliance and substantive-only approaches across the Group. We considered the appropriateness of the Group's recognition of the pension asset in accordance with IFRIC 14. Specifically, we assessed whether the Group was entitled to an unconditional right of refund by reference to the terms of the pension agreements. *Valuations:* We tested the reasonableness of the fair value of plan assets by independently repricing 100% of the quoted bonds and equities, a sample of the derivative financial instruments and a sample of the properties held by the pension fund. For illiquid investments held, for example unquoted property, infrastructure, private equity and private debt instruments, we involved our valuation specialists to assess the appropriateness of management's valuation methodology, including the judgements made in determining significant assumptions used in the valuation of these investments. We independently valued a sample of illiquid investments that had been valued using unobservable market inputs, using alternative pricing sources where available, to evaluate management's valuations. *Assumptions:* We evaluated the objectivity and competence of management's specialists involved in the valuation of the defined benefit obligation and we involved EY actuarial specialists to evaluate the actuarial assumptions used to calculate the defined benefit pension obligation by comparing the assumptions to ranges we independently developed based on market observable indices and the knowledge of the EY actuarial specialists. We assessed the impact on the defined benefit pension obligation of changes in financial, demographic and longevity assumptions over the period, and the continued effects of the economic outlook, including market volatility. We then assessed whether these assumptions were supported by objective external evidence and rationales. We assessed the adequacy of the disclosures made in the financial statements, including the appropriateness of the assumptions and sensitivities disclosed.

Key observations communicated to the Audit Committee

The Group accounting policy for the net defined benefit asset is sufficiently aligned across both components and appropriately applied. Based on the procedures performed and the evidence obtained, we found the key actuarial assumptions used in the valuation of the defined benefit pension obligation to be within a reasonable range and no material differences were identified during our independent valuation of the pension assets. We were also satisfied that the net defined benefit pension asset was recognisable in accordance with the terms of IFRIC 14.

IT access management	
Key audit matter	**Our response to the key audit matter**
The Group is highly dependent on technology due to the significant number of transactions that are processed daily. IT access management controls ensure that only authorised users have access to data. Such controls contribute to mitigating the risk of potential fraud or errors as a result of unauthorised access to applications and data. The Group has implemented user access management controls across IT applications, databases and operating systems. The Group also has some third party hosted systems with related business teams managing associated IT access management controls. The nature of the access management processes across the Group, and the associated audit procedures, results in a significant part of our IT audit work relating to access management.	We evaluated the design and operating effectiveness of IT access management controls over the applications, operating systems and databases that are relevant to financial reporting. We tested user access by assessing the controls in place for in-scope applications, in particular testing the user access provisioning, de-provisioning, privileged access and periodic recertification of users' access. Where control deficiencies were identified, we performed substantive procedures or alternative audit procedures to mitigate any residual risk over financial statement reporting. Where systems are managed by third-party service providers, we tested IT access management controls through evaluating service organisation control ("SOC") reports and testing management's complementary end user controls, where applicable. If no SOC report was available, we performed additional procedures, for example direct testing, to address the related risk.
Key observations communicated to the Audit Committee Based on our testing procedures, we are satisfied that reliance can be placed on IT access management controls impacting financial reporting systems identified as relevant to our audit. Improvements were made around user entitlement review controls as a result of automation and enhanced evidence retention. Where control exceptions were noted, we have either relied on mitigating controls or performed IT substantive procedures to confirm that the control exceptions identified did not impact our approach to the financial statement audit.	

In the prior period, our auditor's report included a key audit matter in relation to the recoverability of capitalised software costs. During the current period, we no longer consider this to be a key audit matter due to reduced levels of capital expenditure in recent periods, and an improvement in control activities in this area.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £83.5 million, which is 5.0% of Group profit before tax adjusted for member reward payments and individual items related to the Virgin Money acquisition, such as the gain recognised on the acquisition, adjustments arising from accounting policy alignment, and costs associated with the amended Trade Mark Licensing Arrangement between Virgin Money and Virgin Enterprises Limited (2024: £69.1 million, which is 3.3% of Group profit before member reward payments and tax).

We determined materiality for the Society to be £61.1 million, which is 3.8% of Society profit before member reward payments and tax (2024: £55.1 million, which is 3.1% of Society profit before member reward payments and tax).

We believe that adjusting profit in this way is an appropriate basis for materiality as it provides a more useful measure for the users of the financial statements, including the Group's and the Society's members and regulators, to assess the Group's and the Society's performance. The 5% basis used for Group materiality is consistent with the wider industry and is the standard for regulated entities.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £62.6 million and £45.8 million for the Group and the Society respectively (2024: £51.8 million and £41.3 million). We have set performance materiality at this percentage based on our experience of misstatements and consistent effectiveness of the control environment.

Audit work was undertaken for component entities for the purpose of responding to the assessed risks of material misstatement of the Group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current period, the range of performance materiality allocated to components was £28.2 million to £56.4 million (2024: £51.8 million, one component).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £4.2 million (2024: £3.5 million) and £3.1 million (2024: £2.8 million) for the Group and the Society respectively, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Building Societies Act 1986

In our opinion:

- The Annual business statement and the Directors' report have been prepared in accordance with the requirements of the Building Societies Act 1986;
- The information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- The information given in the Annual business statement (other than the information upon which we are not required to report) gives a true representation of the matters in respect of which it is given.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Building Societies Act 1986 requires us to report to you if, in our opinion:

- Proper accounting records have not been kept by the Society; or
- The Group's or Society's financial statements are not in agreement with the accounting records; or
- We have not received all the information and explanations and access to documents we require for our audit.

Corporate governance statement

We have reviewed the directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's and the Society's voluntary compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement are materially consistent with the financial statements or our knowledge obtained during the audit:

- The directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 120;
- The directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate, set out on page 44;
- The directors' statement on fair, balanced and understandable, set out on page 120;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 124;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 75; and
- The section describing the work of the Audit Committee, set out on page 81.

Report of the directors on remuneration

The Society voluntarily prepares a Report of the directors on remuneration in accordance with the provisions of the Companies Act 2006. The directors have requested that we audit the part of the Report of the directors on remuneration specified by the Companies Act 2006 to be audited as if the Society were a quoted company.

In our opinion, the part of the Report of the directors on remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 119, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Society and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to Group and determined that the most significant are the regulations, licence conditions and supervisory requirements of the Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”). We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as UK adopted International Accounting Standards and the Building Societies Act 1986.
- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management, Internal Audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and UK regulatory bodies; reviewed minutes of the Board and Board Risk Committee; and gained an understanding of the Group's approach to governance, demonstrated by the Board's approval of the Group's governance framework.
- We assessed the susceptibility of the Group’s financial statements to material misstatement, including how fraud might occur by considering the controls that the Group has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. We made enquiries of management and Internal Audit to supplement our assessment of how fraud might occur. Our procedures to address the risks identified also included incorporation of unpredictability into the nature, timing and/or extent of our testing, challenging assumptions and judgements made by management in their significant accounting estimates, and testing period-end adjustments and other targeted journal entries posted with certain descriptions or unusual characteristics.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of internal and external legal counsel, executive management and Internal Audit, and reviewing the key policies, reports on the legal and regulatory frameworks and internal whistleblowing logs. With involvement of the relevant specialists, we also conducted a review of correspondence with regulators, including the FCA, and gained an understanding of any regulatory investigations being undertaken. We also evaluated the appropriateness of the recognition and disclosure of provisions and the contingent liability disclosures made in note 27 and note 29 to the financial statements.
- The Group operates in the banking industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Other matters we are required to address:

- We were appointed as auditors by the Society on 2 August 2019 to audit the financial statements for the year ended 4 April 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is six years, covering the years ending 2020 to 2025.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Society’s members, as a body, in accordance with Section 78 of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Manprit Dosanjh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
28 May 2025

Income statements

For the period ended 31 March 2025					
		Group		Society	
		2025	2024 (note i)	**2025**	2024 (note i)
	Notes	**£m**	£m	**£m**	£m
Interest receivable and similar income:					
Calculated using the effective interest rate method	3	**16,010**	13,962	**13,482**	13,571
Other	3	**72**	63	**56**	62
Total interest receivable and similar income	3	**16,082**	14,025	**13,538**	13,633
Interest expense and similar charges	4	**(11,090)**	(9,575)	**(9,676)**	(9,575)
Net interest income		**4,992**	4,450	**3,862**	4,058
Fee and commission income	5	**515**	426	**415**	423
Fee and commission expense	5	**(356)**	(292)	**(308)**	(288)
Other operating income	6	**21**	80	**97**	159
Gains from derivatives and hedge accounting	7	**12**	117	**46**	133
Gain on acquisition	38	**2,300**	-	**-**	-
Total income		**7,484**	4,781	**4,112**	4,485
Administrative expenses	8	**(3,550)**	(2,549)	**(2,474)**	(2,543)
Impairment charge on loans and advances to customers	10	**(632)**	(112)	**(18)**	(77)
Profit before member reward payments and tax		**3,302**	2,120	**1,620**	1,865
Member reward payments		**(1,000)**	(344)	**(1,000)**	(344)
Profit before tax		**2,302**	1,776	**620**	1,521
Taxation	11	**36**	(476)	**(135)**	(415)
Profit after tax		**2,338**	1,300	**485**	1,106
Profit attributable to non-controlling interests		**34**	-	**-**	-
Profit attributable to members		**2,304**	1,300	**485**	1,106

Note:
i. Comparatives have been restated as detailed in note 1.

The notes on pages 224 to 312 form part of these financial statements.

Statements of comprehensive income

For the period ended 31 March 2025					
		Group		Society	
		2025	2024	**2025**	2024
	Notes	**£m**	£m	**£m**	£m
Profit after tax		**2,338**	1,300	**485**	1,106
Other comprehensive expense:					
Items that will not be reclassified to the income statement					
Retirement benefit obligations:					
Remeasurement of net retirement benefit asset	30	**(192)**	(380)	**(101)**	(380)
Taxation	11	**48**	190	**27**	190
		(144)	(190)	**(74)**	(190)
Revaluation reserve:					
Revaluation of property		**1**	-	**-**	-
Taxation	11	**-**	(2)	**-**	(2)
		1	(2)	**-**	(2)
Fair value through other comprehensive income reserve:					
Revaluation (losses)/gains on equity instruments at fair value through other comprehensive income		**(1)**	5	**(4)**	2
Taxation	11	**(1)**	(1)	**-**	-
		(2)	4	**(4)**	2
		(145)	(188)	**(78)**	(190)
Items that may subsequently be reclassified to the income statement					
Cash flow hedge reserve:					
Hedging net gains/(losses) arising during the period		**30**	(21)	**(8)**	(21)
Amount transferred to income statement		**(24)**	(48)	**1**	(16)
Taxation	11	**(1)**	20	**3**	10
		5	(49)	**(4)**	(27)
Other hedging reserve:					
Hedging net (losses)/gains arising during the period		**(8)**	5	**22**	12
Amount transferred to income statement		**5**	(10)	**4**	(10)
Taxation	11	**1**	1	**-**	1
		(2)	(4)	**26**	3
Fair value through other comprehensive income reserve:					
Revaluation (losses)/gains on debt instruments at fair value through other comprehensive income		**(103)**	8	**(97)**	8
Amount transferred to income statement		**(8)**	(47)	**(8)**	(47)
Taxation	11	**31**	11	**29**	11
		(80)	(28)	**(76)**	(28)
		(77)	(81)	**(54)**	(52)
Other comprehensive expense		**(222)**	(269)	**(132)**	(242)
Total comprehensive income		**2,116**	1,031	**353**	864
Attributable to:					
Non-controlling interests		**34**	-	**-**	-
Members' interests		**2,082**	1,031	**353**	864
Total comprehensive income		**2,116**	1,031	**353**	864

The notes on pages 224 to 312 form part of these financial statements.

Balance sheets

For personal use only

At 31 March 2025

		Group		Society	
		2025	2024 (note i)	2025	2024 (note i)
	Notes	£m	£m	£m	£m
Assets					
Cash and balances with central banks		**29,483**	25,231	**18,601**	25,231
Loans and advances to banks and similar institutions		**1,810**	918	**1,339**	908
Investment securities	13	**28,663**	26,532	**22,402**	26,476
Derivative financial instruments	15	**4,742**	6,290	**5,373**	6,905
Fair value adjustment for portfolio hedged risk		**(2,037)**	(3,330)	**(1,985)**	(3,330)
Loans and advances to customers	14	**300,889**	213,440	**183,843**	169,996
Investments in Group undertakings	33	**-**	-	**46,889**	40,223
Intangible assets	25	**1,481**	848	**782**	836
Property, plant and equipment	26	**796**	656	**615**	656
Accrued income and prepaid expenses		**394**	294	**290**	293
Deferred tax assets	11	**278**	109	**105**	106
Current tax assets		**262**	54	**226**	46
Other assets		**224**	435	**126**	501
Retirement benefit asset	30	**892**	610	**534**	610
Total assets		**367,877**	272,087	**279,140**	269,457
Liabilities					
Shares		**207,428**	193,366	**207,428**	193,366
Deposits from banks and similar institutions	16	**6,053**	16,388	**5,102**	16,388
Other deposits	17	**74,667**	4,530	**4,525**	4,752
Fair value adjustment for portfolio hedged risk		**27**	50	**27**	50
Debt securities in issue	18	**51,109**	34,749	**39,429**	33,405
Derivative financial instruments	15	**1,547**	1,451	**1,637**	1,640
Other liabilities		**2,432**	859	**3,433**	2,621
Provisions for liabilities and charges	27	**70**	149	**26**	145
Accruals and deferred income		**1,223**	405	**909**	398
Subordinated liabilities	19	**2,444**	2,075	**1,674**	2,075
Subscribed capital	20	**129**	173	**129**	173
Deferred tax liabilities	11	**266**	206	**134**	153
Current tax liabilities		**-**	-	**88**	-
Total liabilities		**347,395**	254,401	**264,541**	255,166
Members' interests and equity					
Core capital deferred shares	31	**1,157**	1,157	**1,157**	1,157
Other equity instruments	32	**1,485**	1,336	**1,485**	1,336
General reserve		**17,086**	15,119	**12,011**	11,792
Revaluation reserve		**35**	36	**34**	36
Cash flow hedge reserve		**132**	127	**2**	6
Other hedging reserve		**(53)**	(51)	**43**	17
Fair value through other comprehensive income reserve		**(119)**	(38)	**(133)**	(53)
Total members' interests and equity		**19,723**	17,686	**14,599**	14,291
Non-controlling interests		**759**	-	**-**	-
Total equity and liabilities		**367,877**	272,087	**279,140**	269,457

The notes on pages 224 to 312 form part of these financial statements.

Approved by the Board of directors on 28 May 2025.

K A H Parry Chairman
D Crosbie Group Chief Executive Officer
M Mathieson Group Chief Financial Officer

Note:
i. Comparatives have been restated as detailed in note 1.

Group statement of movements in members' interests and equity

For the period ended 31 March 2025	**Core capital deferred shares**	**Other equity instruments**	**General reserve**	**Revaluation reserve**	**Cash flow hedge reserve**	**Other hedging reserve**	**FVOCI reserve**	**Total members' interests**	**Non-controlling interest**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 5 April 2024	1,157	1,336	15,119	36	127	(51)	(38)	17,686	-	17,686
Profit for the period	-	-	**2,304**	-	-	-	-	**2,304**	**34**	**2,338**
Net remeasurements of retirement benefit obligations	-	-	**(144)**	-	-	-	-	**(144)**	-	**(144)**
Net revaluation of property	-	-	-	**1**	-	-	-	**1**	-	**1**
Net movement in cash flow hedge reserve	-	-	-	-	**5**	-	-	**5**	-	**5**
Net movement in other hedging reserve	-	-	-	-	-	**(2)**	-	**(2)**	-	**(2)**
Net movement in FVOCI reserve	-	-	-	-	-	-	**(82)**	**(82)**	-	**(82)**
Total comprehensive income	**-**	**-**	**2,160**	**1**	**5**	**(2)**	**(82)**	**2,082**	**34**	**2,116**
Reserve transfer	-	-	**1**	**(2)**	-	-	**1**	-	-	-
Issuance of Additional Tier 1 capital	-	**742**	-	-	-	-	-	**742**	-	**742**
Redemption of Additional Tier 1 capital	-	**(593)**	**(7)**	-	-	-	-	**(600)**	-	**(600)**
Distribution to the holders of core capital deferred shares	-	-	**(94)**	-	-	-	-	**(94)**	-	**(94)**
Distribution to the holders of Additional Tier 1 capital	-	-	**(93)**	-	-	-	-	**(93)**	-	**(93)**
Non-controlling interests on acquisition of a subsidiary	-	-	-	-	-	-	-	-	**759**	**759**
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	**(34)**	**(34)**
At 31 March 2025	**1,157**	**1,485**	**17,086**	**35**	**132**	**(53)**	**(119)**	**19,723**	**759**	**20,482**

For the year ended 4 April 2024	Core capital deferred shares	Other equity instruments	General reserve	Revaluation reserve	Cash flow hedge reserve	Other hedging reserve	FVOCI reserve	Total members' interests	Non-controlling interests	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2023	1,233	1,336	14,184	38	176	(47)	(14)	16,906	-	16,906
Profit for the year	-	-	1,300	-	-	-	-	1,300	-	1,300
Net remeasurements of retirement benefit obligations	-	-	(190)	-	-	-	-	(190)	-	(190)
Net revaluation of property	-	-	-	(2)	-	-	-	(2)	-	(2)
Net movement in cash flow hedge reserve	-	-	-	-	(49)	-	-	(49)	-	(49)
Net movement in other hedging reserve	-	-	-	-	-	(4)	-	(4)	-	(4)
Net movement in FVOCI reserve	-	-	-	-	-	-	(24)	(24)	-	(24)
Total comprehensive income	-	-	1,110	(2)	(49)	(4)	(24)	1,031	-	1,031
Repurchase of core capital deferred shares	(76)	-	-	-	-	-	-	(76)	-	(76)
Distribution to the holders of core capital deferred shares	-	-	(97)	-	-	-	-	(97)	-	(97)
Distribution to the holders of Additional Tier 1 capital	-	-	(78)	-	-	-	-	(78)	-	(78)
At 4 April 2024	1,157	1,336	15,119	36	127	(51)	(38)	17,686	-	17,686

The notes on pages 224 to 312 form part of these financial statements.

Society statement of movement in members' interests and equity

For the period ended 31 March 2025	Core capital deferred shares	Other equity instruments	General reserve	Revaluation reserve	Cash flow hedge reserve	Other hedging reserve	FVOCI reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	1,157	1,336	11,792	36	6	17	(53)	14,291
Profit for the period	-	-	485	-	-	-	-	485
Net remeasurements of retirement benefit obligations	-	-	(74)	-	-	-	-	(74)
Net movement in cash flow hedge reserve	-	-	-	-	(4)	-	-	(4)
Net movement in other hedging reserve	-	-	-	-	-	26	-	26
Net movement in FVOCI reserve	-	-	-	-	-	-	(80)	(80)
Total comprehensive income	-	-	411	-	(4)	26	(80)	353
Reserve transfer	-	-	2	(2)	-	-	-	-
Issuance of Additional Tier 1 capital	-	742	-	-	-	-	-	742
Redemption of Additional Tier 1 capital	-	(593)	(7)	-	-	-	-	(600)
Distribution to the holders of core capital deferred shares	-	-	(94)	-	-	-	-	(94)
Distribution to the holders of Additional Tier 1 capital	-	-	(93)	-	-	-	-	(93)
At 31 March 2025	1,157	1,485	12,011	34	2	43	(133)	14,599

For the year ended 4 April 2024	Core capital deferred shares	Other equity instruments	General reserve	Revaluation reserve	Cash flow hedge reserve	Other hedging reserve	FVOCI reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2023	1,233	1,336	11,051	38	33	14	(27)	13,678
Profit for the year	-	-	1,106	-	-	-	-	1,106
Net remeasurements of retirement benefit obligations	-	-	(190)	-	-	-	-	(190)
Net revaluation of property	-	-	-	(2)	-	-	-	(2)
Net movement in cash flow hedge reserve	-	-	-	-	(27)	-	-	(27)
Net movement in other hedging reserve	-	-	-	-	-	3	-	3
Net movement in FVOCI reserve	-	-	-	-	-	-	(26)	(26)
Total comprehensive income	-	-	916	(2)	(27)	3	(26)	864
Repurchase of core capital deferred shares	(76)	-	-	-	-	-	-	(76)
Distribution to the holders of core capital deferred shares	-	-	(97)	-	-	-	-	(97)
Distribution to the holders of Additional Tier 1 capital	-	-	(78)	-	-	-	-	(78)
At 4 April 2024	1,157	1,336	11,792	36	6	17	(53)	14,291

The notes on pages 224 to 312 form part of these financial statements.

Cash flow statements

For the period ended 31 March 2025					
		Group		**Society**	
		2025	2024 (note i)	**2025**	2024 (note i)
	Notes	**£m**	£m	**£m**	£m
Cash flows used in operating activities					
Profit before tax		**2,302**	1,776	**620**	1,521
Adjustments for:					
Non-cash items included in profit before tax	36	**(126)**	965	**1,322**	907
Changes in operating assets and liabilities	36	**(9,865)**	(4,543)	**(8,671)**	(4,298)
Taxation		**(225)**	(479)	**(181)**	(407)
Net cash flows used in in operating activities		**(7,914)**	(2,281)	**(6,910)**	(2,277)
Cash flows generated from/(used in) investing activities					
Purchase of investment securities		**(8,830)**	(8,598)	**(8,029)**	(8,591)
Investment in subsidiary share capital and senior non-preferred notes		**-**	-	**(1,548)**	(15)
Sale and maturity of investment securities		**12,566**	9,736	**12,009**	9,736
Proceeds on sale of investment advice business		**-**	33	**-**	33
Purchase of property, plant and equipment		**(98)**	(85)	**(90)**	(85)
Sale of property, plant and equipment		**8**	4	**7**	4
Purchase of intangible assets		**(303)**	(298)	**(303)**	(298)
Net cash flow from acquisition of Virgin Money UK PLC		**7,430**	-	**(2,866)**	-
Net cash flows generated from/(used in) investing activities		**10,773**	792	**(820)**	784
Cash flows generated from/ (used in) financing activities					
Distributions paid to the holders of core capital deferred shares		**(94)**	(97)	**(94)**	(97)
Repurchase of core capital deferred shares		**-**	(76)	**-**	(76)
Issuance of Additional Tier 1 capital		**742**	-	**742**	-
Redemption of Additional Tier 1 capital		**(600)**	-	**(600)**	-
Distributions paid to the holders of Additional Tier 1 capital		**(93)**	(78)	**(93)**	(78)
Distributions paid to the holders of Additional Tier 1 capital – non-controlling interest		**(34)**	-	**-**	-
Issuance of financing liabilities		**4,160**	1,385	**4,160**	1,385
Redemption of financing liabilities		**(1,822)**	(771)	**(1,822)**	(771)
Interest paid on financing liabilities		**(776)**	(481)	**(623)**	(481)
Repayment of lease liabilities		**(41)**	(34)	**(32)**	(34)
Net cash flows generated from/ (used in) financing activities		**1,442**	(152)	**1,638**	(152)
Effect of exchange rate changes on cash and cash equivalents		**(121)**	(110)	**(122)**	(110)
Net increase/(decrease) in cash and cash equivalents		**4,180**	(1,751)	**(6,214)**	(1,755)
Cash and cash equivalents at start of period		**24,345**	26,096	**24,335**	26,090
Cash and cash equivalents at end of period	36	**28,525**	24,345	**18,121**	24,335

Note:
i. Comparatives have been restated as detailed in note 1.

Total interest received was £16,263 million (2024: £12,963 million) and total interest paid was £10,978 million (2024: £7,828 million).

The notes on pages 224 to 312 form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies

Basis of preparation

The Group and Society financial statements are prepared in accordance with international accounting standards in conformity 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. International accounting standards which have been adopted for use within the UK have also been applied in these financial statements.

The audited sections in the Risk report form an integral part of these financial statements. These disclosures (where marked as 'audited') are covered by the Independent auditor's report for this Annual Report and Accounts.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, branches and non-specialised buildings, financial assets measured at fair value through other comprehensive income (FVOCI), and derivatives and certain other financial assets and liabilities measured at fair value through profit and loss (FVTPL).

The consolidated financial statements are presented in sterling, which is the functional currency of the Group and Society.

Acquisition of Virgin Money UK PLC

On 1 October 2024, the Group acquired Virgin Money UK PLC (hereafter referred to as Virgin Money). The results of Virgin Money are included in the Group's consolidated financial results for the period from 1 October 2024 to 31 March 2025 only. Further information is included in note 38.

Reporting date

The year end date of the Society has been changed to 31 March, which aligns with that of its subsidiary undertakings including Virgin Money. The consolidated financial statements have been prepared for the period from 5 April 2024 to 31 March 2025.

Basis of consolidation

The assets, liabilities and results of the Society and its undertakings, which include subsidiaries and structured entities, are included in the financial statements on the basis of accounts made up to the reporting date.

Going concern

The Group's business activities and financial position, the factors likely to affect its future development and performance, its objectives and policies in managing the financial risks to which it is exposed, and its capital, funding and liquidity positions are set out in the Strategic report and the Risk report.

The directors have assessed the Group's ability to continue as a going concern, with reference to current and anticipated market conditions as well as the impact of climate-related matters and the acquisition of Virgin Money. The directors confirm they are satisfied that the Group has adequate resources to continue in business for a period of not less than 12 months from the date of approval of these consolidated financial statements and that it is therefore appropriate to adopt the going concern basis.

Adoption of new and revised IFRSs

A number of amendments and improvements to accounting standards have been issued by the International Accounting Standards Board (IASB) with an effective date for annual reporting periods beginning on or after 1 January 2024. The adoption of these amendments had no significant impact on the Group.

Restatement of prior year comparatives

Comparatives for the year ended 4 April 2024 have been restated for the two items noted below. As set out on the table on the next page, these changes had no impact on the Group's or Society's net assets or members' interests and equity at 4 April 2024, or on profits for the year ended 4 April 2024.

Virgin Money acquisition

Following the acquisition of Virgin Money, the Group has assessed the alignment of accounting policies across the consolidated group. As a result of some differences identified, a number of presentational changes to the Group's and Society's financial statements have been made to better reflect the nature of the underlying assets, liabilities and income statement line items, and to align to market practice where appropriate.

Adjustments relating to the covered bond programme

In accordance with its accounting policy, the Society does not recognise on its balance sheet the deemed loan repayable, or the proceeds receivable, in connection with its covered bond structure. The interest on these instruments is similarly not recognised in the Society's income statement.

Corrections to presentation have been made in the current period in relation to the elimination of these amounts within the Society's balance sheet and income statement.

1. Statement of accounting policies (continued)

The restatements to comparatives for the items noted above are set out below.

Balance sheet extract at 4 April 2024	Previously published £m	Adjustments £m	Restated £m
Group			
Total assets	**271,917**	**170**	**272,087**
Impacted line items:			
Cash and balances at central banks (notes i, ii)	23,817	1,414	25,231
Loans and advances to banks and similar institutions (notes i, ii)	2,478	(1,560)	918
Other assets (note ii)	122	313	435
Retirement benefit asset (note iii)	607	3	610
Total liabilities	**254,231**	**170**	**254,401**
Impacted line items:			
Debt securities in issue (note iv)	29,599	5,150	34,749
Subordinated liabilities (note iv)	7,225	(5,150)	2,075
Other liabilities (notes ii, iii)	689	170	859
Society			
Total assets	**269,363**	**94**	**269,457**
Impacted line items:			
Cash and balances at central banks (note i)	23,817	1,414	25,231
Loans and advances to banks and similar institutions (notes i, ii)	2,468	(1,560)	908
Accrued income and expenses prepaid (note v)	464	(171)	293
Other assets (notes ii, v)	93	408	501
Retirement benefit asset (note iii)	607	3	610
Total liabilities	**255,072**	**94**	**255,166**
Impacted line items:			
Debt securities in issue (note iv)	28,255	5,150	33,405
Subordinated liabilities (note iv)	7,225	(5,150)	2,075
Other liabilities (notes ii, iii, v)	2,527	94	2,621

Notes:

i. Balance sheet line item has been renamed to cash and balances at central banks (previously referred to as 'cash'). Adjustments totalling £1,397 million have been made, primarily reflecting reclassification of collateral balances held with the Bank of England in support of participation in payment schemes, which were previously included within loans and advances to banks and similar institutions.

ii. Certain balances relating to settlement accounts held with payment schemes have been reclassified, resulting in increases to cash and balances at central banks of £17 million, other assets of £313 million and other liabilities of £167 million, and a decrease to loans and advances to banks and similar institutions of £163 million.

iii. Unfunded retirement benefit obligations of £3 million have been reclassified to other liabilities. This balance was previously included within the retirement benefits asset line item.

iv. Senior non-preferred notes have been reclassified from subordinated liabilities to debt securities in issue.

v. Certain accrued interest and intercompany balances within the Society relating to the covered bond programme have been reclassified, resulting in a decrease to accrued income and expenses prepaid of £171 million, a decrease to other liabilities of £76 million, and an increase to other assets of £95 million.

Income statement extract for the year ended 4 April 2024	Previously published £m	Adjustments £m	Restated £m
Group			
Administrative expenses (note i)	(2,422)	(127)	(2,549)
Provisions for liabilities and charges (note i)	(127)	127	-
Society			
Interest receivable and similar income (note ii)	13,317	316	13,633
Interest expense and similar charges (note ii)	(9,259)	(316)	(9,575)
Administrative expenses (note i)	(2,419)	(124)	(2,543)
Provisions for liabilities and charges (note i)	(124)	124	-

Notes:

i. Provisions for liabilities and charges are now included within administrative expenses in the income statement. Such amounts continue to be disclosed separately in note 8.

ii. An element of interest expense within the Society relating to issuances under its covered bond programme was incorrectly classified within interest income for the year ended 4 April 2024.

Cash flow statement extract for the year ended 4 April 2024	Previously published £m	Adjustments £m	Restated £m
Group			
Cash flows generated from/(used in) operating activities			
Changes in operating assets and liabilities (note i)	(4,256)	(287)	(4,543)
Cash and cash equivalents			
Cash and cash equivalents at start of period (note i)	25,955	141	26,096
Cash and cash equivalents at end of period (note i)	24,491	(146)	24,345
Society			
Cash flows generated from/(used in) operating activities			
Changes in operating assets and liabilities (note i)	(4,011)	(287)	(4,298)
Cash and cash equivalents			
Cash and cash equivalents at start of period (note i)	25,949	141	26,090
Cash and cash equivalents at end of period (note i)	24,481	(146)	24,335

Note:

i. Certain balances relating to settlement accounts held with payment schemes have been reclassified to other assets and other liabilities.

1. Statement of accounting policies (continued)

Future accounting developments

'Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7' was issued in May 2024 and is effective for accounting periods beginning on or after 1 January 2026. The amendments provide clarification as to the derecognition criteria for financial liabilities when using an electronic payment system. The amendments also provide guidance on the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows. The impact of these amendments is currently being assessed.

IFRS 18 'Presentation and Disclosure in Financial Statements' was issued in April 2024 and is effective for accounting periods beginning on or after 1 January 2027, but is not yet endorsed for use in the UK. IFRS 18 replaces IAS 1, and while much of IAS 1 has been retained in IFRS 18, the new standard establishes updated principles for the presentation and disclosure of information in the financial statements, in particular the income statement. The requirements of IFRS 18 are currently being assessed, and while the new standard will potentially alter the presentation of information, it is not anticipated to affect underlying recognition or measurement criteria.

The IASB has also issued a number of other minor amendments to IFRSs that become effective for annual reporting periods beginning on or after 1 January 2025, some of which have not yet been endorsed for use in the UK. These amendments are not expected to have a significant impact for the Group.

Accounting policies

A summary of the Group's material accounting policies is set out below. The accounting policies are consistent with those applied by the Group in its financial statements for the year ended 4 April 2024, except for certain voluntary changes to accounting policy, impacting the presentation of certain items as described above.

Further information about judgements in applying accounting policies and critical accounting estimates is provided in note 2.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated in the Society accounts at cost less provisions for any impairment in value.

Securitisation and covered bond transactions

The Group has securitised certain mortgage loans by the transfer of the loans to structured entities controlled by the Group. The securitisation enables a subsequent issuance of debt, either by the entity which originated the mortgages (the 'originator') or the structured entities, to investors who gain the security of the underlying assets as collateral. Those structured entities are fully consolidated into the Group accounts.

The transfers of the mortgage loans to the structured entities are not treated as sales by the originator. The originator continues to recognise the mortgage loans on its own balance sheet after the transfer because it retains their risks and rewards through the receipt of substantially all of the profits or losses of the structured entities. In the accounts of the originator, the proceeds received from the transfer are accounted for as a deemed loan repayable to the structured entities.

For covered bonds, the originator itself and not the structured entity issues the covered bonds and then lends the proceeds to the structured entity on back-to-back terms. The structured entity then uses these proceeds as consideration for the loans transferred from the originator. In the accounts of the originator, neither the loan to the structured entity nor the consideration for the transfer of mortgage loans is recognised separately as an additional asset and liability.

The Group has also entered into self-issuances of debt to be used as collateral for repurchase ('repo') and similar transactions. Investments in self-issued debt and the related obligation, together with the related income, expenditure and cash flows, are not recognised in the Society's or Group's financial statements. This avoids the 'grossing-up' of the financial statements that would otherwise arise.

To manage interest rate risk, the Society enters into derivative transactions with the structured entities, receiving a rate of interest based on the securitised mortgages and paying a rate inherent in the debt issuances. These internal derivatives are treated as part of the deemed loan and not separately fair valued because the relevant mortgage loans are not derecognised. All other derivatives relating to securitisations are treated as explained in the derivatives and hedge accounting policy below.

1. Statement of accounting policies (continued)

Interest receivable and interest expense

For instruments measured at amortised cost the effective interest rate (EIR) method is used to measure the carrying value of a financial asset or liability and to allocate associated interest income or expense over the relevant period.

In calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, early redemption penalty charges) and anticipated customer behaviour but does not consider future credit losses. The calculation includes all fees received and paid and costs incurred that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts above or below market rates.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets. For credit impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit impaired financial assets (i.e. net of the allowance for expected credit losses (ECLs)). Where loans are credit impaired on origination, or when purchased from third parties, the carrying amount at initial recognition is net of the lifetime ECL at that date. For these assets, the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest receivable and similar income calculated using the effective interest rate method also includes interest on financial assets classified as fair value through other comprehensive income, and on derivatives in qualifying hedge relationships.

Interest income not calculated using the effective interest rate method, including interest on financial assets classified as fair value through profit or loss and derivatives not in qualifying hedge relationships, is presented as other interest receivable and similar income.

Member reward payments

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. The Group recognises the expected cost of member reward payments within accruals and deferred income on the date at which they are announced.

Fees and commissions

Fee and commission income and expense comprises fees that are not an integral part of the EIR. Fees and commissions relating to current accounts, savings accounts, mortgages and credit cards are either:

- transaction-based and therefore recognised when the performance obligation related to the transaction is fulfilled, or
- related to the provision of services over a period of time and therefore recognised on a systematic basis over the life of the agreement as services are provided.

Trail commission relating to investments under administration, general insurance and protection products sold on behalf of third parties may include variable consideration. Where this is the case the trail commission is recognised either on the accruals basis over the period to which the commission relates or, if the uncertainties are more significant, once the uncertainties are resolved.

Segmental reporting

The Group Management Committee (GMC) is responsible for allocating resources and assessing the performance of the business and is therefore identified as the chief operating decision maker.

Operating segments are reported in a manner consistent with internal reporting provided to the GMC and include the Nationwide sub-group and the Virgin Money sub-group.

No segmental analysis is required on geographical lines as substantially all of the Group's activities are in the United Kingdom.

Prior to the acquisition of Virgin Money, the Nationwide Executive Committee (ExCo) was considered to be the chief operating decision maker and there was only one reportable segment.

1. Statement of accounting policies (continued)

Leases

At inception, the Group assesses whether a contract is, or contains, a lease. This assessment involves exercising judgement as to whether the contract conveys the right to control the use of an identified asset, and the right to obtain substantially all of the economic benefits from this asset, for a period of time.

Leases held by the Group as a lessee consist primarily of property contracts for branches and office buildings. The Group recognises a right-of-use (RoU) asset and a lease liability at the commencement of the lease, except for short-term leases (defined as leases with a lease term of less than 12 months) and leases of low value assets. Payments for short-term leases and leases of low value assets are generally recognised in the income statement on a straight-line basis.

Intangible assets

Intangible assets held by the Group consist of core deposit and purchased credit card relationship intangible assets acquired in business combinations, as well as externally acquired and internally developed computer software. These assets are held at cost (equivalent to fair value at acquisition for core deposit and purchased credit card relationship intangible assets) less accumulated amortisation and impairment. Intangible assets are amortised using the straight-line method over the following estimated useful lives:

Core deposit intangible	6.5 years
Purchased credit card relationships	5 years
Computer software	3 to 10 years

Intangible assets are reviewed for indicators of impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount is not recoverable, the asset is written down immediately to the estimated recoverable amount.

Property, plant and equipment

Freehold and long leasehold properties comprise mainly branches and office buildings.

Branches and non-specialised buildings are stated at revalued amounts representing fair value, determined by market-based evidence at the date of the valuation, less any subsequent accumulated depreciation and subsequent impairment. Valuations are completed annually as at 31 March, or more frequently if required, by external, independent and qualified surveyors who have recent experience in the location and type of properties. Valuations are performed in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards and are generally performed on a vacant possession basis, using a comparative method of valuation with reference to sales prices and observable market rents for similar properties in similar locations.

The Group holds a small number of investment properties comprising properties held for rental which are held at fair value, with changes in fair value recognised in the income statement.

Other property, plant and equipment, including specialised administration buildings, are included at historical cost less accumulated depreciation and impairment. Land is not depreciated. Other assets are depreciated over the following estimated useful lives:

Branches and non-specialised buildings	60 years
Specialised administration buildings	up to 60 years
Plant and machinery	5 to 15 years
Equipment, fixtures, fittings and vehicles	3 to 10 years

Assets are reviewed for indicators of impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount is not recoverable the asset is written down immediately to the estimated recoverable amount.

Inventories

Inventories relating to property development activities are held at the lower of cost and net realisable value and are included within other assets on the balance sheet.

Employee benefits

The Group operates a number of defined benefit and defined contribution pension arrangements.

The net defined benefit asset or liability represents the difference between the present value of defined benefit obligations and the fair value of plan assets, after applying the asset ceiling test, where a net defined benefit surplus is limited to the present value of available refunds and reductions in future contributions to the plan.

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows, using a discount rate derived from yields of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability.

Actuarial remeasurements arise from experience adjustments (the effects of differences between previous actuarial assumptions and what has actually occurred) and changes in forward-looking actuarial assumptions. Actuarial remeasurements are recognised in full, in the year they occur, in other comprehensive income.

1. Statement of accounting policies (continued)

A defined contribution arrangement is one into which the Group and the employee pay fixed contributions, without any further obligation to pay additional contributions. Payments to defined contribution schemes are charged to the income statement as they fall due.

The Group also offers variable compensation to employees, including bonus schemes. For performance-based awards, no amounts are recognised in the income statement until it is considered probable that payments will be made. Where a performance-based bonus payment is considered probable, the amount recognised in the income statement will reflect the portion of the vesting period that has passed. The vesting period for performance-based awards runs from the start of the performance period associated with the plan to the settlement date.

Provisions

A provision is recognised where there is a present obligation as a result of a past event, it is probable that the obligation will be settled, and it can be reliably estimated.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by the outcome of uncertain future events, and present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised on the balance sheet but are disclosed, unless the likelihood of an outflow of economic resources is remote.

Taxation

Current tax payable on profits is recognised as an expense in the period in which profits arise. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, taxation authorities. Management evaluates where uncertain taxation positions exist and recognises provisions, where appropriate, to reflect the best estimate of the probable outcome.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and which are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

The amounts recognised for deferred tax assets are reviewed at each reporting date. In the case of deferred tax assets relating to tax losses carried forward, the Group assesses the likelihood of recovery and considers whether it is probable that sufficient future taxable profits will be available over a suitable planning horizon against which the tax losses can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities, and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities where there is an intention to settle on a net basis.

Current and deferred tax are charged or credited in the income statement except to the extent that the tax arises from a transaction or event which is recognised outside the income statement. In this case, the tax appears in the same statement as the transaction that gave rise to it. An exception to this principle relates to the tax consequences of the Group's distributions on other equity instruments. Although such distributions are recognised directly in equity, the tax consequences are credited to the income statement, where the profit being distributed originally arose.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and non-restricted balances with less than three months maturity from the date of acquisition, included within cash and balances at central banks and loans and advances to banks and similar institutions on the balance sheet.

Financial assets

Financial assets primarily consist of cash and balances at central banks, loans and advances to banks and similar institutions, investment securities, derivative financial instruments and loans and advances to customers.

Recognition and derecognition

All financial assets are recognised initially at fair value. Purchases and sales of investment securities and derivative financial instruments are accounted for at trade date. All other financial assets are accounted for at settlement date. Financial assets are derecognised when the rights to receive cash flows have expired or where the assets have been transferred and substantially all the risks and rewards of ownership have been transferred.

Modification of contractual terms

An instrument that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms (such as renegotiations of commercial loans). Residential mortgages reaching the end of a fixed interest deal period are deemed repricing events, rather than a modification of contractual terms, as the change in interest rate at the end of the fixed rate period was envisaged in the original mortgage contract.

Where an instrument is renegotiated and not derecognised, the change is considered a modification of contractual terms. Where this arises, the gross carrying amount of the loan is recalculated as the present value of the renegotiated or modified contractual

1. Statement of accounting policies (continued)

cash flows, discounted at the loan's original effective interest rate. Any gain or loss on recalculation is recognised immediately in the income statement.

Classification and measurement

The classification and subsequent measurement of financial assets is based on an assessment of the Group's business models for managing the assets and their contractual cash flow characteristics. Financial assets are classified into the following three categories:

(a) Amortised cost

Financial assets held to collect contractual cash flows and where contractual terms comprise solely payments of principal and interest (SPPI) are classified as amortised cost. This category of financial assets includes cash and balances at central banks, loans and advances to banks and similar institutions, the majority of the Group's residential mortgage and business and commercial loans, all unsecured lending, and certain investment securities within a 'hold to collect' business model.

Financial assets within this category are recognised on settlement date (for cash and balances with central banks, loans and advances to banks and similar institutions, and loans and advances to customers), or on the trade date for purchases of investment securities. After initial recognition, the assets are measured at amortised cost using the effective interest rate method, less provisions for expected credit losses.

Leases entered into by the Group as lessor, where the Group transfers substantially all the risks and rewards of ownership to the lessee, are classified as finance leases. The leased asset is not held on the Group balance sheet; instead, a finance lease is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate implicit in the lease. Interest income is recognised in interest receivable, allocated to accounting years to reflect a constant periodic rate of return.

(b) Fair value through other comprehensive income (FVOCI)

Debt instruments held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and where contractual terms comprise solely payments of principal and interest (SPPI), are classified as, and measured at, FVOCI. This category of financial assets includes most of the Group's investment securities which are held to manage liquidity requirements.

Financial assets within this category are recognised on trade date. The assets are measured at fair value using, in the majority of cases, market prices or, where there is no active market, prices obtained from market participants. In sourcing valuations, the Group makes use of a consensus pricing service, in line with standard industry practice.

In cases where market prices or prices from market participants are not available, discounted cash flow models are used.

Interest on FVOCI debt instruments is recognised in interest receivable and similar income in the income statement, using the effective interest rate method. Unrealised gains and losses arising from changes in value are recognised in other comprehensive income. Provisions for expected credit losses and foreign exchange gains or losses are recognised in the income statement. Cumulative gains or losses arising on sale of FVOCI debt instruments are recognised in the income statement within other operating income/(expense), net of any credit or foreign exchange gains or losses already recognised.

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as FVOCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation' and are not held for trading. Such classification is determined on an instrument-by instrument basis. Gains and losses on these equity instruments are never recycled to the income statement. Dividends are recognised in the income statement as other operating income unless deemed to represent a recovery of part of the cost of the investment. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) Fair value through profit or loss (FVTPL)

All other financial assets are measured at FVTPL. Financial assets within this category primarily include derivative instruments and a small number of residential and commercial loans and investment securities with contractual cash flow characteristics which do not meet the SPPI criteria. The contractual terms for these cash flows include contingent or leverage features, or returns based on movements in underlying collateral values such as house prices.

Fair values are based on observable market data, valuations obtained from third parties or, where these are not available, internal models. Gains or losses arising from changes in the fair value of these instruments and on disposal are recognised in the income statement within other operating income.

Hedge accounting is not applied to assets classified as FVTPL; however, hedging may be applied for economic purposes. Gains or losses arising from changes in the fair value of derivatives economically hedging FVTPL financial assets are also included within other operating income.

1. Statement of accounting policies (continued)

Impairment of financial assets

Financial assets within the scope of IFRS 9 expected credit loss (ECL) requirements comprise all financial debt instruments measured at either amortised cost or FVOCI. These include cash and balances at central banks, loans and advances to banks and similar institutions, and the majority of investment securities and loans and advances to customers. Also within scope are irrevocable undrawn commitments to lend and intra-group lending (the latter being eliminated on consolidation in the Group financial statements).

The ECL represents the present value of expected cash shortfalls following the default of a financial instrument, including any undrawn commitment. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive.

The allowance for ECLs is based on an assessment of the probability of default, exposure at default and loss given default, discounted at the effective interest rate to give a net present value of cash flows. The estimation of ECLs is unbiased and probability weighted, taking into account all reasonable and supportable information, including forward-looking economic assumptions and a range of possible outcomes. ECLs are typically calculated from initial recognition of the financial asset for the maximum contractual period that the Group is exposed to the credit risk. However, for revolving credit loans such as credit cards and overdrafts, the Group's credit risk is not limited to their contractual period and therefore the expected life of the loan and associated undrawn commitment is calculated based on the behavioural life of the loan.

For financial assets recognised in the balance sheet at amortised cost, the allowance for ECLs is offset against the gross carrying value so that the amount presented in the balance sheet is net of impairment provisions. For financial assets classified as FVOCI, any credit losses recognised are offset against cumulative fair value movements within the other comprehensive income reserve. For separately identifiable irrevocable loan commitments, where the related financial asset has not yet been advanced, the provision is presented in provisions for liabilities and charges in the balance sheet.

Forward-looking economic inputs

ECLs are calculated by reference to information on past events, current conditions and forecasts of future economic conditions. Multiple economic scenarios are incorporated into ECL calculation models. These scenarios are based on external sources where available and appropriate, and internally generated assumptions in all other cases. An appropriate number of scenarios are considered to capture any non-linear relationship between economic assumptions and credit losses. These scenarios are weighted based on management's view of their probability. Further information is provided in note 10.

Credit risk categorisation

For the purpose of calculating ECLs, assets are categorised into three stages as follows:

Stage 1: no significant increase in credit risk since initial recognition

On initial recognition, and for financial assets where there has not been a significant increase in credit risk since initial recognition, provision is made for losses from credit default events expected to occur within the next 12 months. Expected credit losses for these stage 1 assets continue to be recognised on this basis unless there is a significant increase in the credit risk of the asset.

Stage 2: significant increase in credit risk

Financial assets are categorised as being within stage 2 where an instrument has experienced a significant increase in credit risk since initial recognition. For these assets, provision is made for losses from credit default events expected to occur over the lifetime of the instrument.

Whether a significant increase in credit risk has occurred is ascertained by considering both quantitative and qualitative factors. Quantitative considerations take into account changes in the residual lifetime probability of default (PD) of the asset. As a backstop, all assets with an arrears status of more than 30 days past due on contractual payments are considered to be in stage 2.

Qualitative factors that may indicate a significant change in credit risk include concession events that are deemed to be forbearance.

Further information about the identification of significant increases in credit risk is provided in note 10.

1. Statement of accounting policies (continued)

Stage 3: credit impaired (or defaulted) loans

Financial assets are transferred into stage 3 when there is objective evidence that an instrument is credit impaired. Provisions for stage 3 assets are made on the basis of credit default events expected to occur over the lifetime of the instrument. Assets are considered credit impaired when:

- Contractual payments of either principal or interest are past due by more than 90 days;
- There are other indications that the borrower is unlikely to pay, such as signs of financial difficulty, probable bankruptcy, breaches of contract and concession events which have a detrimental impact on the present value of future cash flows; or
- The loan is otherwise considered to be in default.

Interest income on stage 3 credit impaired loans is recognised in the income statement on the loan balance net of the ECL provision. The gross balance sheet value of stage 3 loans reflects the contractual terms of the assets and continues to increase over time with the contractually accrued interest.

Purchased or originated credit impaired (POCI) loans

Where loans are credit impaired on origination, or when purchased from third parties, lifetime ECLs are incorporated into the calculation of the effective interest rate on initial recognition. POCI assets do not carry an impairment allowance on initial recognition, and the amount recognised as a loss allowance subsequently is equal to the changes in lifetime ECLs since initial recognition of the asset discounted at the credit impaired EIR. POCI loans are separately disclosed as credit impaired loans and cannot be transferred out of the POCI designation, even if there is a significant improvement in credit quality.

Transfers between stages

Transfers from stage 1 to 2 occur when there has been a significant increase in credit risk and from stage 2 to 3 when credit impairment is indicated as described above.

Loans in stage 2 or 3 can transfer back to stage 1 or 2 once the criteria for a significant increase in credit risk or impairment are no longer met. For loans subject to concession events deemed to be forbearance, accounts are transferred back to stage 1 or 2 only after being up to date for a period of up to 36 months, depending on the concession.

Write-off

Loans remain on the balance sheet, net of associated provisions, until they are deemed to have no reasonable expectation of recovery. Loans are generally written off after realisation of any proceeds from collateral and upon conclusion of the collections process, including consideration of whether an account has reached a point where continuing attempts to recover are no longer likely to be successful. Where a loan is not recoverable, it is written off against the related provision for loan impairment once all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the value of impairment charges recorded in the income statement.

Financial liabilities

Borrowings, including shares, deposits, debt securities in issue, subordinated liabilities and permanent interest-bearing shares (subscribed capital) are recognised initially at fair value, being the issue proceeds net of premiums, discounts and transaction costs incurred.

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is adjusted for the amortisation of any premiums, discounts and transaction costs. The amortisation is recognised in interest expense and similar charges using the effective interest rate method.

Derivative financial liabilities are measured at FVTPL. Borrowings that are designated as hedged items are subject to measurement under the hedge accounting requirements described in the derivatives and hedge accounting policy below.

Financial liabilities are derecognised when the obligation is discharged, cancelled or has expired. The financial liabilities of dormant shares and deposit accounts are extinguished when balances have been transferred to the Government-backed unclaimed asset scheme under the terms of the Dormant Accounts and Building Society Accounts Act 2008, with no impact on the income statement.

Fair value of assets and liabilities

IFRS 13 ‘Fair Value Measurement’ requires an entity to classify assets and liabilities held at fair value, and those not measured at fair value but for which the fair value is disclosed, according to a hierarchy that reflects the significance of observable market inputs in calculating those fair values. The three levels of the fair value hierarchy are defined below.

Level 1 – Valuation using quoted market prices

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price reflects actual and regularly occurring market transactions on an arm’s length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

1. Statement of accounting policies (continued)

Level 2 – Valuation technique using observable inputs

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuations based on observable inputs include derivative financial instruments such as swaps and forward rate agreements which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable. They also include investment securities valued using consensus pricing or other observable market prices.

Level 3 – Valuation technique using significant unobservable inputs

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. An input is deemed significant if it is shown to contribute more than 10% to the valuation of a financial instrument.

Derivatives and hedge accounting

Derivatives are entered into to reduce exposures to fluctuations in interest rates, exchange rates, market indices and credit risk, and are not used for speculative purposes.

(a) Derivative financial instruments

Derivatives are carried at fair value with movements in fair values recognised in the income statement. Derivative financial instruments are principally valued by discounted cash flow models using yield curves that are based on observable market data or on valuations obtained from third parties. Discounting uses the appropriate risk-free rate for the currency of the cash flow; for example, GBP cash flows are discounted using a Sonia yield curve.

In the first instance, fair values are calculated using mid prices. An adjustment is then made to derivative assets and liabilities to value them on a bid and offer basis respectively. The bid-offer adjustment is calculated on a portfolio basis and reflects the costs that would be incurred if substantially all residual net portfolio market risks were closed out using available hedging instruments or by disposing of or unwinding actual positions. The methodology for determining the bid-offer adjustments involves netting between long and short positions and the grouping of risk by type, in accordance with the hedging strategy. Bid-offer spreads are derived from market sources such as broker data and are reviewed periodically.

In measuring fair value, separate credit valuation and debit valuation adjustments are made for counterparty or own credit risk to the extent not already included in the valuation. Funding valuation adjustments are also made to reflect an estimate of the adjustment a market participant would make to incorporate funding costs and benefits that arise in relation to derivative exposures.

All derivatives are classified as assets where their fair value is positive and liabilities where their fair value is negative. Where there is the legal right and intention to settle net, then the derivative is classified as a net asset or liability, as appropriate.

Where cash collateral is received, to mitigate the risk inherent in amounts due to the Group, a liability is recognised within deposits from banks and similar institutions. Similarly, where cash collateral is given, to mitigate the risk inherent in amounts due from the Group, an asset is recognised within loans and advances to banks and similar institutions. Where securities collateral is received the securities are not recognised in the accounts as the Group does not obtain the risks and rewards of the securities. Where securities collateral is given, the securities are not derecognised as the Group retains substantially all the risks and rewards of ownership.

(b) Hedge accounting

The Group has adopted the general hedge accounting requirements of IFRS 9 but continues to apply the scope exception which allows ongoing application of IAS 39 for fair value hedge accounting for a portfolio (macro) hedge of interest rate risk. When transactions meet the criteria specified in IFRS 9, the Group can apply two types of hedge accounting: either hedges of the changes in fair value of the financial asset or liability (fair value hedge accounting) or hedges of the variability in cash flows of the financial asset or liability (cash flow hedge accounting). The Group does not have hedges of net investments.

At inception each hedge relationship is formally documented, including a description of the hedged item (a financial asset or liability which is being economically hedged) and the hedging instrument (a derivative), as well as the methods which will be used to assess the effectiveness of the hedge. Hedges accounted for under IFRS 9 are required to be effective on a prospective basis, in line with risk management strategy. Macro hedges which continue to be accounted for under IAS 39 are required to be highly effective on both a retrospective and a prospective basis.

1. Statement of accounting policies (continued)

Fair value and cash flow hedges may have residual hedge ineffectiveness. This is the degree to which the change in fair value of the hedging instrument does not offset the change in fair value of the hedged item. This ineffectiveness is recognised in the income statement and typically arises from:

- Differences in the magnitude or timing of future expected cash flows in the hedged item and hedging instrument;
- Differences in the market curves used to value the hedged item and hedging instrument;
- Unexpected adjustments to either the hedged item or hedging instrument, due to early repayments or disposals; or
- The ongoing amortisation of any existing balance sheet mismatch between the fair value of the hedged item and hedging instrument.

The Group discontinues hedge accounting when:

- It is evident from testing that a hedging instrument ceases to meet the hedge effectiveness requirements;
- The hedging instrument expires, or is sold, terminated or exercised; or
- The hedged item matures, is sold or repaid or, in the case of a forecasted item, is no longer deemed to be highly probable to occur.

For macro hedges which continue to be accounted for under IAS 39, the Group may also decide to prospectively cease hedge accounting even though the hedge relationship continues to be highly effective, by ceasing to designate the financial instrument as a hedge. For hedges accounted for under IFRS 9, the Group is unable to voluntarily de-designate hedging relationships, unless there has been a change to risk management objectives.

Fair value hedge accounting

Fair value hedge accounting results in the carrying value of the hedged item being adjusted to reflect changes in fair value attributable to the risk being hedged. This creates an offset to the fair value movements of the hedging instrument. Changes in the fair value of the hedged items and hedging instruments are recorded in the income statement, except for changes in the fair value of hedging instruments accounted for under IFRS 9 which are attributable to foreign currency basis spreads. Where foreign currency basis spreads are excluded from hedge designation, this element of fair valuation of the hedging instrument is instead recognised directly within equity within the ‘other hedging reserve’.

For larger and distinctively identifiable assets and liabilities, such as investment securities and debt securities in issue, a single or small number of hedging instruments may be used. This is referred to as a micro fair value hedge. If the hedge is effective, the Group adjusts the carrying value of that specific asset or liability to reflect changes in its fair value due to movements in the designated benchmark rate, such as Sonia. This creates an offset to the fair value movement of the hedging instruments.

For hedged items which are classified as FVOCI, such as investment securities, there is no further need to adjust their carrying value as they are already held at fair value. Instead, hedge accounting results in an amount being removed from the FVOCI reserve and instead reported in the income statement, to create an offset to the change in fair value of the hedging instrument.

For balances within portfolios of homogeneous instruments, such as mortgages, savings, and business and commercial loans, derivatives may be used to hedge risks on a portfolio basis. The Group creates separate macro hedges for assets and liabilities. The Group determines the hedged item by identifying portfolios of similar assets or liabilities and scheduling the expected future cash flows from these items into repricing time buckets, based on expected rather than actual repricing dates. A portion of the total cash flow from each time bucket is then included in the hedged item. The size of this portion is set so that it is expected to create a highly effective fair value offset to the equivalent future cash flows from the hedging instruments. If the hedge is highly effective the Group records an adjustment in the fair value adjustment for portfolio hedged risk category on the balance sheet. Macro hedges are frequently rebalanced to include new business.

In fair value hedge accounting relationships, if the hedging instrument no longer meets the criteria for hedge accounting, the cumulative fair value hedge adjustment is amortised over the period to maturity of the previously designated hedge relationship. If the hedged item is sold or repaid, the unamortised fair value adjustment is immediately recognised in the income statement.

Cash flow hedge accounting

In a cash flow hedge accounting relationship, the portion of the hedging instrument’s fair value movement that is deemed to be an effective hedge is deferred to the cash flow hedge reserve, instead of being immediately recognised in the income statement. The ineffective portion of the derivative fair value movement is recognised immediately in the income statement.

Amounts deferred to the cash flow hedge reserve are subsequently recycled to the income statement. This recycling occurs when the underlying asset or liability being hedged impacts the income statement, for example when interest payments are recognised. In cash flow hedge accounting relationships, if the derivative no longer meets the criteria for hedge accounting, the cumulative gain or loss from the effective portion of the movement in the fair value of the derivative remains in other comprehensive income until the cash flows from the underlying hedged item are recognised in the income statement or are no longer expected to occur. If the hedged item is sold or repaid, the cumulative gain or loss in other comprehensive income is immediately recognised in the income statement.

1. Statement of accounting policies (continued)

Sale and repurchase agreements

Investment and other securities may be lent or sold subject to a commitment to repurchase them at a pre-determined price (a repo). Such securities are retained on the balance sheet when substantially all the risks and rewards of ownership (typically, the interest rate risk and credit risk on the asset) remain within the Group, and the counterparty liability is included separately on the balance sheet within deposits from banks and similar institutions as appropriate.

Similarly, where the Group borrows or purchases securities subject to a commitment to resell them (a reverse repo) but does not acquire the risks and rewards of ownership, the transactions are treated as collateralised loans within loans and advances to banks and similar institutions, and the securities are not included on the balance sheet.

The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest rate method.

Equity instruments

Issued financial instruments are classified as equity instruments where the contractual arrangement with the holder does not result in the Group having a present obligation to deliver cash, another financial asset or a variable number of equity instruments. Where the Group does have a present obligation, the instrument is classified as a financial liability.

Own equity instruments that are reacquired, referred to as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

Business combinations

Business combinations are accounted for using the acquisition method, as prescribed by IFRS 3 'Business Combinations'. Under this method, any excess of the fair value of the consideration transferred over the fair value of the identifiable net assets acquired is recognised as goodwill. If the fair value of the identifiable net assets acquired exceeds the aggregate fair value of the consideration transferred, this results in a gain on acquisition, recognised in the income statement on the date of the acquisition.

The fair value measurement of identifiable assets acquired and liabilities assumed may be adjusted following management's finalisation 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.

The amount of non-controlling interests is measured at fair value as at the date of acquisition. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Further information on the acquisition of Virgin Money UK PLC during the current period is included in note 38.

2. Judgements in applying accounting policies and critical accounting estimates

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. Actual results may differ from those on which management's estimates are based. 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. For the period ended 31 March 2025, this evaluation has considered the impact of climate-related risks on the Group's financial position and performance. While the effects of climate change represent a source of uncertainty, the Group does not consider there to be a material impact on its judgements and estimates from physical and transition risks of climate change in the short to medium term.

In relation to the acquisition of Virgin Money on 1 October 2024, the Group made significant judgements in respect of valuation techniques, modelling assumptions and estimates of market inputs used to determine the fair value of identifiable assets acquired and liabilities assumed. The fair values calculated resulted in the recognition of a £2.3 billion gain on the acquisition. Further information on the valuation approaches applied is included in note 38.

The key areas involving significant sources of estimation uncertainty or a higher degree of judgement by management in applying the Group's accounting policies, where actual results may differ from those on which management's estimates are based, are disclosed in the following notes.

	Estimates	Judgements
Impairment charge and provisions on loans and advances to customers	Note 10	Note 10
Retirement benefit obligations	Note 30	
Deferred taxation	Note 11	Note 11

3. Interest receivable and similar income

	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
On financial assets measured at amortised cost:				
Residential mortgages	**8,904**	6,424	**5,955**	4,733
Connected undertakings (note i)	**-**	-	**1,623**	1,316
Other loans (note ii)	**1,399**	718	**749**	702
Other liquid assets, including reserves at central banks	**1,647**	1,962	**1,414**	1,962
Investment securities	**-**	1	**-**	1
On investment securities measured at FVOCI	**644**	522	**540**	522
Net income on financial instruments hedging assets in a qualifying hedge accounting relationship	**3,416**	4,335	**3,201**	4,335
Total interest receivable and similar income calculated using the effective interest rate method	**16,010**	13,962	**13,482**	13,571
Interest on net defined benefit pension surplus (note 30)	**45**	44	**30**	44
Other interest and similar income (note iii)	**27**	19	**26**	18
Total	**16,082**	14,025	**13,538**	13,633

Notes:
i. Society comparatives have been restated to reclassify an element of interest expense relating to issuances under the Society's covered bond programme, which was previously included within interest income. Further information is included in note 1.
ii. Includes interest on financial lease receivables of £31 million (2024: £nil). More information on leasing arrangements can be found in note 28.
iii. Includes interest on financial instruments hedging assets that are not in a qualifying hedge accounting relationship.

4. Interest expense and similar charges

	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
On shares held by individuals	**6,001**	5,217	**6,001**	5,217
On non-member retail deposits	**834**	-	**-**	-
On subscribed capital	**10**	11	**10**	11
On other deposits and other borrowings:				
Subordinated liabilities (note i)	**96**	72	**75**	72
Connected undertakings (note ii)	**-**	-	**137**	91
Deposits from banks and similar institutions and other deposits	**1,246**	1,723	**965**	1,723
Debt securities in issue (note i)	**1,837**	1,449	**1,509**	1,353
Net expense on financial instruments hedging liabilities (note ii)	**1,066**	1,103	**979**	1,108
Total	**11,090**	9,575	**9,676**	9,575

Notes:
i. Group and Society comparatives have been restated to align with the reclassification of senior non-preferred notes from subordinated liabilities to debt securities in issue, as detailed in note 1.
ii. Society comparatives have been restated to reclassify an element of interest expense relating to issuances under the Society's covered bond programme, which was previously included within interest income. Further information is included in note 1.

5. Fee and commission income and expense

	2025			2024		
	Income	**Expense**	**Net**	Income	Expense	Net
Group	**£m**	**£m**	**£m**	£m	£m	£m
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
Total	**515**	**(356)**	**159**	426	(292)	134

	2025			2024		
	Income	**Expense**	**Net**	Income	Expense	Net
Society	**£m**	**£m**	**£m**	£m	£m	£m
Current account and savings	**317**	**(245)**	**72**	300	(234)	66
Insurance, protection and investments	**41**	**-**	**41**	67	-	67
Mortgage	**7**	**(25)**	**(18)**	9	(16)	(7)
Credit card	**41**	**(26)**	**15**	41	(33)	8
Other fees and commissions	**9**	**(12)**	**(3)**	6	(5)	1
Total	**415**	**(308)**	**107**	423	(288)	135

6. Other operating income

	Group		**Society**	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Gains on disposal of FVOCI investment securities	**8**	47	**8**	47
Losses on financial assets measured at FVTPL	**(2)**	(6)	**(2)**	(6)
Recharges for services to connected undertakings	**-**	-	**83**	75
Other income	**15**	39	**8**	43
Total	**21**	80	**97**	159

Other income for the year ended 4 April 2024 includes a £42 million net gain relating to the disposal of the Society's investment advice business.

There were no gains or losses on disposal of financial assets measured at amortised cost in the period ended 31 March 2025 (2024: £nil).

The Group's unrecognised share of profits of joint ventures was £1 million for the period (2024: £nil). For loss-making entities, subsequent profits earned are not recognised until previously unrecognised losses are extinguished. On a cumulative basis, the Group's unrecognised share of joint venture losses, net of unrecognised profits, is £14 million (2024: £nil); the Group has no obligation to fund these losses.

7. Gains/losses from derivatives and hedge accounting

As a part of its risk management strategy, the Group uses derivatives to economically hedge financial assets and liabilities. More information on how the Group manages market risk can be found in the Risk report. Hedge accounting is employed by the Group to minimise the accounting volatility associated with the change in fair value of derivative financial instruments. The Group only uses derivatives for the hedging of risks; however, income statement volatility can still arise due to hedge accounting ineffectiveness or because hedge accounting is either not applied or is not currently achievable. The overall impact of derivatives will remain volatile from period to period as new derivative transactions replace those which mature to ensure that interest rate and other market risks are continually managed.

Note 1 describes how fair value and cash flow hedge accounting affect the financial statements and the main sources of the residual hedge ineffectiveness remaining in the income statement. Further information on the current derivative portfolio and the allocation to hedge accounting types is included in note 15.

Gains/(losses) from derivatives and hedge accounting				
	Group		**Society**	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Gains from fair value hedge accounting (note i)	**73**	111	**88**	103
(Losses) from cash flow hedge accounting	**(32)**	-	**(1)**	-
Fair value (losses)/gains from other derivatives (note ii)	**(29)**	10	**(42)**	34
Foreign exchange retranslation (note iii)	**-**	(4)	**1**	(4)
Total	**12**	117	**46**	133

Notes:
i. Includes gains or losses from portfolio hedges of interest rate risk arising from amortisation of existing balance sheet amounts and hedge ineffectiveness.
ii. Gains or losses arise from derivatives used for economic hedging purposes which are not currently in a hedge accounting relationship, including derivatives economically hedging fixed rate mortgages not yet on the balance sheet, and valuation adjustments applied at a portfolio level which are not allocated to individual hedge accounting relationships.
iii. Gains or losses arise from the retranslation of foreign currency monetary items not subject to effective hedge accounting.

Gains from fair value hedge accounting include the impact of updating the hedge accounting amortisation methodology used for macro hedges. This updated methodology applies a more refined EIR approach, to reduce volatility in a high-interest rate environment by improving the phasing of amortisation. The impact of this has been to reduce gains by £52 million compared to the previous approach.

7. Gains/losses from derivatives and hedge accounting (continued)

Fair value hedge accounting

Interest rate and currency derivatives are used 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 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. The table below provides further information on the Group's fair value hedges:

Fair value hedge accounting							
2025 **Group**			**Change in fair value used for determining hedge ineffectiveness**		**Hedge ineffectiveness recognised in the income statement**	**Carrying amount of the hedged item**	**Of which: accumulated fair value adjustment (note i)**
Hedged item balance sheet classification	**Hedging instrument**	**Risk category**	**Hedged item (note i)**	**Instrument (note i, ii)**			
			£m	**£m**	**£m**	**£m**	**£m**
Assets:							
Loans and advances to customers (note iii)	Interest rate swaps	Interest rate	1,220	(1,186)	34	148,076	(1,760)
Investment securities	Interest rate swaps, bond forwards	Interest rate	(106)	106	-	7,491	(315)
Investment securities	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	428	(419)	9	12,513	(235)
Investment securities	Interest rate swaps, inflation swaps, cross currency interest rate swaps	Interest rate, inflation and foreign exchange	163	(164)	(1)	1,917	(153)
Investment securities	Inflation swaps	Interest rate and inflation	23	(27)	(4)	3,282	(138)
Total assets			1,728	(1,690)	38	173,279	(2,601)
Liabilities:							
Shares (note iv)	Interest rate swaps	Interest rate	23	(27)	(4)	36,514	27
Debt securities in issue	Interest rate swaps	Interest rate	(1)	24	23	4,129	(5)
Debt securities in issue	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	(574)	579	5	21,869	(653)
Subordinated liabilities	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	(55)	67	12	2,444	(25)
Subscribed capital	Interest rate swaps	Interest rate	(2)	1	(1)	124	2
Total liabilities			(609)	644	35	65,080	(654)
Total fair value hedges			1,119	(1,046)	73		

7. Gains/losses from derivatives and hedge accounting (continued)

Fair value hedge accounting

2024 Group Hedged item balance sheet classification	Hedging instrument	Risk category	Change in fair value used for determining hedge ineffectiveness: Hedged item (note i)	Change in fair value used for determining hedge ineffectiveness: Instrument (note i, ii)	Hedge ineffectiveness recognised in the income statement	Carrying amount of the hedged item	Of which: accumulated fair value adjustment (note i)
			£m	£m	£m	£m	£m
Assets:							
Loans and advances to customers (note iii)	Interest rate swaps	Interest rate	1,601	(1,492)	109	109,318	(2,980)
Investment securities	Interest rate swaps, bond forwards	Interest rate	254	(254)	-	3,176	(220)
Investment securities	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	354	(350)	4	13,088	(663)
Investment securities	Interest rate swaps, inflation swaps, cross currency interest rate swaps	Interest rate, inflation and foreign exchange	(75)	77	2	2,631	(316)
Investment securities	Inflation swaps	Interest rate and inflation	(64)	65	1	4,864	(149)
Total assets			2,070	(1,954)	116	133,077	(4,328)
Liabilities:							
Shares (note iv)	Interest rate swaps	Interest rate	(48)	47	(1)	32,458	50
Debt securities in issue (note v, vi)	Interest rate swaps	Interest rate	11	(9)	2	2,243	(6)
Debt securities in issue (note v, vi)	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	(404)	397	(7)	23,758	(1,226)
Subordinated liabilities (note v)	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	(8)	11	3	2,075	(80)
Subscribed capital	Interest rate swaps	Interest rate	1	(3)	(2)	168	-
Total liabilities			(448)	443	(5)	60,702	(1,262)
Total fair value hedges			1,622	(1,511)	111		

Notes:

i. Under IAS 21 both the hedged item and instrument are revalued on the balance sheet for changes in foreign currency valuation; these offsetting amounts are therefore excluded from the change in fair value of both hedged item and instrument presented above. The accumulated change from foreign exchange revaluation for assets is a reduction of £838 million (2024: £627 million), and for liabilities is a reduction of £530 million (2024: £27 million).

ii. The Group does not include cross currency basis spreads within its hedge accounting relationships. The change in fair value is instead deferred to an ‘other hedging reserve’ and so is not included in the change in value of the hedging instrument.

iii. Some of the Group’s loans and advances to customers have been included as hedged items in macro fair value hedges of interest rate risk. The accumulated fair value hedge adjustment includes £(2,037) million (2024: £(3,330) million) which is recognised in the separate balance sheet asset ‘fair value adjustment for portfolio hedged risk’. The remaining amount relates to the fair value adjustment to commercial loans in a micro fair value hedge accounting relationship and is included in the carrying value of these loans as shown in note 14.

iv. A portion of the Group's shares were included as hedged items in macro fair value hedges of interest rate risk, with the accumulated fair value hedge adjustments recognised in the separate balance sheet liability 'fair value adjustment for portfolio hedged risk' of £27 million (2024: £50 million).

v. Comparatives been restated as detailed in note 1, with senior non-preferred note fair value hedge adjustments reclassified from subordinated liabilities to debt securities in issue.

vi. Comparative balances for the carrying amount of the hedged item have been corrected to reflect the impact of previous repurchases of debt securities.

7. Gains/losses from derivatives and hedge accounting (continued)

Cash flow hedge accounting

The Group's risk management approach may involve creating future cash flow certainty. The Group uses interest rate swaps to hedge sterling floating rate assets and floating rate liabilities. The Group uses cross currency interest rate swaps to hedge non-sterling investment securities, debt securities in issue and subordinated liabilities. A portion of the interest rate flows within these derivatives has been included as a hedging instrument in cash flow hedges. In addition, inflation swaps are used to hedge RPI-linked debt securities in issue. The table below provides further information on the Group's cash flow hedges:

Cash flow hedge accounting 2025 Group			Change in fair value used for determining hedge ineffectiveness		Changes in instrument fair value reported as		Amounts accumulated in the cash flow hedge reserve (excluding deferred taxation)		Amounts reclassified from reserves to income statement (note ii)
Hedged item balance sheet classification	Hedging instrument	Risk category	Hedged item	Hedging instrument	Hedge ineffectiveness recognised in the income statement	Net amounts deferred to other comprehensive income (note i)	Continuing hedges	Discontinued hedges	
			£m	£m	£m	£m	£m	£m	£m
Investment securities	Cross currency interest rate swaps	Interest rate and foreign exchange	-	(2)	(1)	(1)	(1)	-	2
Floating rate assets and floating rate liabilities	Interest rate swaps	Interest rate	(49)	18	(31)	49	26	21	(1)
Debt securities in issue	Cross currency interest rate swaps	Interest rate and foreign exchange	5	(3)	-	(3)	(5)	128	14
Subordinated liabilities	Cross currency interest rate swaps	Interest rate and foreign exchange	3	(4)	-	(4)	3	7	(4)
Total cash flow hedges			(41)	9	(32)	41	23	156	11

7. Gains/losses from derivatives and hedge accounting (continued)

Cash flow hedge accounting									
2024 Group			Change in fair value used for determining hedge ineffectiveness		Changes in instrument fair value reported as		Amounts accumulated in the cash flow hedge reserve (excluding deferred taxation)		Amounts reclassified from reserves to income statement (note ii)
Hedged item balance sheet classification	Hedging instrument	Risk category	Hedged item	Hedging instrument	Hedge ineffectiveness recognised in the income statement	Net amounts deferred to other comprehensive income (note i)	Continuing hedges	Discontinued hedges	
			£m	£m	£m	£m	£m	£m	£m
Investment securities	Cross currency interest rate swaps	Interest rate and foreign exchange	2	(1)	-	(1)	(1)	-	(1)
Debt securities in issue	Inflation swaps	Interest rate and inflation	10	(10)	-	(10)	-	-	(10)
Debt securities in issue (note iii)	Cross currency interest rate swaps	Interest rate and foreign exchange	16	(16)	-	(16)	-	178	-
Subordinated liabilities (note iii)	Cross currency interest rate swaps	Interest rate and foreign exchange	4	(5)	-	(5)	5	(8)	-
Total cash flow hedges			32	(32)	-	(32)	4	170	(11)

Notes:
i. Net amounts deferred to other comprehensive income, being gains before tax of £41 million (2024: losses of £32 million), are shown within the cash flow hedge reserve section of the statements of comprehensive income. The cash flow hedge reserve also includes amounts previously deferred on instruments which have since been migrated to fair value hedges. Amortisation of these amounts of £35 million (2024: £37 million) is presented within the fair value hedge accounting table within the change in fair value of the hedging instrument.
ii. The amounts reclassified from reserves to income statement of £11 million (£2024: £(11) million) exclude amortisation of migrated hedges of £35 million (2024: £37 million) which are shown within the cash flow hedge reserve section of the statements of comprehensive income. Of these amounts reclassified, £11 million (2024: £(10) million) and £nil (2024: £(1) million) were reclassified from the cash flow hedge reserve to net interest income and other operating income, respectively, in the income statement.
iii. Comparatives been restated as detailed in note 1, with balances relating to senior non-preferred note cash flow hedge relationships reclassified from subordinated liabilities to debt securities in issue.

8. Administrative expenses

	Notes	Group 2025 £m	Group 2024 £m	Society 2025 £m	Society 2024 £m
Staff costs:					
Wages and salaries		**839**	660	**669**	660
Bonuses		**132**	83	**97**	83
Social security costs		**116**	86	**90**	86
Pension costs	30	**204**	168	**169**	168
Other staff costs (note i)		**12**	(6)	**(22)**	(6)
		1,303	991	**1,003**	991
Other administrative expenses (notes i, ii):					
Property costs		**133**	105	**110**	105
Technology costs (note i)		**598**	479	**452**	479
Other operating costs (note iv)		**877**	373	**368**	370
Depreciation, amortisation and impairment		**592**	461	**499**	461
Bank levy		**34**	13	**34**	13
Customer redress, legal and regulatory provisions (note iii)		**13**	127	**8**	124
		2,247	1,558	**1,471**	1,552
Total		**3,550**	2,549	**2,474**	2,543

Notes:

i. Other staff costs have been recategorised from other administrative expenses to staff costs. Other staff costs include credits of £99 million for Group and Society (2024: £96 million for Group and Society) for capitalised permanent, contract and temporary staff costs which were previously included within technology costs. Technology costs include credits of £93 million for Group and Society (2024: £196 million for Group and Society) for capitalised statement of work contractors. All prior period comparatives have been restated on a consistent basis.

ii. Other administrative expenses for the Group include certain costs relating to the acquisition of Virgin Money. These comprise:
- £36 million of transaction-related costs 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, which are included in other operating costs; and
- £56 million of amortisation relating to acquired intangible assets, which is included within depreciation, amortisation and impairment.

iii. Other administrative expenses have been updated to include costs relating to provisions for customer redress, and legal and regulatory matters, which were previously shown separately on the income statement. Prior period comparatives have been restated on a consistent basis.

iv. Other administrative expense categories have been updated to better align with how the Group manages and monitors expenses. The previously disclosed categories of printing, postage and stationery, marketing and advertising, product operating costs, legal, professional and consultancy, and Bank of England levy have all been combined into other operating costs.

8. Administrative expenses (continued)

Executive directors and certain senior executives are entitled to long-term bonus payments under the Annual Performance Pay (APP) and the Long-Term Performance Pay (LTPP) plans.

Long-term bonus awards made under the APP plan are based on current period results but are generally paid over a period of up to two years for executive directors, and up to seven years for certain senior executives, with part of the awards linked to the value of Nationwide's core capital deferred shares (CCDS). Awards made under LTPP plans are based on longer term performance over a two or three-year period but are paid up to five years after the end of the performance period, with part of the awards linked to the value of Nationwide's CCDS.

Long-term bonus awards made to Virgin Money employees with a performance period of 1 October 2024 to 31 March 2025 are reported within Annual Performance Pay 2025 in the table below. Long-term awards made to Virgin Money employees with a performance period commencing after the acquisition, and exceeding 12 months, are reported within the Long-Term Performance Pay section of the table. Legacy awards of Virgin Money, shown in the table, reflect new awards issued to replace those which lapsed as a result of the acquisition.

No bonus is recognised in the income statement for the APP, LTPP or legacy Virgin Money plans until it is considered probable that payments will be made. Where a bonus payment is considered probable, the amount recognised in the income statement will reflect the portion of the vesting period that has passed. The vesting period for each plan runs from the start of the performance period or service period associated with the plan to the end of the service period. The payment of deferred elements remains subject to further discretion by the Remuneration Committee. The table below shows actual and expected charges to the income statement in respect of all APP, LTPP and legacy Virgin Money long-term bonuses for each relevant scheme year:

Income statement charge for long-term bonuses	Group				Society			
	Actual 2024	**Actual 2025 (notes i, ii)**	Expected 2026 (note iii)	Expected 2027 and beyond (note iii)	Actual 2024	**Actual 2025 (notes i, ii)**	Expected 2026 (note iii)	Expected 2027 and beyond (note iii)
	£m	**£m**	£m	£m	£m	**£m**	£m	£m
Annual Performance Pay:								
2023 and previous years	6.5	**5.3**	0.9	0.9	6.5	**5.3**	0.9	0.9
2024	7.7	**7.3**	1.3	1.2	7.7	**7.3**	1.3	1.2
2025	-	**10.2**	6.6	3.2	-	**9.6**	5.4	2.8
Long-Term Performance Pay (note iv):								
2024-2026 and 2025-2027	-	**-**	-	-	-	**-**	-	-
Virgin Money legacy awards	-	**3.6**	1.5	2.0	-	**-**	-	-
Income statement charge for long-term bonuses	14.2	**26.4**	10.3	7.3	14.2	**22.2**	7.6	4.9

Notes:

i. The bonus expense within employee costs includes £10 million and £8 million (2024: £7 million and £7 million), for Group and Society respectively, of deferred bonuses which will be paid more than one year from the balance sheet date.

ii. In the period ended 31 March 2025, £15 million and £11 million (2024: £7 million and £7 million), in respect of Group and Society respectively, were recognised in the income statement in relation to awards linked to share based payments, being amounts dependent on the performance of the Group's CCDS. These payments are deferred and are therefore included in accruals and deferred income on the balance sheet.

iii. The amounts expected are based on past performance and are subject to change as a result of future leavers and CCDS performance.

iv. Amounts are only recognised, or reported as expected in future periods, once payments are deemed probable. Further details on the long-term performance pay plan are included in the Report of the directors on remuneration.

8. Administrative expenses (continued)

The remuneration of the external auditors, Ernst & Young LLP (EY), is set out below:

External auditor's remuneration	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Statutory audit fees (note i)	**18.5**	5.7	**9.4**	5.4
Fees for audit-related assurances services	**1.0**	0.4	**0.5**	0.4
Total audit and audit-related assurance services	**19.5**	6.1	**9.9**	5.8
Other non-audit services	**0.9**	0.8	**0.8**	0.8
Total	**20.4**	6.9	**10.7**	6.6

Note:
i. The Group statutory audit fees for 2025 include fees for audit services rendered to Virgin Money UK PLC for the period ended 30 September 2024. These services were completed in the period following the acquisition.

9. Employees

Average number of persons employed during the period	Group		Society	
	2025	2024	**2025**	2024
Nationwide sub-group (note i)	**17,906**	18,310	**17,901**	18,305
Virgin Money sub-group (note ii)	**4,136**	-	**-**	-
Total	**22,042**	18,310	**17,901**	18,305

Notes:
i. The difference between Group and Society relates to employees located in the Isle of Man.
ii. The average number of persons employed is calculated over a 12-month period and includes employees of the Virgin Money group from the date of acquisition. The average number of Virgin Money employees over the 6-month post-acquisition period was 8,273, which equates to an average over 12 months of 4,136.

10. Impairment charge and provisions on loans and advances to customers

The following tables set out the impairment charges during the period and the closing provision balances which are deducted from the relevant asset values in the balance sheet:

Impairment charge

	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Owner-occupied mortgages	**25**	7	**5**	6
Buy to let and legacy residential mortgages	**8**	37	**(2)**	3
Consumer lending	**514**	51	**18**	51
Business and commercial lending	**85**	17	**(3)**	17
Total	**632**	112	**18**	77

Impairment provisions

	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Owner-occupied mortgages	**115**	90	**92**	88
Buy to let and legacy residential mortgages	**236**	231	**3**	5
Consumer lending	**824**	436	**372**	436
Business and commercial lending	**113**	24	**22**	24
Total	**1,288**	781	**489**	553

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements

Impairment is measured as the impact of credit risk on the present value of management's estimate of future cash flows. In determining the required level of impairment provisions, outputs from statistical models are used, and judgements incorporated to determine the probability of default (PD), the exposure at default (EAD), and the loss given default (LGD) for each loan. Provisions represent a probability-weighted average of these calculations under multiple economic scenarios. Adjustments are made in modelling provisions, applying further judgements to take into account model limitations, or to deal with instances where insufficient data exists to fully reflect credit risks in the models.

The most significant areas of judgement are:
- The approach to identifying significant increases in credit risk; and
- The approach to identifying credit-impaired loans.

The most significant areas of estimation uncertainty are:
- The use of forward-looking economic information using multiple economic scenarios; and
- The additional judgements made in modelling expected credit losses (ECL) – these currently include PD uplifts relating to both affordability risks and risks associated with credit card persistent debt, and LGD uplifts for property valuation risk.

Sensitivity analysis has been completed, based on the results from previous climate change stress tests, that supports the Group's view that the impact of climate change on impairment provisions remains immaterial. The potential economic impact of climate change is captured by our existing range of economic scenarios. Supported by our controls operated at lending origination, the expected credit losses associated with physical risks are low and arise over the long term, and therefore currently have an immaterial impact on the Group's retail lending due to the effect of loan amortisation and redemptions over time. There are no current transition policies that require additional provisions against current retail lending, while potential future Government transition policies and the Group's response to these remain highly uncertain. The Group's exposure to increased losses from business sectors most affected by climate change, whether via physical or transition risks, are also judged to be immaterial.

Identifying significant increases in credit risk (stage 2)

Loans are allocated to stage 1 or stage 2 according to whether there has been a significant increase in credit risk. Judgement has been used to select both quantitative and qualitative criteria which are used to determine whether a significant increase in credit risk has taken place. These criteria are detailed within the Credit risk section of the Risk report. The primary quantitative indicators are the outputs of internal credit risk assessments. While different approaches are used within each portfolio, the intention is to combine current and historical data relating to the exposure with forward-looking economic information to determine the probability of default (PD) at each reporting date. For residential mortgages and consumer lending, the main indicators of a significant increase in credit risk are either of the following:

Nationwide sub-group portfolios:
- The residual lifetime PD exceeds a benchmark determined by reference to the maximum credit risk that would have been accepted at origination; or
- The residual lifetime PD is at least 75 basis points more than, and at least double, the residual lifetime PD calculated at origination.

Virgin Money sub-group portfolios:
- The residual lifetime PD exceeds a threshold which varies by portfolio, and is based on the lifetime PD curves calculated at origination. The PD threshold curves were recalculated at acquisition, to reset the origination point to 1 October 2024, being the date when the Virgin Money business was acquired by the Group.

These complementary criteria have been reviewed through regular model monitoring, using management performance indicators and actual default experience, and found to be effective in capturing events which would constitute a significant increase in credit risk.

Identifying credit impaired loans (stage 3)

The identification of credit-impaired loans is an important judgement within the staging approach. A loan is credit-impaired if it has an arrears status of more than 90 days past due, is considered to be in default, or it is considered unlikely that the borrower will repay the outstanding balance in full, without recourse to actions such as realising security.

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

Use of forward-looking economic information

Management exercises judgement in estimating future economic conditions which are incorporated into provisions through modelling of multiple scenarios. The economic scenarios are reviewed and updated on a quarterly basis. The provision recognised is the probability-weighted sum of the provisions calculated under a range of economic scenarios. The scenarios and associated probability weights are derived using external data and statistical methodologies, together with management judgement. The Group continues to model four economic scenarios, which together encompass an appropriate range of potential economic outcomes. The base case scenario is aligned to the Group's financial planning process. The upside and downside scenarios are reasonably likely favourable and adverse alternatives to the base case, and the severe downside scenario is aligned with the Group's internal stress testing.

Probability weightings for each scenario are reviewed quarterly to reflect economic conditions as they evolve. The probability weightings applied to the scenarios were unchanged over the year and are shown in the table below. As a result of geopolitical tensions, the potential impact of UK Government tax changes, and US trade policies, the probability weighting for the severe downside scenario has been maintained at 15%.

Scenario probability weighting (%)

	Upside scenario	Base case scenario	Downside scenario	Severe downside scenario
31 March 2025	**10**	**45**	**30**	**15**
4 April 2024	10	45	30	15

10. Impairment charge and provisions on loans and advances to customers (continued)

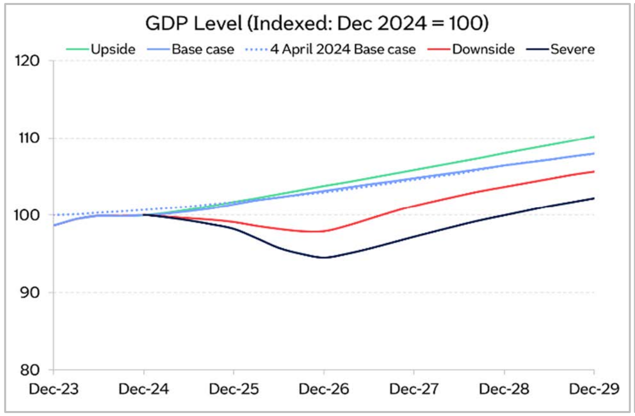
Critical accounting estimates and judgements (continued)

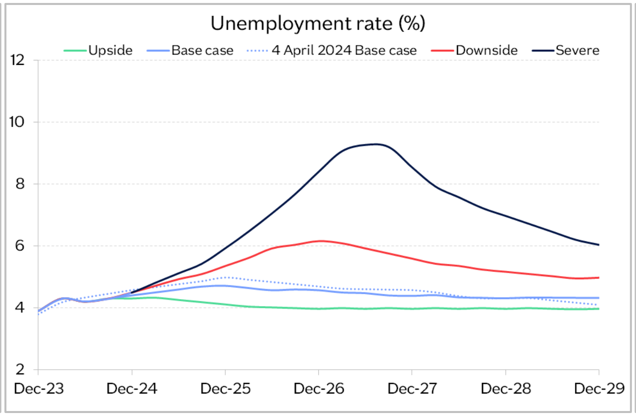
In the base case scenario, modest growth in GDP of 1.4% is expected during 2025, following a period of stagnation. In this scenario, unemployment is forecast to increase to 4.7% by the end of 2025. By contrast, in the downside scenario, GDP reflects a significant UK recession, and the peak unemployment increases to 6.2%, whilst the severe downside scenario unemployment peak of 9.3% corresponds with a severe and longer-lasting economic downturn.

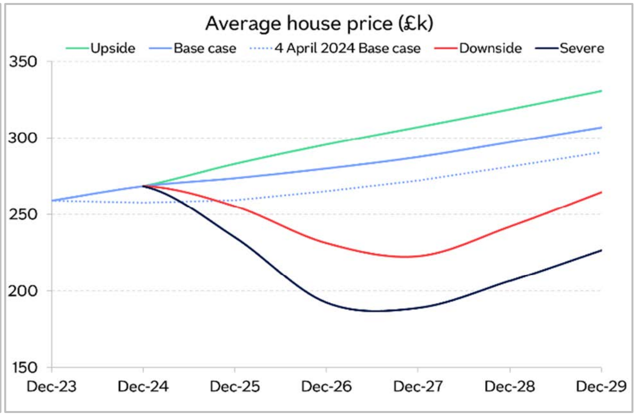
As a result of continued economic uncertainty, the house price forecasts used within the provision calculations cover a wide range of outcomes. House prices are now expected to increase in the base case scenario by 1.9% during 2025 and a further 2.3% during 2026. The downside scenario continues to assume a significant fall in both 2025 and 2026, driven by a deterioration in economic conditions, including an increase in unemployment, whilst the severe downside scenario includes a fall in house prices of 30.1% from the end of 2024 to the low point in early 2027.

Bank rate in the base case scenario is expected to continue to reduce to 3.75% during 2025 and 3.25% by the end of 2028. Inflation in this scenario is expected to reduce to the Bank of England target rate of 2.0% by the end of 2026. In the downside scenario, the recession results in Bank rate remaining at low levels from 2025 onwards, in order to stimulate economic demand. By contrast the severe downside scenario includes a sustained high level of inflation, which requires an increase in Bank rate to 8.5%.

The graphs below show the historical and forecasted GDP level, unemployment rate and average house price for the Group's current economic scenarios, as well as the previous base case economic scenario.







10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

The tables below provide a summary of the values of the key UK economic variables used within the economic scenarios over the first five years of the scenario:

Economic variables	Rate/annual growth rate at December 2024-2029						5-year average (note i)	Dec-24 to peak (note ii)	Dec-24 to trough (note ii)
	Actual	Forecast							
	2024	2025	2026	2027	2028	2029			
31 March 2025	%	%	%	%	%	%	%	%	%
GDP growth									
Upside scenario	1.4	1.7	2.0	2.0	2.0	2.0	2.0	10.2	0.3
Base case scenario	1.4	1.4	1.7	1.6	1.6	1.4	1.5	8.0	0.2
Downside scenario	1.4	(0.9)	(1.2)	3.3	2.4	1.9	1.1	5.6	(2.1)
Severe downside scenario	1.4	(1.8)	(3.7)	2.8	2.8	2.2	0.4	2.2	(5.5)
Probability weighted	1.4	0.3	0.1	2.4	2.1	1.8			
HPI growth									
Upside scenario	3.6	5.4	4.5	3.8	3.8	3.8	4.2	23.1	1.3
Base case scenario	3.6	1.9	2.3	2.7	3.3	3.2	2.7	14.3	0.1
Downside scenario	3.6	(4.9)	(9.4)	(3.7)	8.7	9.3	(0.3)	(0.6)	(17.1)
Severe downside scenario	3.6	(12.4)	(18.1)	(1.8)	9.3	9.7	(3.3)	(1.4)	(30.1)
Probability weighted	3.6	(1.9)	(4.1)	0.2	5.9	6.1			
Unemployment									
Upside scenario	4.4	4.1	4.0	4.0	4.0	4.0	4.0	4.3	4.0
Base case scenario	4.4	4.7	4.6	4.4	4.3	4.3	4.5	4.7	4.3
Downside scenario	4.4	5.4	6.2	5.6	5.2	5.0	5.4	6.2	4.7
Severe downside scenario	4.4	5.9	8.4	8.5	7.0	6.0	7.1	9.3	4.8
Probability weighted	4.4	5.0	5.6	5.3	4.9	4.7			
Bank rate									
Upside scenario	4.8	4.3	4.3	4.3	4.3	4.3	4.3	4.5	4.3
Base case scenario	4.8	3.8	3.5	3.5	3.3	3.3	3.6	4.5	3.3
Downside scenario	4.8	2.5	0.5	0.5	0.5	0.5	1.3	4.5	0.5
Severe downside scenario	4.8	6.5	8.0	5.0	4.3	3.5	5.4	8.5	3.5
Probability weighted	4.8	3.8	3.4	2.9	2.7	2.6			
Consumer price inflation									
Upside scenario	2.6	2.5	2.0	2.0	2.0	2.0	2.1	2.7	2.0
Base case scenario	2.6	3.4	2.0	2.0	2.0	2.0	2.3	3.5	1.8
Downside scenario	2.6	1.5	0.3	1.2	1.8	2.0	1.5	2.8	0.3
Severe downside scenario	2.6	6.5	7.0	2.2	2.0	2.0	4.1	8.0	2.0
Probability weighted	2.6	3.2	2.2	1.8	1.9	2.0			

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

Economic variables

4 April 2024	Rate/annual growth rate at December 2023-2028 Actual 2023 %	Forecast 2024 %	2025 %	2026 %	2027 %	2028 %	5-year average (note i) %	Dec-23 to peak (note ii) %	Dec-23 to trough (note ii) %
GDP growth									
Upside scenario	(0.2)	1.6	1.6	1.6	1.6	1.7	1.6	8.4	0.4
Base case scenario	(0.2)	0.7	1.0	1.2	1.6	1.8	1.3	6.4	0.1
Downside scenario	(0.2)	(0.6)	(1.9)	1.8	3.3	2.1	0.9	4.8	(2.6)
Severe downside scenario	(0.2)	(1.8)	(3.5)	3.1	3.0	2.3	0.6	3.1	(5.2)
Probability weighted	(0.2)	0.0	(0.5)	1.7	2.3	1.9			
HPI growth									
Upside scenario	(2.3)	5.5	3.8	3.8	3.8	3.8	4.1	22.6	0.7
Base case scenario	(2.3)	(0.5)	0.6	2.2	2.7	3.3	1.7	9.0	(1.1)
Downside scenario	(2.3)	(6.1)	(9.2)	(1.8)	5.1	7.5	(1.1)	(1.3)	(16.3)
Severe downside scenario	(2.3)	(13.3)	(16.0)	0.2	8.2	8.0	(3.1)	(2.6)	(28.3)
Probability weighted	(2.3)	(3.5)	(4.5)	0.9	4.3	5.3			
Unemployment									
Upside scenario	3.8	4.1	4.0	4.0	4.0	4.0	4.0	4.1	4.0
Base case scenario	3.8	4.6	5.0	4.7	4.6	4.3	4.6	5.0	4.2
Downside scenario	3.8	5.3	6.7	6.2	5.6	5.3	5.7	6.7	4.3
Severe downside scenario	3.8	5.9	8.6	8.4	6.6	5.8	7.0	9.5	4.6
Probability weighted	3.8	4.9	5.9	5.6	5.1	4.8			
Bank rate									
Upside scenario	5.3	4.8	4.0	4.0	4.0	4.0	4.2	5.3	4.0
Base case scenario	5.3	4.3	3.5	3.0	3.0	3.0	3.5	5.3	3.0
Downside scenario	5.3	5.8	3.0	1.0	1.0	1.0	2.7	6.0	1.0
Severe downside scenario	5.3	7.5	6.0	4.5	4.0	3.5	5.3	7.5	3.5
Probability weighted	5.3	5.2	3.8	2.7	2.7	2.6			
Consumer price inflation									
Upside scenario	3.9	1.7	2.0	2.0	2.0	2.0	1.9	2.3	1.4
Base case scenario	3.9	2.6	1.7	1.9	2.0	2.0	2.1	3.7	1.6
Downside scenario	3.9	2.0	0.3	1.2	1.7	2.0	1.5	4.0	0.3
Severe downside scenario	3.9	8.0	3.0	2.0	2.0	2.0	3.8	8.0	2.0
Probability weighted	3.9	3.1	1.5	1.7	1.9	2.0			

Notes:
i. The average rate for GDP and HPI is based on the cumulative annual growth rate over the forecast period. Average unemployment and CPI is calculated using a simple average using quarterly points.
ii. GDP growth and HPI are shown as the largest cumulative growth/fall over the forecast period. The unemployment rate and CPI is shown as the highest/lowest rate over the forecast period.

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

To give an indication of the sensitivity of ECLs to different economic scenarios, the table below shows the ECL if 100% weighting is applied to each scenario:

Expected credit losses under 100% weighted scenarios						**Proportion of balances in stage 2 under 100% weighted scenarios**					
	Upside scenario	**Base case scenario**	**Downside scenario**	**Severe downside scenario**	**Reported provision**	**Upside scenario**	**Base case scenario**	**Downside scenario**	**Severe downside scenario**	**Reported stage 2**	**Reported stage 3 and POCI (note i)**
31 March 2025	**£m**	**£m**	**£m**	**£m**	**£m**	**%**	**%**	**%**	**%**	**%**	**%**
Residential mortgages	**224**	**229**	**271**	**1,089**	**351**	**12.6**	**11.6**	**9.9**	**37.7**	**13.6**	**0.7**
Consumer lending – credit cards	**475**	**480**	**479**	**1,120**	**542**	**13.6**	**13.7**	**13.4**	**41.2**	**16.7**	**2.5**
Consumer lending – personal loans and overdrafts	**270**	**272**	**279**	**331**	**282**	**17.6**	**17.5**	**17.0**	**25.2**	**18.3**	**11.7**
Business and commercial lending	**102**	**106**	**118**	**288**	**113**	**9.2**	**9.3**	**11.7**	**39.2**	**11.0**	**3.2**
Total	**1,071**	**1,087**	**1,147**	**2,828**	**1,288**						
4 April 2024	£m	£m	£m	£m	£m	%	%	%	%	%	%
Residential mortgages	210	216	275	814	321	15.0	13.7	13.0	27.7	17.4	0.6
Consumer lending – credit cards	186	183	187	247	195	23.8	23.0	22.4	24.6	24.3	5.4
Consumer lending – personal loans and overdrafts	229	232	245	269	241	35.3	37.1	41.1	45.6	39.6	6.3
Business and commercial lending	24	24	24	24	24	5.2	5.2	5.2	5.2	5.2	1.3
Total	649	655	731	1,354	781						

Note:
i. The staging of stage 3 assets is not sensitive to economic scenarios. The reported stage 3 proportion is the same as it would be in any of the 100% weighted scenarios.

Reported ECL represents 118% (2024: 119%) of the base case scenario ECL, primarily due to the impact of increased losses in the severe downside scenario. The increased ECLs in both the downside and severe downside scenarios are the result of increased unemployment rates combined with material house price falls. The low Bank rate forecast in the downside scenario is the main driver of residential mortgage and consumer lending stage 2 proportions being lower in the downside scenario than in the base case scenario.

The ECL for each scenario multiplied by the scenario probability will not reconcile to the reported provision. Whilst the stage allocation of loans varies in each individual scenario, each loan is allocated to a single stage in the reported provision calculation; this is based on a weighted average PD which takes into account the economic scenarios. A probability-weighted 12-month or lifetime ECL (which takes into account the economic scenarios) is then calculated based on the stage allocation.

The table below shows the sensitivity at 31 March 2025 to some of the key assumptions used within the ECL calculation:

Sensitivity to key forward-looking information assumptions	
2025	**Increase in provision £m**
Single-factor sensitivity to key economic variables (note i)	
10% decrease in house prices (HPI) at 31 March 2025 and throughout the forecast period	**16**
1% increase in unemployment rate at 31 March 2025 and throughout the forecast period	**32**
Sensitivity to changes in scenario probability weightings	
10% increase in the probability of the downside scenario (reducing the upside by a corresponding 10%)	**8**
5% increase in the probability of the severe downside scenario (reducing the downside by a corresponding 5%)	**84**

Note:
i. These are single-factor sensitivities; therefore, they should not be extrapolated due to the likely non-linear effects. The provision impacts are calculated using the base case scenario. The house price sensitivity is the impact of a 10% decrease in house prices on LGD for the residential mortgage portfolio.

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

The table below shows key adjustments made in modelling provisions in relation to the significant areas of estimation uncertainty for the retail portfolios (residential mortgages and consumer lending), with further details on each provided below. There are no significant adjustments for the business and commercial lending portfolio.

Significant adjustments made in modelling provisions	2025				2024			
		Consumer lending				Consumer lending		
	Residential Mortgages	Credit cards	Personal loans and overdrafts	Total	Residential Mortgages	Credit cards	Personal loans and overdrafts	Total
	£m	£m	£m	£m	£m	£m	£m	£m
PD uplift for affordability risks (note i)	70	6	7	83	72	44	29	145
PD uplift for credit card persistent debt	-	23	-	23	-	5	-	5
LGD uplift for property valuation risks	21	-	-	21	19	-	-	19
Total	91	29	7	127	91	49	29	169
Of which:								
Stage 1	14	1	1	16	7	6	3	16
Stage 2	70	28	6	104	76	43	26	145
Stage 3	7	-	-	7	8	-	-	8

Note:

i. This adjustment was previously called 'PD uplift for economic uncertainty' but has been updated during the year to reflect the nature of the remaining provision adjustment at 31 March 2025.

PD uplift for affordability risks

At 31 March 2025, the PD uplift adjustment for affordability risks increased provisions by £83 million (2024: £145 million). This adjustment reflects the ongoing affordability pressures faced by borrowers, primarily within the residential mortgage portfolio. This adjustment includes the risks associated with borrowers who have switched or are expected to switch to higher mortgage interest rates in the next two years. The uplift in PD has resulted in loans breaching existing quantitative criteria for transfer to stage 2. This has resulted in approximately £9.2 billion (2024: £12.8 billion) of residential mortgages and £66 million (2024: £473 million) of consumer lending balances moving from stage 1 to stage 2.

The prior year provision adjustment also assumed that model inputs relating to borrower credit quality were still benefitting from temporary improvements to credit indicators which were expected to reverse, such as reduced levels of arrears. It is now judged that this adjustment is no longer required, due to observed credit quality returning to longer-term levels for most portfolios, and continued resilient arrears performance for all portfolios. The removal of this element of the PD adjustment has primarily impacted provisions for the consumer lending portfolios.

PD uplift for credit card persistent debt

A borrower is defined as being in persistent debt if they have been paying more in interest, fees and charges than they are paying to reduce their outstanding balance for at least three years. Nationwide provides support to these borrowers, including the offer of forbearance, to help reduce the level of their credit card debt. To reflect an increase in risk since origination, accounts are moved to stage 2 and therefore receive a lifetime ECL This adjustment to modelled stage increases provisions by £23 million (2024: £5 million) and results in £225 million (2024: £28 million) of credit card balances being reported in stage 2. The increase during the period relates to the Virgin Money credit card portfolio.

LGD uplift for property valuation risks

An adjustment is made to reflect the property valuation risk associated with flats, originally driven by risks for properties subject to fire safety issues such as unsuitable cladding. We continue to hold an adjustment to provisions for this segment of the market whilst there is insufficient evidence of a recovery in the value of affected properties. This adjustment increased provisions by £21 million (2024: £19 million).

11. Taxation

Tax charge in the income statement	**Group**		**Society**	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Current tax:				
UK corporation tax charge (note i)	**96**	483	**173**	409
Adjustments in respect of prior years	**(77)**	(28)	**(77)**	(29)
Total current tax charge	**19**	455	**96**	380
Deferred tax:				
Current year (credit)/charge	**(114)**	(3)	**(20)**	11
Adjustments in respect of prior years	**59**	24	**59**	24
Total deferred taxation (credit)/charge	**(55)**	21	**39**	35
Tax (credit)/charge	**(36)**	476	**135**	415

Note:
i. The current tax charge for the Society includes £88 million (2024: £nil) due to subsidiary companies in respect of group relief claimed.

The actual tax charge differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK as follows:

Reconciliation of tax charge	**Group**		**Society**	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Profit before tax:	**2,302**	1,776	**620**	1,521
Tax calculated at a tax rate of 25% (2024: 25%)	**576**	444	**155**	380
Adjustments in respect of prior years	**(18)**	(4)	**(18)**	(5)
Tax credit on Additional Tier 1 capital	**(34)**	(20)	**(25)**	(20)
Banking surcharge	**6**	41	**16**	41
Bank levy	**8**	3	**8**	3
Deferred tax assets derecognised	**3**	-	**-**	-
Gain on acquisition	**(575)**	-	**-**	-
Expenses not deductible for tax purposes/ (income not taxable) (note i)	**15**	12	**2**	16
Effect of deferred tax provided at different tax rates	**(17)**	-	**(3)**	-
Tax (credit)/charge	**(36)**	476	**135**	415

Note:
i. Expenses not deductible for tax purposes/ (income not taxable) primarily include depreciation on non-qualifying assets, non-deductible acquisition expenses, the credit recognised for research and development expenditure and non-deductible customer redress provisions. In addition, the Society is liable for tax on the results of Nationwide Covered Bonds LLP, the profit or loss of which is reported within that entity.

In the period ended 31 March 2025, the main rate of UK corporation tax remained at 25%, the annual banking surcharge allowance remained at £100 million, and the banking surcharge rate remained at 3%. These rates have been reflected in the current tax and deferred tax balances recognised in these financial statements.

11. Taxation (continued)

The Group tax credit for the period of £36 million (2024 charge: £476 million) represents an effective tax rate of (1.6)% (2024: 26.8%) which is lower than the statutory UK corporation tax rate of 25%. The low Group effective tax rate is primarily due to the accounting gain which arose upon acquisition of Virgin Money on 1 October 2024, as detailed in note 38. As the gain was recognised only on consolidation, it is not a taxable item in any of the individual entities within the Group. The Society effective tax rate was 21.8% (2024: 27.3%).

On 17 November 2022 the UK Government confirmed its intention to implement the G20-OECD Inclusive Framework Pillar 2 rules in the UK, including a Qualified Domestic Minimum Top-Up Tax rule. This legislation, enacted on 11 July 2023, seeks to ensure that UK-headquartered multinational enterprises pay a minimum tax rate of 15% on UK and overseas profits arising after 31 December 2023. The Group is within the scope of the legislation; however, as the UK rate of corporation tax is 25%, and the Group's business is UK-based, there is no impact of these rules on the financial statements. The IAS 12 exemption to recognise and disclose information about deferred tax assets and liabilities related to Pillar 2 income taxes has been applied.

In November 2024, HMRC updated its published guidance on the treatment of beneficiary accounts for the purposes of the exclusion of protected deposits from the UK bank levy charge. The Society has applied the updated guidance in it's UK bank levy calculation.

Deferred tax

Deferred tax movements

	Deferred tax assets								Deferred tax liabilities			
	Fixed assets	Cash flow & other hedging	FVOCI investment securities	Accounting policy transition adjustment	Acquisition accounting	Tax losses carried forward	Other items	Total	Retirement benefit obligations (note i)	Cash flow & other hedging	Other items	Total
Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2023	67	4	8	28	-	-	12	119	(333)	(49)	(24)	(406)
Income statement (charge)/credit	(24)	1	(4)	(6)	-	-	2	(31)	(10)	8	12	10
Other comprehensive income credit	-	11	9	-	-	-	1	21	190	-	-	190
At 5 April 2024	43	16	13	22	-	-	15	109	(153)	(41)	(12)	(206)
Acquisition of Virgin Money	**94**	**(66)**	**7**	**7**	**(165)**	**213**	**4**	**94**	**(107)**	**-**	**-**	**(107)**
Income statement (charge)/credit	**(40)**	**14**	**1**	**95**	**(25)**	**7**	**2**	**54**	**(10)**	**7**	**4**	**1**
Other comprehensive income (charge)/credit	**-**	**(9)**	**30**	**-**	**-**	**-**	**-**	**21**	**46**	**-**	**-**	**46**
At 31 March 2025	**97**	**(45)**	**51**	**124**	**(190)**	**220**	**21**	**278**	**(224)**	**(34)**	**(8)**	**(266)**

Note:
i. Deferred tax on the Group's retirement benefit asset is provided at 25% (2024: 25%).

11. Taxation (continued)

Deferred tax movements	Deferred tax assets						Deferred tax liabilities	
	Fixed assets	Cash flow & other hedging	FVOCI investment securities	Accounting policy transition adjustment	Other items	Total	Retirement benefit obligations (note i)	Total
Society	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 5 April 2023	67	4	8	17	12	108	(333)	(333)
Income statement (charge)/credit	(24)	1	1	(3)	-	(25)	(10)	(10)
Other comprehensive income credit	-	11	10	-	2	23	95	95
Effect of deferred tax provided at different tax rates	-	-	-	-	-	-	95	95
At 5 April 2024	43	16	19	14	14	106	(153)	(153)
Income statement (charge)/credit	**(30)**	**-**	**-**	**(4)**	**1**	**(33)**	**(6)**	**(6)**
Other comprehensive income credit	**-**	**3**	**29**	**-**	**-**	**32**	**25**	**25**
At 31 March 2025	**13**	**19**	**48**	**10**	**15**	**105**	**(134)**	**(134)**

Note:
i. Deferred tax on the Society's retirement benefit asset is provided at 25% (2024: 25%).

As set out in note 38, the £94 million of Group deferred tax assets recognised as part of the acquisition of Virgin Money include £(125) million of adjustments arising as a result of acquisition accounting. These include £(161) million of temporary differences which arose from fair value adjustments recognised and £36 million relating to additional tax losses recognised. These adjustments have been included in the acquisition accounting and tax losses carried forward categories respectively, within the Group table above.

Subsequent to the acquisition, accounting policy changes were implemented by Virgin Money to align with Group policies which resulted in the recognition of losses at an entity level. The losses recognised are deductible for corporation tax, but the tax deduction is spread equally over ten years. This temporary timing difference resulted in the creation of a deferred tax asset which has been included within the accounting policy transition adjustment category within the Group table above.

The majority of deferred tax assets are anticipated to be recoverable after more than one year. As a result of exemptions on dividends from subsidiaries and on capital gains on disposal there are no significant taxable temporary differences associated with investments in subsidiaries.

Deferred tax assets have not been recognised in respect of temporary differences and carried forward tax losses on capital assets for the Group and Society of £28 million (2024: £18 million), representing gross temporary differences and losses totalling £100 million (2024: £63 million). These differences relate primarily to revalued properties, for which capital losses realised on disposal can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable gains will be available against which they can be utilised.

Critical accounting estimates and judgements

The Group has recognised deferred tax assets in respect of trading tax losses of £220 million (2024: £nil), based on future taxable profits. Deferred tax assets have not been recognised in respect of trading tax losses of £58 million (2024: £nil) (£232 million of gross losses valued at the mainstream rate of 25%) representing trading tax losses whose use is not forecast within the foreseeable future.

The Group has assessed the likelihood of recovery of the recognised deferred tax assets at 31 March 2025, and considers it probable that sufficient future taxable profits will be available over its planning horizon against which the underlying deductible temporary differences can be utilised. Deferred tax assets in respect of these tax losses are recognised to the extent that they are expected to be utilised within six years of the balance sheet date. An increase or decrease of one year to the forecast period would increase or decrease the recognised deferred tax asset in respect of losses by £44 million. An increase or decrease of 10% to forecast Group taxable profits would increase or decrease the deferred tax asset recognised in respect of tax losses by £19 million. All tax assets arising will be used within the UK.

For other deferred tax assets recognised on the balance sheet, the Group considers that there will be sufficient future trading profits, in excess of profits arising from the reversal of existing taxable temporary differences, to utilise the deferred tax assets.

12. Classification and measurement

The following tables summarise the classification of carrying amounts of the Group's and Society's financial assets and liabilities:

Classification of financial assets and liabilities

	2025				2024			
	Amortised cost	**Fair value through other comprehensive income**	**Fair value through profit or loss (note i)**	**Total**	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss (note i)	Total
Group	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Financial assets								
Cash and balances at central banks (note ii)	**29,483**	**-**	**-**	**29,483**	25,231	-	-	25,231
Loans and advances to banks and similar institutions (note ii)	**1,810**	**-**	**-**	**1,810**	918	-	-	918
Investment securities	**-**	**28,658**	**5**	**28,663**	4	26,522	6	26,532
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	**300,804**	**-**	**85**	**300,889**	213,398	-	42	213,440
Total financial assets (note iii)	**330,060**	**28,658**	**4,832**	**363,550**	236,221	26,522	6,338	269,081
Other (notes ii & iii)				**4,327**				3,006
Total assets (note ii)				**367,877**				272,087
Financial liabilities								
Shares	**207,428**	**-**	**-**	**207,428**	193,366	-	-	193,366
Deposits from banks and similar institutions	**6,053**	**-**	**-**	**6,053**	16,388	-	-	16,388
Other deposits	**74,667**	**-**	**-**	**74,667**	4,530	-	-	4,530
Fair value adjustment for portfolio hedged risk	**27**	**-**	**-**	**27**	50	-	-	50
Debt securities in issue (note ii)	**51,109**	**-**	**-**	**51,109**	34,749	-	-	34,749
Derivative financial instruments	**-**	**-**	**1,547**	**1,547**	-	-	1,451	1,451
Subordinated liabilities (note ii)	**2,444**	**-**	**-**	**2,444**	2,075	-	-	2,075
Subscribed capital	**129**	**-**	**-**	**129**	173	-	-	173
Lease liabilities	**315**	**-**	**-**	**315**	172	-	-	172
Total financial liabilities (note iii)	**342,172**	**-**	**1,547**	**343,719**	251,503	-	1,451	252,954
Other (notes ii, iii and iv)				**3,676**				1,447
Total liabilities (note ii)				**347,395**				254,401

12. Classification and measurement (continued)

Classification of financial assets and liabilities								
	2025				2024			
	Amortised cost	**Fair value through other comprehensive income**	**Fair value through profit or loss (note i)**	**Total**	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss (note i)	Total
Society	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Financial assets								
Cash and balances at central banks (note ii)	**18,601**	**-**	**-**	**18,601**	25,231	-	-	25,231
Loans and advances to banks and similar institutions (note ii)	**1,339**	**-**	**-**	**1,339**	908	-	-	908
Investment securities	**-**	**22,401**	**1**	**22,402**	4	26,469	3	26,476
Derivative financial instruments	**-**	**-**	**5,373**	**5,373**	-	-	6,905	6,905
Fair value adjustment for portfolio hedged risk	**(1,985)**	**-**	**-**	**(1,985)**	(3,330)	-	-	(3,330)
Loans and advances to customers	**183,805**	**-**	**38**	**183,843**	169,954	-	42	169,996
Investments in Group undertakings (note v)	**42,833**	**-**	**-**	**42,833**	39,847	-	-	39,847
Total financial assets (note iii)	**244,593**	**22,401**	**5,412**	**272,406**	232,614	26,469	6,950	266,033
Other (notes ii, iii and v)				**6,734**				3,424
Total assets (note ii)				**279,140**				269,457
Financial liabilities								
Shares	**207,428**	**-**	**-**	**207,428**	193,366	-	-	193,366
Deposits from banks and similar institutions	**5,102**	**-**	**-**	**5,102**	16,388	-	-	16,388
Other deposits	**4,525**	**-**	**-**	**4,525**	4,752	-	-	4,752
Fair value adjustment for portfolio hedged risk	**27**	**-**	**-**	**27**	50	-	-	50
Debt securities in issue (note ii)	**39,429**	**-**	**-**	**39,429**	33,405	-	-	33,405
Derivative financial instruments	**-**	**-**	**1,637**	**1,637**	-	-	1,640	1,640
Subordinated liabilities (note ii)	**1,674**	**-**	**-**	**1,674**	2,075	-	-	2,075
Subscribed capital	**129**	**-**	**-**	**129**	173	-	-	173
Lease liabilities	**156**	**-**	**-**	**156**	172	-	-	172
Total financial liabilities (note iii)	**258,470**	**-**	**1,637**	**260,107**	250,381	-	1,640	252,021
Other (note ii & iii)				**4,434**				3,145
Total liabilities (note ii)				**264,541**				255,166

Notes:

i. The Group has £47 million (2024: £nil) of assets for which it had taken the option to designate at FVTPL. The Group has no liabilities (2024: £nil) for which it had taken the option to designate at FVTPL. As at 31 March 2025 and 4 April 2024 the Society had no assets or liabilities for which it had taken the option to designate at FVTPL.

ii. Comparatives have been restated as detailed in note 1.

iii. Total financial assets and financial liabilities exclude certain financial instruments presented within 'other' relating to accruals, trade receivables, trade payables and settlement balances which are classified at amortised cost.

iv. Other liabilities for the Group include £1,429 million (2024: £nil) of notes in circulation.

v. The Society's investments in group undertakings relating to loans and other debt instruments are included within financial assets, with investments in shares presented within 'other' assets.

Further information on the fair value of financial assets and liabilities is included in notes 21 to 23.

13. Investment securities

	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Government, government guaranteed and supranational investment securities	**22,977**	22,173	**18,316**	22,173
Other debt investment securities	**5,624**	4,299	**4,085**	4,296
Investments in equity shares	**62**	60	**1**	7
Total	**28,663**	26,532	**22,402**	26,476

The Group may use its investment securities as collateral to secure deposits received under sale and repurchase agreements or to support derivative financial instruments. The Group retains substantially all of the risks and rewards associated with those investment securities and as a result they are retained on the balance sheet. The counterparty receiving that collateral normally has the contractual right to sell or repledge it.

Investment securities with a fair value of £2,163 million (2024: £2,569 million) have been used for sale and repurchase agreements and £2,353 million (2024: £1,304 million) for derivative financial instruments. The Group also holds £624 million (2024: £631 million) of investment securities as collateral under reverse repurchase agreements which are not recognised in the table above.

Further information on investment securities is included in the Credit risk - Treasury assets section of the Risk report.

14. Loans and advances to customers

	2025						2024					
	Loans held at amortised cost				Loans held at FVTPL	Total	Loans held at amortised cost				Loans held at FVTPL	Total
	Gross	Provisions	Other (note i)	Total			Gross	Provisions	Other (note i)	Total		
Group	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Owner-occupied mortgages	**215,546**	**(115)**	**-**	**215,431**	**36**	**215,467**	160,941	(90)	-	160,851	40	160,891
Buy to let and legacy residential mortgages	**60,344**	**(236)**	**-**	**60,108**	**-**	**60,108**	43,486	(231)	-	43,255	-	43,255
Consumer lending	**11,107**	**(824)**	**-**	**10,283**	**-**	**10,283**	4,263	(436)	-	3,827	-	3,827
Business and commercial lending	**14,818**	**(113)**	**277**	**14,982**	**49**	**15,031**	5,139	(24)	350	5,465	2	5,467
Total	**301,815**	**(1,288)**	**277**	**300,804**	**85**	**300,889**	213,829	(781)	350	213,398	42	213,440

	2025						2024					
	Loans held at amortised cost				Loans held at FVTPL	Total	Loans held at amortised cost				Loans held at FVTPL	Total
	Gross	Provisions	Other (note i)	Total			Gross	Provisions	Other (note i)	Total		
Society	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Owner-occupied mortgages	**174,298**	**(92)**	**-**	**174,206**	**36**	**174,242**	160,796	(88)	-	160,708	40	160,748
Buy to let and legacy residential mortgages	**211**	**(3)**	**-**	**208**	**-**	**208**	268	(5)	-	263	-	263
Consumer lending	**4,441**	**(372)**	**-**	**4,069**	**-**	**4,069**	4,263	(436)	-	3,827	-	3,827
Business and commercial lending	**5,067**	**(22)**	**277**	**5,322**	**2**	**5,324**	4,830	(24)	350	5,156	2	5,158
Total	**184,017**	**(489)**	**277**	**183,805**	**38**	**183,843**	170,157	(553)	350	169,954	42	169,996

Note:
i. 'Other' represents a fair value adjustment for micro hedged risk for commercial loans that were previously hedged on an individual basis. The hedge relationships have been discontinued and the balances are being amortised over the remaining life of the loans.

14. Loans and advances to customers (continued)

The tables below summarise the movements in, and stage allocation of, gross loans and advances to customers held at amortised cost, including the impact of impairment provisions and excluding the fair value adjustment for micro hedged risk. Residential mortgages represent the majority of the Group's loans and advances to customers. Additional tables summarising the movements for the Group's residential mortgages and consumer lending are presented in the Credit risk section of the Risk report.

The tables are prepared on a net basis. The movements within the tables compare the position at 31 March 2025 to that at 4 April 2024. Further detail on the methodology is included within the footnotes to the tables.

The reasons for key movements for the period ended 31 March 2025 were as follows:

- Gross balances increased by £88 billion, of which £72 billion relates to the Virgin Money sub-group, with this amount included in the table below within new assets originated or purchased. In addition, Nationwide sub-group residential mortgage balances have increased by £15.9 billion during the period.
- Write-offs increased to £183 million, comprising £166 million relating to consumer lending, £12 million to residential mortgages and £5 million to business and commercial lending.
- Impairment provisions increased by £507 million in the period to £1,288 million, of which £580 million represents provisions relating to the Virgin Money sub-group. Further detail on impairment provisions by portfolio is shown in note 10.

Reconciliation of net movements in balances and impairment provisions

	Non-credit impaired				Credit impaired (note i)			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3 and POCI			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
Group	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 5 April 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 (note ii)		(87)		64		61		38
Net movement arising from transfer of stage	(964)	12	591	(57)	373	83	-	38
New assets originated or purchased (notes iii and iv)	105,242	160	7,223	371	1,432	209	113,897	740
Net impact of further lending and repayments (note v)	(7,268)	(14)	(546)	(17)	(11)	2	(7,825)	(29)
Changes in risk parameters in relation to credit quality (note vi)	-	(2)	-	(14)	-	20	-	4
Other items impacting income statement (including recoveries)	-	-	-	-	-	(58)	-	(58)
Redemptions (note vii)	(14,119)	(5)	(3,479)	(31)	(283)	(27)	(17,881)	(63)
Income statement charge for the period								632
Decrease due to write-offs	-	-	-	-	(205)	(183)	(205)	(183)
Other provision movements	-	-	-	-	-	58	-	58
At 31 March 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

14. Loans and advances to customers (continued)

Reconciliation of net movements in balances and impairment provisions								
	Non-credit impaired				Credit impaired (note i)			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3 and POCI			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
Group	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2023	172,058	50	37,457	410	1,502	305	211,017	765
Stage transfers:								
Transfers from stage 1 to stage 2	(16,072)	(3)	16,072	3	-	-	-	-
Transfers to stage 3	(162)	(1)	(612)	(40)	774	41	-	-
Transfers from stage 2 to stage 1	13,432	100	(13,432)	(100)	-	-	-	-
Transfers from stage 3	76	1	176	10	(252)	(11)	-	-
Net remeasurement of ECL arising from transfer of stage (note ii)		(82)		102		82		102
Net movement arising from transfer of stage	(2,726)	15	2,204	(25)	522	112	-	102
New assets originated or purchased (note iii)	25,526	12	1,681	39	12	7	27,219	58
Net impact of further lending and repayments (note v)	(7,785)	(15)	(769)	(26)	(5)	2	(8,559)	(39)
Changes in risk parameters in relation to credit quality (note vi)	-	(3)	-	3	-	37	-	37
Other items impacting income statement (including recoveries)	-	-	-	-	-	(10)	-	(10)
Redemptions (note vii)	(12,213)	(5)	(3,270)	(20)	(238)	(11)	(15,721)	(36)
Income statement charge for the year								112
Decrease due to write-offs	-	-	-	-	(127)	(106)	(127)	(106)
Other provision movements	-	-	-	-	-	10	-	10
At 4 April 2024	174,860	54	37,303	381	1,666	346	213,829	781
Net carrying amount		174,806		36,922		1,320		213,048

Notes:
i. Gross balances of credit impaired loans include £947 million (2024: £113 million) of purchased or originated credit impaired (POCI) loans which are presented net of lifetime ECL of £100 million (2024: £5 million). These loans were recognised on the balance sheet when Derbyshire Building Society was acquired in December 2008 and Virgin Money was acquired in October 2024.
ii. The remeasurement of provisions arising from a change in stage is reported within the stage to which the assets are transferred.
iii. If a new asset is originated in the period, the values included are the closing gross balance and provision for the period. The stage in which the addition is shown reflects the stage of the account at the end of the period.
iv. Virgin Money balances of £71,768 million are included within the new assets originated or purchased line item.
v. This comprises further lending and capital repayments where the asset is not derecognised. The gross balances value is calculated as the closing gross balance for the period less the opening gross balance for the period. The provisions value is calculated as the change in exposure at default (EAD) multiplied by opening provision coverage for the period.
vi. 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 period.
vii. For any asset that is derecognised in the period, the value disclosed is the provision at the start of the period.

14. Loans and advances to customers (continued)

Reconciliation of net movements in balances and impairment provisions

	Non-credit impaired				Credit impaired			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
Society	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 5 April 2024	154,715	38	14,428	234	1,014	281	170,157	553
Stage transfers:								
Transfers from stage 1 to stage 2	**(7,247)**	**(5)**	**7,247**	**5**	**-**	**-**	**-**	**-**
Transfers to stage 3	**(138)**	**(1)**	**(329)**	**(27)**	**467**	**28**	**-**	**-**
Transfers from stage 2 to stage 1	**6,907**	**85**	**(6,907)**	**(85)**	**-**	**-**	**-**	**-**
Transfers from stage 3	**43**	**1**	**151**	**7**	**(194)**	**(8)**	**-**	**-**
Net remeasurement of ECL arising from transfer of stage (note i)		**(70)**		**49**		**56**		**35**
Net movement arising from transfer of stage	**(435)**	**10**	**162**	**(51)**	**273**	**76**	**-**	**35**
New assets originated or purchased (note ii)	**35,181**	**15**	**815**	**30**	**12**	**7**	**36,008**	**52**
Net impact of further lending and repayments (note iii)	**(6,963)**	**(14)**	**(412)**	**(15)**	**(7)**	**2**	**(7,382)**	**(27)**
Changes in risk parameters related to credit quality (note iv)	**-**	**(5)**	**-**	**(17)**	**-**	**17**	**-**	**(5)**
Other items impacting income statement (including recoveries)	**-**	**-**	**-**	**-**	**-**	**(8)**	**-**	**(8)**
Redemptions (note v)	**(12,959)**	**(4)**	**(1,580)**	**(15)**	**(128)**	**(10)**	**(14,667)**	**(29)**
Income statement charge for the period								**18**
Decrease due to write-offs	**-**	**-**	**-**	**-**	**(99)**	**(90)**	**(99)**	**(90)**
Other provision movements	**-**	**-**	**-**	**-**	**-**	**8**	**-**	**8**
At 31 March 2025	**169,539**	**40**	**13,413**	**166**	**1,065**	**283**	**184,017**	**489**
Net carrying amount		**169,499**		**13,247**		**782**		**183,528**

14. Loans and advances to customers (continued)

Reconciliation of net movements in balances and impairment provisions								
	Non-credit impaired				Credit impaired			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
Society	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2023	145,642	37	20,156	269	954	265	166,752	571
Stage transfers:								
Transfers from stage 1 to stage 2	(6,549)	(5)	6,549	5	-	-	-	-
Transfers to stage 3	(105)	(1)	(390)	(33)	495	34	-	-
Transfers from stage 2 to stage 1	10,454	84	(10,454)	(84)	-	-	-	-
Transfers from stage 3	69	2	139	7	(208)	(9)	-	-
Net remeasurement of ECL arising from transfer of stage (note i)		(67)		62		63		58
Net movement arising from transfer of stage	3,869	13	(4,156)	(43)	287	88	-	58
New assets originated or purchased (note ii)	23,389	10	787	33	11	7	24,187	50
Net impact of further lending and repayments (note iii)	(7,489)	(14)	(545)	(24)	(6)	1	(8,040)	(37)
Changes in risk parameters related to credit quality (note iv)	-	(4)	-	9	-	25	-	30
Other items impacting income statement (including recoveries)	-	-	-	-	-	(5)	-	(5)
Redemptions (note v)	(10,696)	(4)	(1,814)	(10)	(120)	(5)	(12,630)	(19)
Income statement charge for the year								77
Decrease due to write-offs	-	-	-	-	(112)	(100)	(112)	(100)
Other provision movements	-	-	-	-	-	5	-	5
At 4 April 2024	154,715	38	14,428	234	1,014	281	170,157	553
Net carrying amount		154,677		14,194		733		169,604

Notes:

i. The remeasurement of provisions arising from a change in stage is reported within the stage to which the assets are transferred.

ii. If a new asset is originated in the period, the values included are the closing gross balance and provision for the period. The stage in which the addition is shown reflects the stage of the account at the end of the period.

iii. This comprises further lending and capital repayments where the asset is not derecognised. The gross balances value is calculated as the closing gross balance for the year less the opening gross balance for the period. The provisions value is calculated as the change in exposure at default (EAD) multiplied by opening provision coverage for the period.

iv. 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 period.

v. For any asset that is derecognised in the period, the value disclosed is the provision at the start of that period.

14. Loans and advances to customers (continued)

Maturity analysis

The following table shows the residual maturity of loans and advances to customers, based on their contractual maturity:

Residual maturity of loans and advances to customers	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Repayable:				
On demand (note i)	**1,020**	348	**313**	348
In not more than three months (note i)	**13.159**	3,795	**3,641**	3,583
In more than three months but not more than one year	**8,625**	5,826	**5,727**	5,663
In more than one year but not more than five years	**42,096**	30,175	**28,568**	27,986
In more than five years	**237,000**	173,727	**145,806**	132,619
	301,900	213,871	**184,055**	170,199
Impairment provision on loans and advances	**(1,288)**	(781)	**(489)**	(553)
Fair value adjustment for micro hedged risk	**277**	350	**277**	350
Total	**300,889**	213,440	**183,843**	169,996

Note:
i. Comparatives have been restated to better reflect the contractual terms of credit card advances. £1,563 million previously disclosed as “On demand” has been moved to “In not more than three months”.

The maturity analysis is produced on the basis that where a loan is repayable by instalments, each such instalment is treated as a separate repayment. The analysis is based on contractual maturity rather than actual redemption levels experienced, which are likely to be materially different.

14. Loans and advances to customers (continued)

Asset backed funding

Certain mortgages have been pledged to the Group's asset backed funding programmes or utilised as whole mortgage loan pools for TFSME and other short-term liquidity facilities. The programmes have enabled the Group to obtain secured funding. Mortgages pledged and the carrying values of the notes in issue are as follows:

Mortgages pledged to asset backed funding programmes

	2025					2024				
		Notes in issue					Notes in issue			
			Held by the Group					Held by the Group		
	Mortgages pledged (note i)	Held by third parties (note ii)	Drawn (note iii)	Undrawn (note iv)	Total notes in issue	Mortgages pledged (note i)	Held by third parties (note ii)	Drawn (note iii)	Undrawn (note iv)	Total notes in issue
Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Covered bond programmes	**32,739**	**20,829**	**-**	**-**	**20,829**	23,581	14,955	-	-	14,955
Securitisation programmes	**19,353**	**5,015**	**-**	**6,128**	**11,143**	7,321	1,984	-	3,651	5,635
Whole mortgage loan pools	**1,219**	**-**	**910**	**-**	**910**	12,000	-	9,254	-	9,254
Total	**53,311**	**25,844**	**910**	**6,128**	**32,882**	42,902	16,939	9,254	3,651	29,844

Notes:
i. Mortgages pledged include £15.2 billion (2024: £6.3 billion) in the covered bond and securitisation programmes that are in excess of the amount contractually required to support notes in issue.
ii. Notes in issue which are held by third parties are included within debt securities in issue. Further information on debt securities is included in note 18.
iii. Notes in issue, held by the Group and drawn are whole mortgage loan pools securing amounts drawn with the BoE under the TFSME.
iv. Notes in issue, held by the Group and undrawn, are debt securities issued by the programmes to the Society or other Group entities.

Mortgages pledged under the covered bond programmes provide security for covered bonds issued by the Society or Virgin Money.

The securitisation notes are issued by the programmes and the issuing entities are fully consolidated into the accounts of the Group. The issuance proceeds are used to purchase, for the benefit of note holders, a share of the beneficial interest in the pledged mortgages. The remaining beneficial interest in the pledged mortgages stays with the originator of the mortgages and includes its required minimum seller share in accordance with the rules of the programme. The entitlement of note holders is restricted to payment of principal and interest to the extent that the resources of the programme are sufficient to support such payment and the holders of the notes have agreed not to seek recourse in any other form. The Group is under no obligation to support losses incurred by the programmes or holders of the notes and does not intend to provide such further support.

The whole mortgage loan pools are pledged at the BoE Single Collateral Pool. Notes are not issued when pledging the mortgage loan pools at the BoE. Instead, the whole loan pool is pledged to the BoE and drawings are made directly against the eligible collateral, subject to a haircut. At 31 March 2025 £1.2 billion (2024: £12.0 billion) of pledged collateral supported £0.9 billion (2024: £9.3 billion) of TFSME drawdowns.

In accordance with accounting standards, notes in issue and held by the Group are not recognised in the Group's or Society's balance sheets. Mortgages pledged are not derecognised from the Group or Society balance sheets as the Group has retained substantially all the risks and rewards of ownership. The Group and Society continue to be exposed to the liquidity risk, interest rate risk and credit risk of the mortgages. No gain or loss has been recognised on pledging the mortgages to the programmes.

14. Loans and advances to customers (continued)

The following table sets out the carrying value and fair value of the transferred assets and liabilities for the securitisation programmes:

	Carrying value			Fair value		
	Transferred assets	Associated liabilities	Total	Transferred assets	Associated liabilities	Total
	£m	£m	£m	£m	£m	£m
At 31 March 2025	**19,353**	**(11,143)**	**8,210**	**19,221**	**(11,154)**	**8,067**
At 4 April 2024	7,321	(5,635)	1,686	7,110	(5,634)	1,476

15. Derivative financial instruments

All of the Group's derivative financial instruments are used to manage economic risk, although not all of the derivatives are subject to hedge accounting. Note 7 sets out the link between economic risk management and the hedge accounting applied by the Group. The table below provides an analysis of the notional amount and fair value of derivatives by both hedge accounting type and instrument type. The amount of ineffectiveness recognised for each hedge type is shown in note 7. Contract/notional amount is the amount on which payment flows are derived and does not represent amounts at risk.

Derivatives by instrument and hedge type

	Group						**Society**					
	2025			2024			**2025**			2024		
	Contract/ notional amount (note i)	**Fair value**		Contract/ notional amount (note i)	Fair value		**Contract/ notional amount (note i)**	**Fair value**		Contract/ notional amount (note i)	Fair value	
		Assets	**Liabilities**		Assets	Liabilities		**Assets**	**Liabilities**		Assets	Liabilities
	£m	**£m**	**£m**	£m	£m	£m	**£m**	**£m**	**£m**	£m	£m	£m
Micro fair value hedges:												
Interest rate swaps	**54,003**	**38**	**214**	48,764	22	364	**55,228**	**444**	**321**	55,876	527	361
Cross currency interest rate swaps	**47,064**	**1,562**	**1,063**	43,111	1,722	771	**52,999**	**1,832**	**1,115**	50,144	1,849	1,007
Bond forwards	**42**	**-**	**-**	143	-	-	**42**	**-**	**-**	143	-	-
Inflation swaps	**5,663**	**43**	**32**	7,687	205	46	**4,183**	**43**	**32**	7,687	204	46
	106,772	**1,643**	**1,309**	99,705	1,949	1,181	**112,452**	**2,319**	**1,468**	113,850	2,580	1,414
Macro fair value hedges:												
Interest rate swaps	**292,950**	**1,195**	**31**	233,132	1,985	60	**272,687**	**1,195**	**31**	233,132	1,985	60
	292,950	**1,195**	**31**	233,132	1,985	60	**272,687**	**1,195**	**31**	233,132	1,985	60
Cash flow hedges:												
Cross currency interest rate swaps	**32,623**	**13**	**17**	32,443	20	26	**31,744**	**13**	**16**	31,087	20	26
Interest rate swaps	**28,014**	**5**	**3**	-	-	-	**-**	**-**	**-**	-	-	-
	60,637	**18**	**20**	32,443	20	26	**31,744**	**13**	**16**	31,087	20	26
Not subject to hedge accounting: (note ii)												
Interest rate swaps	**107,246**	**1,646**	**119**	111,771	2,096	119	**106,592**	**1,629**	**85**	112,520	2,079	111
Cross currency interest rate swaps	**1,546**	**33**	**38**	2,010	19	42	**2,201**	**27**	**19**	2,163	20	6
Foreign exchange swaps	**1,668**	**13**	**4**	2,469	31	2	**1,157**	**10**	**-**	2,469	31	2
Inflation swaps	**10,325**	**180**	**16**	7,425	190	19	**10,325**	**180**	**16**	7,425	190	19
Other derivatives	**1,359**	**14**	**10**	111	-	2	**109**	**-**	**2**	111	-	2
	122,144	**1,886**	**187**	123,786	2,336	184	**120,384**	**1,846**	**122**	124,688	2,320	140
Total	**582,503**	**4,742**	**1,547**	489,066	6,290	1,451	**537,267**	**5,373**	**1,637**	502,757	6,905	1,640

Notes:

i. Where the same derivative contract has been used in more than one hedge type, for example where one risk component has been included in a fair value hedge and another risk component has been included in a cash flow hedge, the full notional amount has been included in both categories.

ii. Valuation adjustments are applied at a portfolio level and not allocated to individual hedge accounting relationships and have therefore been included in the 'Not subject to hedge accounting section', which can result in negative amounts presented.

15. Derivative financial instruments (continued)

The contractual maturity of derivatives used as hedging instruments in micro fair value and cash flow hedges is provided in the table below. Macro fair value hedges are frequently rebalanced to include new business. As a result, these hedges have not been included in the analysis below.

Contractual maturity of hedging instruments (contract/notional amount)

	2025				2024			
	Less than one year	Between one and five years	More than five years	Total	Less than one year	Between one and five years	More than five years	Total
Group	£m	£m	£m	£m	£m	£m	£m	£m
Micro fair value hedges								
Interest rate swaps	6,135	30,133	17,735	54,003	3,405	29,092	16,267	48,764
Cross currency interest rate swaps	5,182	28,645	13,237	47,064	3,688	25,494	13,929	43,111
Bond forwards	42	-	-	42	143	-	-	143
Inflation swaps	-	1,911	3,752	5,663	-	4,498	3,189	7,687
	11,359	60,689	34,724	106,772	7,236	59,084	33,385	99,705
Cash flow hedges								
Cross currency interest rate swaps	3,529	20,433	8,661	32,623	3,359	20,389	8,695	32,443
Interest rate swaps	14,766	10,462	2,786	28,014	-	-	-	-
	18,295	30,895	11,447	60,637	3,359	20,389	8,695	32,443

Contractual maturity of hedging instruments (contract/notional amount)

	2025				2024			
	Less than one year	Between one and five years	More than five years	Total	Less than one year	Between one and five years	More than five years	Total
Society	£m	£m	£m	£m	£m	£m	£m	£m
Micro fair value hedges								
Interest rate swaps	5,302	31,642	18,284	55,228	2,942	33,209	19,725	55,876
Cross currency interest rate swaps	5,938	31,033	16,028	52,999	3,319	29,601	17,224	50,144
Bond forwards	42	-	-	42	143	-	-	143
Inflation swaps	-	1,381	2,802	4,183	-	4,498	3,189	7,687
	11,282	64,056	37,114	112,452	6,404	67,308	40,138	113,850
Cash flow hedges								
Cross currency interest rate swaps	3,529	19,994	8,221	31,744	2,883	19,950	8,254	31,087
	3,529	19,994	8,221	31,744	2,883	19,950	8,254	31,087

15. Derivative financial instruments (continued)

The weighted average rates of hedging instruments which achieve fixed rates are summarised in the table below. Fair value and cash flow hedging instruments which do not achieve a fixed rate have not been included in this analysis.

Average rates achieved	2025				2024			
Group	Less than one year	Between one and five years	More than five years	Total	Less than one year	Between one and five years	More than five years	Total
Cross currency interest rate swaps								
Average EUR/GBP rate	**1.13**	**1.17**	**1.19**	**1.17**	1.18	1.16	1.19	1.17
Average USD/GBP rate	**1.39**	**1.29**	**1.30**	**1.30**	1.36	1.30	1.27	1.29
Average JPY/GBP rate	**143.40**	**157.83**	**-**	**149.98**	145.59	148.25	132.22	147.68
Average NOK/GBP rate	**-**	**11.28**	**13.06**	**11.72**	10.06	11.21	12.66	11.53
Average HKD/GBP rate	**12.14**	**11.52**	**9.13**	**11.56**	-	11.85	9.13	11.56
Average CHF/GBP rate	**1.16**	**1.14**	**1.24**	**1.16**	-	1.15	1.18	1.16
Average CAD/GBP rate	**1.78**	**1.75**	**1.70**	**1.72**	-	1.74	1.67	1.69
Average AUD/GBP rate	**-**	**1.80**	**1.70**	**1.78**	-	-	-	-

Average rates achieved	2025				2024			
Society	Less than one year	Between one and five years	More than five years	Total	Less than one year	Between one and five years	More than five years	Total
Cross currency interest rate swaps								
Average EUR/GBP rate	**1.13**	**1.18**	**1.19**	**1.18**	1.19	1.16	1.20	1.18
Average USD/GBP rate	**1.39**	**1.28**	**1.30**	**1.29**	1.36	1.30	1.27	1.29
Average JPY/GBP rate	**143.40**	**157.83**	**-**	**149.98**	145.59	148.25	132.22	147.68
Average NOK/GBP rate	**-**	**11.28**	**13.18**	**11.99**	10.06	11.21	12.90	11.81
Average HKD/GBP rate	**12.14**	**11.52**	**9.13**	**11.56**	-	11.85	9.13	11.56
Average CHF/GBP rate	**1.16**	**1.14**	**1.24**	**1.16**	-	1.16	1.19	1.17
Average CAD/GBP rate	**1.78**	**1.75**	**1.70**	**1.72**	-	1.74	1.67	1.69
Average AUD/GBP rate	**-**	**1.80**	**1.70**	**1.78**	-	-	-	-

16. Deposits from banks and similar institutions

A maturity analysis for the Group's deposits from banks and similar institutions can be found in the Liquidity and funding risk section of the Risk report.

Deposits from banks and similar institutions include £0.9 billion (2024: £9.3 billion) and £nil (2024: £9.3 billion) of TFSME for the Group and Society, respectively.

17. Other deposits

	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Non-member retail deposits	**53,312**	-	**-**	-
Business deposits	**21,087**	4,215	**4,015**	4,215
Other	**268**	315	**268**	315
Amounts owed to subsidiaries	**-**	-	**242**	222
Total	**74,667**	4,530	**4,525**	4,752

Non-member retail deposits represent Virgin Money customer deposits.

18. Debt securities in issue

	Group		Society	
	2025	2024 (note i)	**2025**	2024 (note i)
	£m	£m	**£m**	£m
Certificates of deposit and commercial paper	**2,516**	1,506	**2,516**	1,506
Covered bonds	**21,251**	15,577	**16,810**	15,577
Securitisations	**5,015**	1,984	**-**	-
Senior preferred (note ii)	**14,792**	11,557	**12,131**	11,557
Senior non-preferred	**8,193**	5,357	**8,193**	5,357
	51,767	35,981	**39,650**	33,997
Fair value adjustment for micro hedged risk	**(658)**	(1,232)	**(221)**	(592)
Total	**51,109**	34,749	**39,429**	33,405

Notes:

i. Comparatives have been restated as detailed in note 1, with senior non-preferred notes totaling £5,357 million at 4 April 2024 reclassified from subordinated liabilities to debt securities in issue. Fair value hedge accounting adjustments of £(207) million at 4 April 2024 relating to these instruments are also now presented within debt securities in issue, rather than subordinated liabilities.

ii. Senior preferred debt securities in issue for the Group at 31 March 2025 include £2,661 million of MREL-eligible liabilities issued by Virgin Money UK PLC.

The total for debt securities in issue in the Group includes £25,844 million (2024: £16,939 million), and in the Society includes £16,810 million (2024: £15,577 million), secured on certain loans and advances to customers. Further information is given in note 14.

Senior non-preferred notes are a class of liability which rank equally with each other and behind the claims against the Society of all depositors, creditors and investing members other than holders of Tier 2 eligible subordinated notes, permanent interest-bearing shares (PIBS), Additional Tier 1 (AT1) instruments and core capital deferred shares (CCDS) issued by the Society. Senior non-preferred notes contribute to meeting the Society's minimum requirement for own funds and eligible liabilities (MREL) and loss absorbing requirements.

19. Subordinated liabilities

				Group		Society	
				2025	2024 (note i)	**2025**	2024 (note i)
	Issuance date	**Next call date**	**Maturity date**	**£m**	£m	**£m**	£m
Tier 2 eligible notes							
Nationwide Building Society issued notes:							
4% subordinated notes (USD 1.25 billion) (note ii)	14 September 2016		14 September 2026	**864**	879	**864**	879
2% subordinated notes (EUR 1 billion) (note iii)	25 July 2017		25 July 2029	**-**	869	**-**	869
4.125% subordinated notes (USD 1.25 billion) (note iv)	18 October 2017	18 October 2027	18 October 2032	**400**	407	**400**	407
4.375% subordinated notes (EUR 0.5 billion)	16 April 2024	16 April 2029	16 April 2034	**434**	-	**434**	-
Virgin Money UK PLC issued notes:							
5.13% subordinated notes (GBP 0.475 billion)	11 September 2020	11 September 2025	11 December 2030	**481**	-	**-**	-
2.63% subordinated notes (GBP 0.3 billion)	19 May 2021	19 May 2026	19 August 2031	**290**	-	**-**	-
				2,469	2,155	**1,698**	2,155
Fair value hedge accounting adjustments				**(25)**	(80)	**(24)**	(80)
Total				**2,444**	2,075	**1,674**	2,075

Notes:

i. Comparatives have been restated as detailed in note 1, with senior non-preferred notes totalling £5,357 million at 4 April 2024 reclassified from subordinated liabilities to debt securities in issue. Fair value hedge accounting adjustments of £(207) million at 4 April 2024 relating to these instruments are also now presented within debt securities in issue, rather than subordinated liabilities.

ii. The Society repurchased USD 136 million of the outstanding principal on 10 June 2022.

iii. The Society exercised its option to call these notes during the period ended 31 March 2025.

iv. The Society repurchased USD 742 million of the outstanding principal on 10 June 2022.

The Tier 2 eligible subordinated notes rank at least pari passu with other such notes of the relevant issuer, behind claims of all senior creditors and ahead of claims against the Group of holders of PIBS, AT1 instruments and CCDS. These notes are dated subordinated securities on which there is an obligation to pay coupons and are included within the Group's regulatory capital base as Tier 2 capital.

The interest rate and foreign exchange risks arising from the issuance of fixed rate and foreign currency subordinated liabilities have been mitigated through the use of derivatives.

20. Subscribed capital

		Group and Society	
		2025	2024
	Next call date	**£m**	£m
6.25% permanent interest-bearing shares (note i)		**-**	45
5.769% permanent interest-bearing shares (note ii)	6 February 2026	**84**	84
7.859% permanent interest-bearing shares (note ii)	13 March 2030	**38**	39
Floating rate (Sonia + 4.2%) permanent interest-bearing shares	30 September 2030	**5**	5
		127	173
Fair value hedge accounting adjustments		**2**	-
Total		**129**	173

Notes:
i. The Society exercised its option to call these notes during the period ended 31 March 2025.
ii. Repayable, at the option of the Society, in full 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 rate linked to the prevailing five-year benchmark gilt rate.

All PIBS are denominated in sterling and only repayable with the prior consent of the PRA. PIBS do not form part of capital resources.

PIBS rank equally with each other. They are deferred shares of the Society and rank behind the claims against the Society of all noteholders, depositors, creditors and investing members of the Society, other than the holders of AT1 and CCDS instruments.

The interest rate risk arising from the issuance of fixed rate PIBS has been mitigated through the use of interest rate swaps.

21. Fair value hierarchy of financial assets and liabilities held at fair value

The following tables show the Group's and Society's financial assets and liabilities that are held at fair value by fair value hierarchy, balance sheet classification and product type:

Group	2025				2024			
	Fair values based on				Fair values based on			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Government, government guaranteed and supranational investment securities	22,977	-	-	22,977	22,173	-	-	22,173
Other debt investment securities	4,344	1,277	3	5,624	2,980	1,312	3	4,295
Investments in equity shares	-	-	62	62	-	-	60	60
Total investment securities (note i)	27,321	1,277	65	28,663	25,153	1,312	63	26,528
Interest rate swaps	-	2,884	-	2,884	-	4,103	-	4,103
Cross currency interest rate swaps	-	1,608	-	1,608	-	1,761	-	1,761
Foreign exchange swaps	-	13	-	13	-	31	-	31
Inflation swaps	-	182	41	223	-	200	195	395
Other derivatives	-	8	6	14	-	-	-	-
Total derivative financial instruments	-	4,695	47	4,742	-	6,095	195	6,290
Loans and advances to customers	-	47	38	85	-	-	42	42
Total financial assets	27,321	6,019	150	33,490	25,153	7,407	300	32,860
Financial liabilities								
Interest rate swaps	-	367	-	367	-	543	-	543
Cross currency interest rate swaps	-	1,118	-	1,118	-	839	-	839
Foreign exchange swaps	-	4	-	4	-	2	-	2
Inflation swaps	-	23	25	48	-	62	3	65
Other derivatives	-	8	2	10	-	-	2	2
Total derivative financial instruments	-	1,520	27	1,547	-	1,446	5	1,451
Total financial liabilities	-	1,520	27	1,547	-	1,446	5	1,451

21. Fair value hierarchy of financial assets and liabilities held at fair value (continued)

Society	2025				2024			
	Fair values based on				Fair values based on			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets								
Government, government guaranteed and supranational investment securities	18,316	-	-	18,316	22,173	-	-	22,173
Other debt investment securities	2,808	1,277	-	4,085	2,980	1,312	-	4,292
Investments in equity shares	-	-	1	1	-	-	7	7
Total investment securities (note i)	21,124	1,277	1	22,402	25,153	1,312	7	26,472
Interest rate swaps	-	3,268	-	3,268	-	4,591	-	4,591
Cross currency interest rate swaps	-	1,872	-	1,872	-	1,889	-	1,889
Foreign exchange swaps	-	10	-	10	-	31	-	31
Inflation swaps	-	182	41	223	-	199	195	394
Total derivative financial instruments	-	5,332	41	5,373	-	6,710	195	6,905
Loans and advances to customers	-	-	38	38	-	-	42	42
Total financial assets	21,124	6,609	80	27,813	25,153	8,022	244	33,419
Financial liabilities								
Interest rate swaps	-	437	-	437	-	532	-	532
Cross currency interest rate swaps	-	1,150	-	1,150	-	1,039	-	1,039
Foreign exchange swaps	-	-	-	-	-	2	-	2
Inflation swaps	-	23	25	48	-	62	3	65
Other derivatives	-	-	2	2	-	-	2	2
Total derivative financial instruments	-	1,610	27	1,637	-	1,635	5	1,640
Total financial liabilities	-	1,610	27	1,637	-	1,635	5	1,640

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

The 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. More detail on the Level 3 portfolio is provided in note 22.

Transfers between fair value hierarchies

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. Transfers are recognised 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 current period or prior year.

22. Fair value of financial assets and liabilities held at fair value – Level 3 portfolio

The main constituents of the Level 3 portfolio are as follows:

Loans and advances to customers

Certain loans and advances to customers are classified as FVTPL. Level 3 assets in this category include a closed portfolio of residential mortgages.

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 and swaptions)

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 are 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. Where the impact of seasonality is significant to the valuation of the swaps, these are classified as Level 3 in the hierarchy.

22. Fair value of financial assets and liabilities held at fair value – Level 3 portfolio (continued)

The tables below set out movements in the Level 3 portfolio, including transfers in and out of Level 3. The majority of the Group's Level 3 assets and liabilities are held within the Society, with the exception of its Level 3 investment securities which are predominantly held in a subsidiary of the Society.

Movements in Level 3 portfolio

	2025				2024			
	Investment securities	**Derivative financial assets**	**Derivative financial liabilities**	**Loans and advances to customers**	Investment securities	Derivative financial assets	Derivative financial liabilities	Loans and advances to customers
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
At 5 April	63	195	(5)	42	54	157	(11)	100
Gains/(losses) recognised in the income statement, within:								
Net interest income	**-**	**95**	**5**	**1**	-	97	2	4
(Losses)/gains from derivatives and hedge accounting (note i)	**-**	**(163)**	**16**	**-**	-	58	7	-
Other operating income	**(3)**	**99**	**1**	**-**	(4)	24	-	(2)
(Losses)/gains recognised in other comprehensive income, within:								
Fair value through other comprehensive income reserve	**(2)**	**-**	**-**	**-**	5	-	-	-
Additions	**6**	**-**	**-**	**-**	8	-	-	-
Acquisition of Virgin Money	**2**	**-**	**-**	**-**	-	-	-	-
Disposals	**(1)**	**(97)**	**(1)**	**-**	-	(24)	-	-
Settlements/repayments	**-**	**(82)**	**(47)**	**(5)**	-	(117)	(3)	(60)
Transfers out of Level 3 portfolio (note ii)	**-**	**-**	**4**	**-**	-	-	-	-
At 31 March (2024: 4 April)	**65**	**47**	**(27)**	**38**	63	195	(5)	42
Unrealised gains/ (losses) recognised in the income statement attributable to assets and liabilities held at the end of the period	**3**	**(58)**	**17**	**-**	(4)	81	7	(2)

Notes:
i. Includes foreign exchange revaluation gains/(losses).
ii. The proportional impact of seasonality on the value of EUR-denominated inflation swaps reduced during the period ended 31 March 2025, resulting in these instruments no longer being categorised within Level 3 of the fair value hierarchy.

22. Fair value of financial assets and liabilities held at fair value – Level 3 portfolio (continued)

Level 3 portfolio sensitivity analysis of valuations using unobservable inputs

The fair value of financial instruments is, in certain circumstances, measured using valuation techniques based on market prices that are not observable in an active market or significant unobservable market inputs. Reasonable alternative assumptions can be applied for sensitivity analysis, taking account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historical data. The following table shows the sensitivity of the Level 3 fair values to reasonable alternative assumptions (as set out in the table of significant unobservable inputs below) and the resultant impact of such changes in fair value on the income statement or members' interests and equity.

Sensitivity of Level 3 fair values

	2025					2024				
		Income statement		**Other comprehensive income**			Income statement		Other comprehensive income	
	Fair value	**Favourable changes**	**Unfavourable changes**	**Favourable changes**	**Unfavourable changes**	Fair value	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	£m	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Investment securities	**65**	**1**	**(1)**	**15**	**(15)**	63	2	(2)	14	(14)
Net derivative financial instruments	**20**	**5**	**(5)**	**-**	**-**	190	29	(29)	-	-
Loans and advances to customers	**38**	**2**	**(1)**	**-**	**-**	42	2	(2)	-	-
Total	**123**	**8**	**(7)**	**15**	**(15)**	295	33	(33)	14	(14)

Alternative assumptions are considered for each product and varied according to the quality of the data and variability of the underlying market. The following table discloses the significant unobservable inputs underlying the above alternative assumptions for assets and liabilities recognised at fair value and classified as Level 3, along with the range of values for those significant unobservable inputs. Where sensitivities are described, the inverse relationship will also generally apply.

Significant unobservable inputs

	2025							2024						
	Total assets	**Total liabilities**	**Valuation technique**	**Significant unobservable inputs**	**Range (note i)**		**Units**	Total assets	Total liabilities	Valuation technique	Significant unobservable inputs	Range (note i)		Units
	£m	**£m**						£m	£m					
Investment securities	**65**	**-**	**Internal assessment**	**Various (note ii)**	**-**	**-**	**£**	63	-	Internal assessment	Various (note ii)	-	-	£
Derivative financial instruments	**47**	**(27)**	**Discounted cash flows**	**Seasonality**	**0.02**	**0.54**	**%**	195	(5)	Discounted cash flows	Seasonality	0.02	0.99	%
Loans and advances to customers	**38**	**-**	**Discounted cash flows**	**Discount rate**	**5.11**	**7.11**	**%**	42	-	Discounted cash flows	Discount rate	5.23	7.23	%

Notes:

i. The range represents the values of the highest and lowest levels used in the calculation of favourable and unfavourable changes as presented in the table of sensitivities above.

ii. Given the wide range of investments and variety of inputs to modelled values, which may include inputs such as observed market prices, discount rates or probability weightings of expected outcomes, the Group does not disclose ranges as they are not meaningful without reference to individual underlying investments, which would be impracticable. Some of the significant unobservable inputs used in the fair value measurement of investment securities may be interdependent.

22. Fair value of financial assets and liabilities held at fair value – Level 3 portfolio (continued)

Discount rate

The discount rate is used to determine the present value of future cash flows. The level of the discount rate takes into account the time value of money, but also the risk associated with the investment at the time the investment was made. Typically, the greater the risk, the higher the discount rate. A higher discount rate leads to a lower valuation and vice versa.

Seasonality

An inflation swap curve is built using inflation swap quotes to project future levels of the inflation indices in each of the markets in which the Group is active. These curves are used to calculate future cash flows. While inflation swap instruments give a good indication of annual growth in inflation, monthly index fixings throughout the year tend to behave differently and so the inflation swap curve is adjusted for this seasonality accordingly. The higher the seasonality, the greater the adjustment to the inflation swap curve.

23. Fair value of financial assets and liabilities measured at amortised cost

The following tables summarise the Group's and Society's carrying value and fair value of financial assets and liabilities measured at amortised cost on the balance sheet:

Fair value of financial assets and liabilities (note i)										
	2025					2024				
	Carrying value	**Fair values based on**			**Total fair value**	Carrying value	Fair values based on			Total fair value
		Level 1	**Level 2**	**Level 3**			Level 1	Level 2	Level 3	
Group	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Financial assets										
Loans and advances to banks and similar institutions (note ii)	**1,810**	**-**	**1,810**	**-**	**1,810**	918	-	918	-	918
Investment securities	**-**	**-**	**-**	**-**	**-**	4	-	4	-	4
Loans and advances to customers:										
Residential mortgages	**275,539**	**-**	**-**	**272,365**	**272,365**	204,106	-	-	198,123	198,123
Consumer lending	**10,283**	**-**	**-**	**10,596**	**10,596**	3,827	-	-	3,737	3,737
Business and commercial lending	**14,982**	**-**	**995**	**13,632**	**14,627**	5,465	-	-	4,981	4,981
Total	**302,614**	**-**	**2,805**	**296,593**	**299,398**	214,320	-	922	206,841	207,763
Financial liabilities										
Shares	**207,428**	**-**	**207,459**	**-**	**207,459**	193,366	-	193,333	-	193,333
Deposits from banks and similar institutions	**6,053**	**-**	**6,053**	**-**	**6,053**	16,388	-	16,388	-	16,388
Other deposits	**74,667**	**-**	**74,568**	**13**	**74,581**	4,530	-	4,516	15	4,531
Debt securities in issue (note ii)	**51,109**	**18,719**	**32,722**	**-**	**51,441**	34,749	12,889	22,322	-	35,211
Subordinated liabilities (note ii)	**2,444**	**-**	**2,464**	**-**	**2,464**	2,075	-	2,091	-	2,091
Subscribed capital	**129**	**-**	**129**	**-**	**129**	173	-	173	-	173
Total	**341,830**	**18,719**	**323,395**	**13**	**342,127**	251,281	12,889	238,823	15	251,727

23. Fair value of financial assets and liabilities measured at amortised cost (continued)

Fair value of financial assets and liabilities (note i)

	2025					2024				
	Carrying value	**Fair values based on**			**Total fair value**	Carrying value	Fair values based on			Total fair value
		Level 1	**Level 2**	**Level 3**			Level 1	Level 2	Level 3	
Society	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Financial assets										
Loans and advances to banks and similar institutions (note ii)	**1,339**	**-**	**1,339**	**-**	**1,339**	908	-	908	-	908
Investment securities	**-**	**-**	**-**	**-**	**-**	4	-	4	-	4
Loans and advances to customers:										
Residential mortgages	**174,414**	**-**	**-**	**171,410**	**171,410**	160,971	-	-	155,993	155,993
Consumer lending	**4,069**	**-**	**-**	**4,003**	**4,003**	3,827	-	-	3,737	3,737
Business and commercial lending	**5,322**	**-**	**-**	**4,890**	**4,890**	5,156	-	-	4,702	4,702
Investments in Group undertakings	**42,833**	**-**	**752**	**42,079**	**42,831**	39,847	-	-	39,847	39,847
Total	**227,977**	**-**	**2,091**	**222,382**	**224,473**	210,713	-	912	204,279	205,191
Financial liabilities										
Shares	**207,428**	**-**	**207,459**	**-**	**207,459**	193,366	-	193,333	-	193,333
Deposits from banks and similar institutions	**5,102**	**-**	**5,102**	**-**	**5,102**	16,388	-	16,388	-	16,388
Other deposits	**4,525**	**-**	**4,512**	**13**	**4,525**	4,752	-	4,738	15	4,753
Debt securities in issue (note ii)	**39,429**	**14,274**	**25,039**	**-**	**39,313**	33,405	12,889	20,328	-	33,217
Subordinated liabilities (note ii)	**1,674**	**-**	**1,692**	**-**	**1,692**	2,075	-	2,091	-	2.091
Subscribed capital	**129**	**-**	**129**	**-**	**129**	173	-	173	-	173
Total	**258,287**	**14,274**	**243,933**	**13**	**258,220**	250,159	12,889	237,051	15	249,955

Notes:

i. The tables above exclude certain 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.

ii. Comparatives have been restated as detailed in note 1.

Fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It does not reflect the economic benefits and costs that the group expects to flow from an instrument's cash flow over its expected future life. The assumptions and methodologies underlying the calculation of fair values of financial instruments at the balance sheet date are set out below.

Loans and advances to banks and similar institutions

The fair value of loans and advances to banks and similar institutions 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 at rates that reflect current pricing for similar lending. Loans are segregated into portfolios with similar characteristics, with fair values estimated using valuation models incorporating a range of input assumptions considered consistent with those that would be used by market participants in valuing such loans, including expected credit losses and customer prepayment rates. Cash flows are discounted at rates which are appropriate based on the underlying portfolios, including separate consideration of the loans originated by the Nationwide sub-group and the Virgin Money sub-group. Further information about the Group's two reportable segments is included in note 37.

23. Fair value of financial assets and liabilities measured at amortised cost (continued)

Investments in Group undertakings

Level 2 investments in Group undertakings represent senior non-preferred debt issued by Virgin Money UK PLC to Nationwide Building Society. The fair value of these instruments is estimated using a discounted cash flow model applying yields on similar externally issued instruments. Level 3 investments in Group undertakings represent other loans to subsidiaries where carrying value approximates fair value as the rate payable resets biannually based on current market conditions.

Shares and deposits

Fair values of shares and deposits are estimated using discounted cash flow valuation techniques. In many cases, the fair value disclosed approximates carrying value because the instruments are short-term in nature or have interest rates that reprice frequently. The fair value for deposits with longer-term maturities, such as time deposits, are estimated using discounted cash flows applying either market rates or current rates for deposits of similar remaining maturities.

Debt securities in issue, subordinated liabilities and subscribed capital

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 for which 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.

24. Offsetting financial assets and financial liabilities

The Group has financial assets and liabilities for which there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis or realise the asset and liability simultaneously. In accordance with IAS 32 'Financial Instruments: Presentation,' where the right to set off is not unconditional in all circumstances this does not result in an offset of balance sheet assets and liabilities.

The following table shows:

- Amounts which have been offset, where there is an enforceable master netting arrangement or similar agreement in place, an unconditional right to offset exists and there is an intention to settle net ('amounts offset'); and
- Amounts which have not been offset, where there is an enforceable master netting arrangement or similar agreement in place, but the offset criteria are otherwise not satisfied ('master netting arrangements') and/or where financial collateral has been paid or received ('financial collateral').

24. Offsetting financial assets and financial liabilities (continued)

Offsetting financial assets and financial liabilities

	2025						2024					
	Gross amounts recognised	**Amounts offset (note i)**	**Net amounts reported on the balance sheet**	**Master netting arrangements**	**Financial collateral (note ii)**	**Net amounts**	Gross amounts recognised	Amounts offset (note i)	Net amounts reported on the balance sheet	Master netting arrangements	Financial collateral (note ii)	Net amounts
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Financial assets												
Derivative financial assets	**13,986**	**(9,244)**	**4,742**	**(1,236)**	**(3,467)**	**39**	17,580	(11,290)	6,290	(1,265)	(5,009)	16
Reverse repurchase agreements	**624**	**(624)**	**-**	**-**	**-**	**-**	628	(617)	11	-	(11)	-
Total financial assets	**14,610**	**(9,868)**	**4,742**	**(1,236)**	**(3,467)**	**39**	18,208	(11,907)	6,301	(1,265)	(5,020)	16
Financial liabilities												
Derivative financial liabilities	**10,491**	**(8,944)**	**1,547**	**(1,236)**	**(100)**	**211**	12,326	(10,875)	1,451	(1,265)	(38)	148
Repurchase agreements	**2,169**	**(624)**	**1,545**	**(10)**	**(1,535)**	**-**	2,560	(617)	1,943	-	(1,942)	1
Total financial liabilities	**12,660**	**(9,568)**	**3,092**	**(1,246)**	**(1,635)**	**211**	14,886	(11,492)	3,394	(1,265)	(1,980)	149

Notes:
i. Amounts offset for derivative financial assets of £9,244 million (2024: £11,290 million) include cash collateral netted of £720 million (2024: £1,055 million). Amounts offset for derivative financial liabilities of £8,944 million (2024: £10,875 million) include cash collateral netted of £420 million (2024: £640 million).
ii. The balances presented for financial collateral on repurchase agreements and reverse repurchase agreements are less than the financial collateral balances reported in note 13, as the amounts disclosed above are limited to the net amounts reported on the balance sheet after amounts offset as shown in the table.

Master netting arrangements consist of agreements such as an International Swaps and Derivatives Association (ISDA) Master Agreement, global master repurchase agreements and global master securities lending agreements, whereby outstanding transactions with the same counterparty can be offset and settled net, either unconditionally or following a default or other predetermined event.

Financial collateral on derivative financial instruments consists of cash paid or received, typically daily or weekly, to mitigate the credit risk on the fair value of derivative contracts. Financial collateral on repurchase agreements typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

The net amounts after offsetting presented above show the exposure to counterparty credit risk for derivative contracts after netting benefits and collateral, and are not intended to represent the Group's actual exposure to credit risk. This is due to a variety of credit mitigation strategies which are employed in addition to netting and collateral arrangements.

25. Intangible assets

Group **2025**	**Computer software** **Externally acquired**	 **Internally developed**	**Total computer software**	**Core deposit intangible**	**Purchased credit card and other relationships**	**Goodwill**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Cost							
At 5 April 2024	342	2,592	2,934	-	-	12	2,946
Additions	**33**	**275**	**308**	**-**		**-**	**308**
Acquisition of Virgin Money	**-**	**116**	**116**	**360**	**292**	**-**	**768**
Disposals	**(16)**	**(80)**	**(96)**	**-**	**-**	**-**	**(96)**
At 31 March 2025	**359**	**2,903**	**3,262**	**360**	**292**	**12**	**3,926**
Accumulated amortisation and impairment							
At 5 April 2024	290	1,808	2,098	-	-	-	2,098
Amortisation charge	**26**	**347**	**373**	**28**	**29**	**-**	**430**
Impairment in the period	**-**	**13**	**13**	**-**	**-**	**-**	**13**
Disposals	**(16)**	**(80)**	**(96)**	**-**	**-**	**-**	**(96)**
At 31 March 2025	**300**	**2,088**	**2,388**	**28**	**29**	**-**	**2,445**
Net book value							
At 31 March 2025	**59**	**815**	**874**	**332**	**263**	**12**	**1,481**

Group 2024	Computer software Externally acquired	 Internally developed	Total computer software	Core deposit intangible	Purchased credit card and other relationships	Goodwill	Total
	£m	£m	£m	£m	£m	£m	£m
Cost							
At 5 April 2023	356	2,426	2,782	-	-	12	2,794
Additions	15	281	296	-	-	-	296
Disposals	(29)	(115)	(144)	-	-	-	(144)
At 4 April 2024	342	2,592	2,934	-	-	12	2,946
Accumulated amortisation and impairment							
At 5 April 2023	278	1,654	1,932	-	-	-	1,932
Amortisation charge	38	263	301	-	-	-	301
Impairment in the year	3	6	9	-	-	-	9
Disposals	(29)	(115)	(144)	-	-	-	(144)
At 4 April 2024	290	1,808	2,098	-	-	-	2,098
Net book value							
At 4 April 2024	52	784	836	-	-	12	848

25. Intangible assets (continued)

Society	2025			2024		
	Computer software		Total	Computer software		Total
	Externally acquired	Internally developed		Externally acquired	Internally developed	
	£m	£m	£m	£m	£m	£m
Cost						
At 5 April	342	2,592	2,934	356	2,426	2,782
Additions	**33**	**275**	**308**	15	281	296
Disposals	**(16)**	**(80)**	**(96)**	(29)	(115)	(144)
At 31 March 2025 (2024: 4 April)	**359**	**2,787**	**3,146**	342	2,592	2,934
Accumulated amortisation and impairment						
At 5 April	290	1,808	2,098	278	1,654	1,932
Amortisation charge	**26**	**323**	**349**	38	263	301
Impairment in the period	**-**	**13**	**13**	3	6	9
Disposals	**(16)**	**(80)**	**(96)**	(29)	(115)	(144)
At 31 March 2025 (2024: 4 April)	**300**	**2,064**	**2,364**	290	1,808	2,098
Net book value						
At 31 March 2025 (2024: 4 April)	**59**	**723**	**782**	52	784	836

The Group’s core deposit intangible and purchased credit card relationships have arisen from the acquisition of Virgin Money. Further information is included in note 38.

The Group’s goodwill relates to the Society’s acquisition of The Mortgage Works (UK) PLC.

Computer software capitalised during the period primarily relates to the Group’s investment in digital services, data capabilities and modernisation of the Group’s technology estate. The total cost at 31 March 2025 includes £119 million for the Group and Society (2024: £80 million for the Group and Society) of assets in the course of construction which, to the extent that they are not yet ready for use by the business, have no amortisation charged against them. For all other computer software capitalised the estimated useful life of individual assets is predominantly four years.

An impairment loss of £13 million (2024: £9 million) was recognised in the period, primarily as a result of software becoming obsolete earlier than envisaged due to ongoing investment to ensure the Group's technology estate is fit for the future.

Capital expenditure contracted for, but not accrued, at 31 March 2025 was £17 million for the Group and Society (2024: £17 million for the Group and Society).

26. Property, plant and equipment

Property, plant and equipment	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Branches and non-specialised buildings	**141**	137	**133**	137
Specialised administration buildings	**71**	74	**71**	74
Investment properties (note i)	**35**	2	**2**	2
Plant and machinery	**49**	50	**45**	50
Equipment, fixtures, fittings and vehicles	**292**	277	**258**	277
Right-of-use branches and non-specialised buildings	**208**	116	**106**	116
Total	**796**	656	**615**	656

Note:
i. Included within investment properties for the Group is £30 million (2024: £nil) of right-of-use investment properties.

Property, plant and equipment includes £6 million and £5 million for Group and Society respectively (2024: £8 million for the Group and Society) of assets in the course of construction. Capital expenditure contracted for but not accrued at 31 March 2025 was £6 million for the Group and Society (2024: £10 million for the Group and Society). As at 31 March 2025, branches and non-specialised buildings includes £6 million for the Group and Society (2024: £3 million for the Group and Society) of properties which are classified as held for sale.

Branches and non-specialised buildings are valued annually at the balance sheet date by independent surveyors. The current use of all branches and non-specialised buildings represents the highest and best use, and there have been no changes to the valuation technique during the period.

IFRS 13 requires that all assets held at fair value are classified according to a hierarchy that reflects the significance of observable market inputs in calculating those fair values. Branches and non-specialised buildings valuations are classified within Level 2 of the fair value hierarchy.

Branches and non-specialised buildings revalued annually would have a carrying value under the historic cost model of £65 million and £53 million for the Group and Society respectively (2024: £55 million for the Group and Society). Investment properties revalued annually would have a carrying value under the historic cost model of £35 million and £2 million for the Group and Society respectively (2024: £2 million for the Group and Society).

27. Provisions for liabilities and charges

	Group				Society			
	Customer redress	Legal and regulatory	Other provisions	Total	Customer redress	Legal and regulatory	Other provisions	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	24	97	28	149	20	97	28	145
Acquisition of Virgin Money	6	-	32	38	-	-	-	-
Charge for the period	8	8	38	54	3	8	30	41
Release for the period	(3)	-	(13)	(16)	(3)	-	(12)	(15)
Net income statement charge (note i)	5	8	25	38	-	8	18	26
Provisions utilised	(14)	(105)	(36)	(155)	(12)	(105)	(28)	(145)
At 31 March 2025	21	-	49	70	8	-	18	26

Note:
i. The net income statement charge is included within administrative expenses.

Customer redress

During the course of its business, the Group receives complaints from customers in relation to past sales or ongoing administration and is subject to enquiries from regulators or other public bodies, including the Financial Ombudsman Service, on a range of customer-related matters. In addition, the Group may identify through its own investigations matters which require customer redress.

Consideration of these matters may result in a provision, a contingent liability or both, depending upon relevant facts and circumstances. No provision is made where it is concluded that it is not probable that a quantifiable payment will be made; this will include circumstances where the facts are unclear or further time is required to reasonably quantify the expected payment.

At 31 March 2025, the Group and Society held provisions of £21 million and £8 million, respectively, (2024: £24 million and £20 million, respectively) 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. Whilst there is uncertainty as to the timing of the utilisation of customer redress provisions, the Group expects the majority to have been utilised within the next year.

Legal and regulatory provisions

The Group is also subject to enquiries from, and discussions with, its regulators and other government bodies, including tax authorities, on a range of matters, and may be engaged in legal proceedings in the course of its business.

The prior year provision of £97 million has been utilised in the period. This provision related to a matter which remains 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 through the litigation. No such amounts have been recognised as at the balance sheet date on the basis that these are not yet considered to be virtually certain of receipt.

The Group does not disclose further information in the case of matters subject to active legal proceedings where such disclosure could be seriously prejudicial to the conduct of the claims.

Other provisions

Other provisions include amounts for property-related provisions, severance costs and expected credit losses on irrevocable lending commitments. Whilst there is uncertainty as to the timing of the utilisation of provisions, the Group expects the majority to have been utilised within the next two years.

28. Leasing

The Group and Society lease various offices, branches and other premises under leasing arrangements. The following tables show the amounts recognised in the income statement and on the balance sheet arising from these leases:

Leasing amounts recognised in the income statement

		Group		Society	
	Income statement classification	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Finance lease interest income	Interest receivable and similar income	**31**	-	**-**	-
Interest expense	Interest expense and similar charges	**(6)**	(3)	**(4)**	(3)
Depreciation and impairment of right-of-use assets	Administrative expenses	**(26)**	(20)	**(20)**	(20)
Lease expense in respect of short-term and low value leases	Administrative expenses	**(10)**	(9)	**(9)**	(9)
Amounts receivable under leases where the Group is a lessor	Other operating income	**3**	2	**3**	2

Leasing amounts recognised at the balance sheet date

		Group		Society	
	Balance sheet classification	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Right-of-use assets	Property, plant and equipment	**238**	116	**106**	116
Lease liabilities	Other liabilities	**(315)**	(172)	**(156)**	(172)
Finance lease receivables	Loans and advances to customers	**1,066**	-	**-**	-

Total leasing cash outflows in the period for the Group were £49 million (2024: £42 million) and £40 million (2024: £42 million) for the Society. No lease commitments (2024: £nil) were entered into that had not yet commenced at the balance sheet date for the Group or the Society.

28. Leasing (continued)

Future undiscounted minimum payments under lease liabilities were as follows:

Leasing commitments	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Amounts falling due:				
Within one year	**44**	33	**29**	33
Between one and two years	**40**	31	**26**	31
Between two and three years	**37**	28	**23**	28
Between three and four years	**34**	26	**21**	26
Between four and five years	**33**	23	**18**	23
After five years	**193**	99	**64**	99
Total	**381**	240	**181**	240

Right-of-use assets recognised on the balance sheet and the movements during the period were as follows:

Right-of-use assets	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
At 5 April	**116**	153	**116**	153
Additions	**11**	10	**11**	10
Acquisition of Virgin Money	**137**	-	**-**	-
Revaluation	**1**	-	**-**	-
Disposals	**(1)**	(27)	**(1)**	(27)
Depreciation and impairment	**(26)**	(20)	**(20)**	(20)
At 31 March (2024: 4 April)	**238**	116	**106**	116
Of which:				
Branches and non-specialised buildings	**208**	116	**106**	116
Investment property	**30**	-	**-**	-

28. Leasing (continued)

The Group leases a variety of assets to third parties under finance lease and hire purchase arrangements, including vehicles and general plant and machinery.

Future undiscounted minimum lease payments receivable in respect of leased assets were as follows:

Finance lease receivable		
	Group	
	2025	2024
	£m	£m
Amounts falling due:		
Within one year	**461**	-
Between one and two years	**282**	-
Between two and three years	**206**	-
Between three and four years	**117**	-
Between four and five years	**77**	-
After five years	**26**	-
Total	**1,169**	-
Unearned finance income	**(103)**	-
Net investment in finance lease and hire purchase receivables	**1,066**	-

The Society had no finance lease receivables falling due at the current period end or prior year end.

At the balance sheet date, the Group had £12 million (2024: £13 million) of future minimum lease payments receivable under operating leases where the Group was the lessor, of which £4 million (2024: £3 million) were receivable under non-cancellable subleases. The Society had £12 million (2024: £13 million) of future minimum lease payments receivables under operating leases, of which £2 million (2024: £3 million) was receivable under non-cancellable subleases.

29. Contingent liabilities and commitments

Contingent liabilities

During the ordinary course of business, the Group may be subject to complaints, disputes and threatened or actual legal proceedings brought by or on behalf of current or former employees, customers, investors or other third parties. The Group may also be subject to legal and regulatory reviews, challenges, investigations and enforcement actions which may result in, among other things, actions being taken by governmental, tax and regulatory authorities, increased costs being incurred in relation to remediation of systems and controls, or fines. Any such material cases are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of incurring a liability and any ability to recover any losses in future periods.

The FCA is undertaking an investigation of the Society's compliance with UK money laundering regulations and the FCA's rules and Principles for Businesses in an enquiry focused on aspects of the Society's anti-money laundering control framework. The Society is co-operating with the investigation, which remains ongoing. The Group has not disclosed an estimate of any potential financial impact arising from this matter as it is not currently practicable to do so.

There are no other current complaints, disputes, threatened or actual legal proceedings, regulatory or other matters, the resolution of which are expected to have a material adverse impact on its financial position. However, in light of the uncertainties involved in such matters there can be no assurance that the outcome of a particular matter or matters may not ultimately be material to the Group's results.

29. Contingent liabilities and commitments (continued)

Commitments

The following table summarises the nominal principal amount for commitments which are not recorded on balance sheet. Since a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the contract amounts is not representative of future liquidity requirements.

Commitments	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Financial guarantees	**100**	-	**-**	-
Other loan commitments	**19,358**	13,339	**11,734**	12,142
Other financial commitments	**5**	5	**920**	-

The Group provides guarantees in the normal course of business on behalf of its customers. Guarantees written are conditional commitments issued by the Group to guarantee the performance of a customer to a third party and are primarily issued to support direct financial obligations such as commercial bills or other debt instruments issued by a counterparty. The maximum amount that the Group could be required to pay under a guarantee is its principal amount as disclosed in the table above.

The other financial commitments balance in the Society includes amounts drawn by the Virgin Money sub-group under the Sterling Monetary Framework, which have been guaranteed by the Society.

In addition to the amounts shown above, the Group has revocable commitments of £23,352 million (2024: £10,394 million) in respect of credit card, overdraft, and asset finance facilities. These commitments represent agreements to lend in the future, subject to certain considerations. Such commitments are cancellable by the Group, subject to notice requirements, and given their nature are not expected to be drawn down to the full level of exposure.

Detail of commitments in respect of capital expenditure contracted for, but not provided for, can be found in notes 25 and 26. Future undiscounted minimum payments due in respect of lease liabilities are disclosed in note 28.

30. Retirement benefit obligations

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 is a defined contribution pension scheme 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 Nationwide Pension Fund (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 31 March 2021. Following the acquisition of Virgin Money on 1 October 2024, the Group has funding obligations to the Yorkshire and Clydesdale Bank Pension Scheme (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 1 August 2017.

In line with UK pensions legislation, a formal actuarial valuation ('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 31 March 2022 Triennial Valuation indicated a funding surplus for the NPF, a recovery plan requiring employer deficit contributions was not needed. The 30 September 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, the Society and the Trustee of the NPF entered into an arrangement whereby the Society agreed to provide 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 securities in the case of certain events such as insolvency of the Society.

Further information on the Group's obligations to defined benefit pension schemes is set out below.

Defined benefit pension schemes

Retirement benefit obligations on the balance sheet	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Fair value of fund assets	**6,767**	4,679	**4,165**	4,670
Present value of funded obligations	**(5,875)**	(4,069)	**(3,631)**	(4,060)
Surplus at 31 March (2024: 4 April)	**892**	610	**534**	610
Other liabilities (note i)	**(4)**	(3)	**(3)**	(3)

Note:
i. As detailed in note 1, unfunded retirement benefit obligations have been reclassified to other liabilities. In previous years, this balance was included within the retirement benefits asset line item. Tables for the remainder of this note have been updated accordingly.

Retirement benefit obligations for the Society relate to the NPF. Approximately 55% (2024: 56%) of the NPF's pension obligations relate to deferred members (current and former employees not yet drawing their pension) and 45% (2024: 44%) to current pensioners and dependants. The weighted average duration of the NPF's pension obligation is approximately 14 years (2024: 16 years), reflecting an average duration of 17 years for deferred members and 11 years for current pensioners.

The YCBPS has a surplus of £357 million as at 31 March 2025, which is recognised in Clydesdale Bank PLC, a subsidiary of Virgin Money UK PLC. Less than 1% of the YCBPS obligations are attributable to current employees still accruing benefits, 45% relate to deferred members and 55% to current pensioners and dependants.

30. Retirement benefit obligations (continued)

The Group's retirement benefit obligations also include a surplus of £1 million (2024: deficit £1 million) relating to Nationwide (Isle of Man) Limited, which has a defined benefit scheme providing benefits based on both final salary and CARE, which was closed to new entrants in 2009.

The Group's retirement benefit obligations also include £4 million (2024: £3 million) in respect of unfunded legacy defined benefit arrangements. This obligation is included within other liabilities.

The results of the YCBPS have been included in the Group disclosures below from the date of acquisition.

The amounts recognised in the income statement are as follows:

Retirement benefit obligations recognised in the income statement	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Defined contribution cost	**(197)**	(164)	**(164)**	(164)
Defined benefit schemes - administrative expenses	**(7)**	(4)	**(5)**	(4)
Included in employee costs (note 8)	**(204)**	(168)	**(169)**	(168)
Interest on net defined benefit asset (note 3)	**45**	44	**30**	44
Total	**(159)**	(124)	**(139)**	(124)

Changes in the present value of the net defined benefit asset are as follows:

Movements in net defined benefit asset	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
At 5 April	**610**	950	**610**	950
Interest on net defined benefit asset	**45**	44	**30**	44
Return on assets less than discount rate (note i)	**(800)**	(684)	**(551)**	(682)
Contributions by employer	**7**	1	**-**	-
Acquisition of Virgin Money	**429**	-	**-**	-
Administrative expenses	**(7)**	(4)	**(5)**	(4)
Actuarial gains on defined benefit obligations (note i)	**608**	303	**450**	302
At 31 March (2024: 4 April)	**892**	610	**534**	610

Note:
i. The net impact before tax on the surplus of return on assets and actuarial gains is a decrease of £192 million (2024: £381 million) for Group and a decrease of £101 million (2024: £380 million) for Society in other comprehensive income.

The loss relating to the return on assets being less than the discount rate of £800 million (2024: £684 million) for the Group and £551 million (2024: £682 million) for Society is driven by decreases in value of the liability matching assets due to increases in long-term government bond yields in the period.

As the NPF is closed to future accrual, there have been no current service costs, past service costs or employer contributions made in respect of future benefit accrual during the current or prior year. The YCBPS has a very small number of active members in the scheme which gives rise to employer contributions and service costs made in respect of future benefit accrual.

There have been no employer deficit contributions required into the NPF or the YCBPS and there are no such contributions scheduled in the period ending 31 March 2026 or future years under the current Schedules of Contributions, other than the ongoing funding of the YCBPS administrative expenses. Employer deficit contributions of less than £1 million (2024: £1 million) were made in respect of the Group's defined benefit scheme in its Nationwide (Isle of Man) Limited subsidiary.

30. Retirement benefit obligations (continued)

The actuarial gain on defined benefit obligations for the Group of £608 million (2024: £303 million) and the Society of £450 million (2024: £302 million) is due to:

- A gain of £639 million (2024: £214 million) in the Group and £473 million (2024: £213 million) in the Society from changes in financial assumptions, driven by a 0.80% increase in the discount rate (which decreases the value of liabilities) and a 0.10% decrease in assumed Retail Price Index (RPI) inflation (which also decreases the value of the liabilities).
- A gain of £1 million (2024: £75 million) in the Group and £nil (2024: £75 million) in the Society arising from the impacts of updates to demographic assumptions and applying the latest industry views for future longevity improvements.
- An experience loss of £32 million (2024: £14 million gain) in the Group and £23 million (2024: £14 million gain) in the Society primarily reflecting the difference between estimates of long-term inflation compared to actual inflation.

Changes in the present value of defined benefit obligations are as follows:

Movements in defined benefit obligations				
	Group		**Society**	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
At 5 April	**(4,069)**	(4,331)	**(4,060)**	(4,322)
Interest expense on retirement obligation	**(257)**	(198)	**(194)**	(197)
Experience (loss)/gain on plan assumptions	**(32)**	14	**(23)**	14
Changes in demographic assumptions	**1**	75	**-**	75
Changes in financial assumptions	**639**	214	**473**	213
Acquisition of Virgin Money	**(2,394)**	-	**-**	-
Benefits paid	**237**	157	**173**	157
At 31 March (2024: 4 April)	**(5,875)**	(4,069)	**(3,631)**	(4,060)

Changes in the fair value of plan assets for the pension schemes are as follows:

Movements in plan assets				
	Group		**Society**	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
At 5 April	**4,679**	5,281	**4,670**	5,272
Interest income on assets	**302**	242	**224**	241
Return on assets less than discount rate	**(800)**	(684)	**(551)**	(682)
Administrative expenses	**(7)**	(4)	**(5)**	(4)
Contributions by employer	**7**	1	**-**	-
Acquisition of Virgin Money	**2,823**	-	**-**	-
Benefits paid	**(237)**	(157)	**(173)**	(157)
At 31 March (2024: 4 April)	**6,767**	4,679	**4,165**	4,670

For personal use only

30. Retirement benefit obligations (continued)

The major categories of assets held for the pension schemes, stated at fair value, are as follows:

Categories of plan assets

	2025			2024		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Group	£m	£m	£m	£m	£m	£m
Listed equities	9	-	9	12	-	12
Government bonds	4,694	-	4,694	3,298	-	3,298
Corporate bonds and other credit investments	1,141	-	1,141	7	-	7
Infrastructure	-	437	437	-	258	258
Property	-	540	540	-	573	573
Private equity investments	-	1,059	1,059	-	818	818
Private debt investments	-	629	629	-	637	637
Cash and derivatives	-	281	281	-	84	84
Liability relating to repurchase agreement	-	(2,100)	(2,100)	-	(1,150)	(1,150)
Insurance policies	-	97	97	-	107	107
Longevity swaps	-	(42)	(42)	-	-	-
Other assets and liabilities	-	22	22	-	35	35
Total	5,844	923	6,767	3,317	1,362	4,679

Categories of plan assets

	2025			2024		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Society	£m	£m	£m	£m	£m	£m
Listed equities	8	-	8	10	-	10
Government bonds	3,325	-	3,325	3,295	-	3,295
Corporate bonds and other credit investments	74	-	74	5	-	5
Infrastructure	-	217	217	-	258	258
Property	-	511	511	-	573	573
Private equity investments	-	751	751	-	818	818
Private debt investments	-	629	629	-	637	637
Cash and derivatives	-	139	139	-	84	84
Liability relating to repurchase agreement	-	(1,589)	(1,589)	-	(1,150)	(1,150)
Insurance policies	-	97	97	-	107	107
Longevity swaps	-	(18)	(18)	-	-	-
Other assets and liabilities	-	21	21	-	33	33
Total	3,407	758	4,165	3,310	1,360	4,670

The Society's defined benefit pension schemes do not invest in the Group's own financial instruments or property. At 31 March 2025, the YCBPS held investments of £2 million in the Group's own financial instruments or property. Certain investments in private equity, private debt, infrastructure and property are not quoted in active markets or valued based on observable inputs. Valuations for these assets are based on the most recent valuation provided by the asset manager and adjusted for any cash movements to the balance sheet date.

30. Retirement benefit obligations (continued)

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. The swap is included in the NPF's assets at a fair value of £(18) million at 31 March 2025 (2024: £nil). In April 2023, the YCBPS Trustee also entered into a longevity swap transaction to cover approximately 9,000 pensioners, covering around 40% of the scheme's longevity risk. The swap is included in the YCBPS's assets at a fair value of £(24) million at 31 March 2025. Future changes to the fair value of these longevity swaps are expected to broadly offset changes in the schemes' 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. At 31 March 2025, the value of the insurance asset for the Cheshire & Derbyshire section buy-in was £97 million (2024: £107 million).

The Group's pension scheme investments are monitored by both the Group and the trustees to ensure they remain appropriate given the long-term objectives of the schemes.

The principal actuarial assumptions used are as follows:

Financial assumptions	2025 %	2024 %
Discount rate	**5.75**	4.95
Future pension increases (maximum 5%)	**2.90**	3.00
Retail Price Index (RPI) inflation	**3.00**	3.10
Consumer price index (CPI) inflation	**2.40**	2.50

Life expectancy assumptions	2025 years	2024 years
Age 60 at 31 March 2025 (4 April 2024):		
Males	**27.0**	27.0
Females	**28.9**	28.5
Age 60 at 31 March 2045 (4 April 2044):		
Males	**28.3**	28.0
Females	**30.3**	29.8

The assumptions for mortality rates are based on standard mortality tables which allow for future improvements in life expectancy and are adjusted to represent the membership profiles of the Group's pension schemes. The assumptions made are illustrated in the table above, showing how long the Group would expect the average member to live for after the age of 60, based on reaching that age at 31 March 2025 or in 20 years' time at 31 March 2045.

30. Retirement benefit obligations (continued)

Critical accounting estimates and judgements

The key assumptions used to calculate the defined benefit obligation which represent significant sources of estimation uncertainty are the discount rate, inflation assumptions and mortality assumptions. If different assumptions were used, this could have a material effect on the reported surplus. The sensitivity of the Group results to these assumptions is shown below:

Change in key assumptions at 31 March 2025	Increase in defined benefit obligation
	£m
1.0% decrease in discount rate	836
0.1% increase in inflation assumption	61
1 year increase in life expectancy at age 60 in respect of all members	124

The above sensitivities apply to individual assumptions in isolation. In practice, changes to individual assumptions in isolation are unlikely to occur, and changes in some of the assumptions may be correlated. The inflation assumption sensitivity includes the impact on the rate of increases to pensions, both before and after retirement.

31. Core capital deferred shares

Group and Society	Number of shares	CCDS	Share premium	Treasury share reserve	Total
		£m	£m	£m	£m
At 31 March 2025 (note i)	**9,122,345**	**11**	**1,323**	**(177)**	**1,157**
At 4 April 2024 (note i)	9,122,345	11	1,323	(177)	1,157

Note:
i. The total number of shares outstanding at 31 March 2025 and 4 April 2024 is 10,555,500, which includes 1,433,155 shares repurchased and retained by the Society.

Core capital deferred shares (CCDS) are a form of Common Equity Tier 1 (CET1) capital which has been developed to enable the Group to raise capital from the capital markets. CCDS are perpetual instruments. They rank equally to each other and are junior to claims against the Society of all depositors, creditors and investing members. Each holder of CCDS has one vote, regardless of the number of CCDS held.

In the event of a winding up or dissolution of the Society, if a surplus was available, the amount that the investor would receive for each CCDS held is limited to the average principal amount in issue, which is currently £126.39 per share.

There is a cap on the distributions that can be paid to holders of CCDS in any financial year. The cap is currently set at £20.87 per share and is adjusted annually in line with CPI. A final distribution of £47 million (£5.125 per share) for the financial year ended 4 April 2024 was paid on 20 June 2024 and an interim distribution of £47 million (£5.125 per share) in respect of the period to 30 September 2024 was paid on 20 December 2024. These distributions have been recognised in the statement of movements in members' interests and equity.

Since the balance sheet date, the directors have declared a distribution of £5.125 per share in respect of the period to 31 March 2025, amounting in aggregate to £47 million. This has not been reflected in these financial statements as it will be recognised in the year ending 31 March 2026, by reference to the date at which it was declared.

32. Other equity instruments

					Group and Society	
					2025	2024
	Issuance date	**Call period commencement date**	**Next reset date**	**Reset rate**	**£m**	£m
Nationwide 7.5% Additional Tier 1	16 September 2024	20 December 2030	20 June 2031	Benchmark gilts + 7.5%	**750**	-
Nationwide 5.75% Additional Tier 1	10 June 2020	20 June 2027	20 December 2027	Benchmark gilts + 5.625%	**750**	750
Nationwide 5.875% Additional Tier 1 (note i)	17 September 2019	20 December 2024	20 June 2025	Benchmark gilts + 5.39%	**-**	600
					1,500	1,350
Issuance costs					**(15)**	(14)
Total					**1,485**	1,336

Note:
i. The Society exercised its option to call these notes during the period ended 31 March 2025.

Other equity instruments are Nationwide's Additional Tier 1 (AT1) capital instruments. The AT1 instruments rank equally to each other and are junior to claims against the Society of all depositors, creditors and investing members, other than the holders of CCDS.

The AT1 instruments pay a fully discretionary, non-cumulative fixed rate of interest. Coupons are paid semi-annually in June and December. AT1 instruments have no maturity date but are repayable at the option of the Society from the first day of the call period to the first reset date, and on every reset date thereafter. If they are not repaid the interest rate resets at the rates shown in the table above.

If the CET1 ratio for the Society, on either a consolidated or unconsolidated basis, falls below 7% the AT1 instruments convert to CCDS instruments at the rate of one CCDS share for every £100 of AT1 holding.

Interest payments totalling £93 million were made in the period ended 31 March 2025 (2024: £78 million), representing the maximum non-cumulative fixed coupon amounts. These payments have been recognised in the statement of movements in member's interest and equity. A coupon payment of £50 million is expected to be paid on 20 June 2025 and will be recognised in the statement of movements in members' interests and equity in the year ending 31 March 2026.

33. Investments in Group undertakings

Society investments in Group undertakings

	2025				2024		
	Equity shares	**Loans**	**Other instruments (note i)**	**Total**	Equity shares	Loans	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m
At 5 April	376	39,847	-	40,223	366	40,690	41,056
Additions	**3,679**	**2,470**	**754**	**6,903**	15	1	16
Impairment release/(charge)	**1**	**-**	**-**	**1**	(5)	3	(2)
Disposals, redemptions and repayments	**-**	**(238)**	**-**	**(238)**	-	(847)	(847)
At 31 March (2024: 4 April)	**4,056**	**42,079**	**754**	**46,889**	376	39,847	40,223

Note:
i. Other instruments consist of senior non-preferred debt issued from Virgin Money UK PLC to Nationwide Building Society.

Additions to equity shares in the period ended 31 March 2025 include the acquisition of Virgin Money UK PLC as detailed in note 38, in addition to further capital issuances by Virgin Money UK PLC to the Society in the period totalling £800 million.

The Society received dividends from Group undertakings during the period ended 31 March 2025 totalling £2 million (2024: £nil).

33. Investments in Group undertakings (continued)

Subsidiary undertakings

The interests of the Society in its subsidiary undertakings as at 31 March 2025 are set out below:

Active subsidiaries			
Name of undertaking	**Country of incorporation**	**Registered office**	**Notes**
CGF No. 9 Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER	
Clydesdale Bank Asset Finance Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER	
Clydesdale Bank PLC	Scotland	177 Bothwell Street, Glasgow, G2 7ER	i
CYB Intermediaries Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	i
CYB Investments Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	
Derbyshire Home Loans Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	i
Dunfermline BS Nominees Limited	Scotland	1 Masterton Park, Carnegie Campus, Dunfermline, Fife, KY11 8NX	ii
E-Mex Home Funding Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	i
Home Propositions Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
Nationwide (Isle of Man) Limited	Isle of Man	Atlantic House, Circular Road, Douglas, Isle of Man, IM1 1AG	
Nationwide Housing Trust Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
Nationwide Syndications Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
NBS Ventures Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
NBS Ventures Management Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
Piper Javelin Holding Company Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
Piper Javelin No 1 Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
St Vincent (Equities) Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER	
The Mortgage Works (UK) PLC	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	i
UCB Home Loans Corporation Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	i
Virgin Money Unit Trust Managers Limited	England	Jubilee House, Gosforth, Newcastle Upon Tyne, NE3 4PL	i
Virgin Money Holdings (UK) Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	
Virgin Money Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	
Virgin Money Personal Financial Service Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	
Virgin Money UK PLC	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	
Yorkshire Bank Home Loans Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	i

Notes:

i. Audited accounts are prepared for regulated entities.

ii. For these companies, the Group has adopted the audit exemption for the year ended 31 March 2025 under Section 479A of the Companies Act 2006. The Society guarantees all outstanding liabilities of the exempted subsidiary undertakings.

33. Investments in Group undertakings (continued)

Dormant subsidiaries		
Name of undertaking	**Country of incorporation**	**Registered office**
C.B. Nominees Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER
Confederation Mortgage Services Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
CYB SSP Trustee Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Exeter Trust Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
FN1	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
Nationwide Home Loans Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
Nationwide Trust Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
NBS CoSec Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
NI1 Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
NLF1 Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
NOK1 Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
The Derbyshire (Premises) Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
Virgin Money Giving Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Virgin Money Nominees Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Virgin Money Retirement Savings Plan Trustee Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER
Virgin Money Trustee Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
YCBPS Property Nominee Company Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Yorkshire and Clydesdale Bank Pension Trustee Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER
Yorkshire Bank Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL

The Society directly or indirectly holds 100% of the issued share capital of each subsidiary undertaking. All of the subsidiary undertakings are limited liability companies, with the exception of FN1 which is an unlimited company and C.B. Nominees Limited which is limited by guarantee.

There are no significant restrictions on any of the Society's subsidiaries in paying dividends or repaying loans, subject to their financial and operating performance and availability of distributable reserves.

Investments in associates and joint ventures are recognised in the financial statements using the equity method and are included within other assets. The interests of the Group in associates and joint ventures as at 31 March 2025 are set out below:

Associates and joint ventures				
Name of undertaking	**Status**	**% of share class held by immediate parent company and Group**	**Registered office**	**Financial year end**
Argot Properties Limited	Joint venture	50%	Ground Floor T3 Trinity Park, Bickenhill Lane, Birmingham, United Kingdom, B37 7ES	31 December
Eagle Place Covered Bonds Finance Limited	Associate	20%	1 Bartholomew Lane, London, EC2N 2AX	31 March
Longwide Limited	Joint venture	50%	Nationwide House, Pipers Way, Swindon, SN38 1NW	31 March
Salary Finance Loans Limited (note i)	Joint venture	50%	Scale Space, 58 Wood Lane, London, W12 7RZ	31 December

Note:
i. Salary Finance Loans Limited is a regulated entity.

33. Investments in Group undertakings (continued)

The Group's interests in equity shares of unconsolidated entities are included in investment securities as set out in note 13.

Interest in charitable foundations

The Group has an interest in The Virgin Money Foundation, a charitable foundation registered in England as a company limited by guarantee. Clydesdale Bank PLC acts as a guarantor for £1 and is also a donor.

Non-controlling interests

The Group has a non-controlling interest, represented by Virgin Money UK PLC's AT1 equity instruments, with a carrying value of £759 million (2024: £nil). Distributions of £34 million (2024: £nil) were paid in the period to non-controlling interests.

Subsidiaries by virtue of control

Details of consolidated and unconsolidated structured entities are set out in note 34.

34. 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 Group considers factors such as the purpose and design of the entity, the nature of its relationship with the entity, the size of its holding and its exposure to variability of returns.

Consolidated structured entities

The following structured entities are consolidated in the Group's results:

Structured entity name	Nature of business	Country of incorporation	Registered office
Nationwide Covered Bonds LLP	Mortgage acquisition and guarantor of covered bonds	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
Silverstone Master Issuer PLC	Funding vehicle	England	Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF
Silverstone Funding (No.1) Limited	Funding vehicle	England	Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF
Eagle Place Covered Bonds LLP	Acquisition of mortgage loans	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Gosforth Funding 2017-1 PLC (in liquidation)	Issuer of securitised notes	England	10 Fleet Place, London, EC4M 7RB
Gosforth Holdings 2017-1 Limited (in liquidation)	Holding company	England	10 Fleet Place, London, EC4M 7RB
Lanark Funding Limited	Funding company	England	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lanark Holdings Limited	Holding company	England	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lanark Master Issuer PLC	Issuer of securitised notes	England	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lanark Trustees Limited	Mortgages trustee	England	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lannraig Funding Limited	Funding company	England	1 Bartholomew Lane, London, EC2N 2AX
Lannraig Holdings Limited	Holding company	England	1 Bartholomew Lane, London, EC2N 2AX
Lannraig Master Issuer PLC	Issuer of securitised notes	England	1 Bartholomew Lane, London, EC2N 2AX
Lannraig Trustees Limited	Mortgages trustee	Jersey	44 Esplanade, St Helier, Jersey, JE4 9WG, Channel Islands

34. Structured entities (continued)

Further details on the activities of the above structured entities are included in note 14.

Unconsolidated structured entities

The Group has interests in structured entities which it does not sponsor or control. These largely consist of holdings of mortgage-backed securities and covered bonds issued by entities that are sponsored by other unrelated financial institutions. The entities are financed primarily by investments from investors, such as the purchase of issued notes.

The Group's direct interests in unconsolidated structured entities comprise primarily investments in asset backed securities which are reported within investment securities on the balance sheet. The total carrying value of these interests at 31 March 2025 is £5,620 million (2024: £4,296 million). Further details on the credit risk that the Group is exposed to in respect of these assets can be found in the Credit risk - Treasury assets section of the Risk report.

Management has concluded that the Group has no control or significant influence over these entities and that the carrying value of the interests held in these entities represents the maximum exposure to loss. During the period the Group has not provided any non-contractual financial or other support to these entities and has no current intention of providing any such support.

35. Related party transactions

Key management personnel compensation

As defined by IAS 24 'Related Party Disclosures', members of the Group Management Committee and the non-executive directors of Nationwide Building Society are considered to be the Group's key management personnel. Members of the Executive Committee and the non-executive directors of Nationwide Building Society are considered to be the Society's key management personnel. Total compensation for key management personnel for the period was as follows:

Key management personnel compensation	Group		Society	
	2025	2024	**2025**	2024
	£'000	£'000	**£'000**	£'000
Short-term employee benefits	**9,871**	10,158	**10,406**	10,158
Other long-term benefits	**2,468**	2,079	**2,565**	2,079
Share based payments	**3,031**	1,872	**2,990**	1,872
Total	**15,370**	14,109	**15,961**	14,109

Other long-term benefits include amounts relating to long-term bonus schemes, some of which will be paid in future periods. Further information on these can be found in note 8. Share-based payments include amounts that are dependent on the performance of CCDS.

Further information on the remuneration of executive and non-executive directors is included in the Report of the directors on remuneration.

35. Related party transactions (continued)

Transactions with key management personnel

Balances with key management personnel	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Loans receivable	**1.6**	1.7	**0.8**	1.7
Deposits payable	**5.0**	3.6	**3.4**	3.6

All loans and deposits with key management personnel were made in the ordinary course of business at substantially the same terms, including interest rates and security, as generally available to other members and customers for comparable transactions. These transactions did not involve more than normal risk of repayment or present other unfavourable features.

A register is maintained by the Society containing details of loans and arrangements made between the Society or its subsidiary undertakings and directors of the Society or persons connected with directors of the Society. The register will be available for inspection by members at the Annual General Meeting on 25 July 2025 and during normal office hours at the Society's principal office (Nationwide House, Pipers Way, Swindon, SN38 1NW) during the period of 15 days prior to the meeting.

Subsidiary, parent and ultimate controlling party

The Group is controlled by Nationwide Building Society, the ultimate parent, which is registered in England and Wales. Details of subsidiary undertakings are shown in note 33.

35. Related party transactions (continued)

Transactions with related parties

A number of transactions are entered into with related parties in the normal course of business. These include loans, deposits and the payment and recharge of administrative expenses. The outstanding balances for these related party transactions at the period end, and the associated income and expenses for the period, are as follows:

Transactions with related parties	Society		Group	
	Society subsidiaries		Joint ventures	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Intra-group balances				
Loans receivable	**42,079**	39,847	**211**	-
Deposits payable	**242**	222	**12**	-
Net interest income (note i)				
Interest receivable	**1,623**	1,316	**7**	-
Interest expense	**137**	91	**-**	-
Other income and expenses				
Dividends received	**2**	-	**-**	-
Fees and expenses received	**83**	75	**-**	-
Other balance sheet items (note i)				
Other assets	**-**	95	**-**	-
Other liabilities	**2,706**	1,762	**-**	-

Note:
i. As detailed in note 1, comparatives have been restated to reclassify certain amounts relating to the Society's covered bond programme, including an element of interest expense relating to issuances which was previously included within interest income, and certain accrued interest and intercompany balances.

In addition, the Society enters into derivative financial instruments with the consolidated structured entities used in its asset backed funding programmes, which are described in note 14. As at 31 March 2025, the Society held intercompany derivative assets of £679 million and intercompany derivative liabilities of £331 million (2024: £615 million and £313 million, respectively) in respect of these instruments.

Transactions with Group companies

Transactions with Group companies arise in the normal course of business. Interest on outstanding loans and deposits accrues at a transfer pricing rate agreed between the Society and its subsidiary undertakings. The Society does not charge the net defined benefit cost to the subsidiary undertakings that participate in the Nationwide Pension Fund.

36. Notes to the cash flow statements

Non-cash items included in profit before tax	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Net increase/(decrease) in impairment provisions	**507**	16	**(64)**	(18)
Net (decrease)/increase in provisions for liabilities and charges	**(117)**	67	**(119)**	63
Amortisation and (gains)/losses on investment securities	**432**	110	**436**	110
Amortisation of acquisition fair value adjustments	**39**	-	**-**	-
Depreciation, amortisation and impairment	**592**	461	**499**	461
Impairment (release)/charge on investment in Group undertakings	**-**	-	**(1)**	2
Loss/(profit) on property, plant and equipment and write downs of inventory	**-**	4	**(1)**	(2)
Gain on disposal of investment advice business	**-**	(42)	**-**	(42)
Net credit in respect of retirement benefit obligations	**(38)**	(40)	**(25)**	(40)
Interest on financing liabilities	**771**	506	**643**	506
Gains from derivatives and hedge accounting	**(12)**	(117)	**(46)**	(133)
Gain on acquisition of Virgin Money	**(2,300)**	-	**-**	-
Total	**(126)**	965	**1,322**	907

Changes in operating assets and liabilities	Group		Society	
	2025	2024	**2025**	2024
	£m	£m	**£m**	£m
Loans and advances to banks and similar institutions and payment scheme collateral	**(8)**	732	**(24)**	732
Net derivative financial instruments	**251**	(1,510)	**(285)**	(1,757)
Loans and advances to customers	**(16,719)**	(2,754)	**(13,856)**	(3,362)
Other operating assets (note i)	**278**	(301)	**(1,656)**	965
Shares	**14,062**	6,223	**14,062**	6,223
Deposits from banks and similar institutions and other deposits	**(12,981)**	(9,160)	**(11,445)**	(9,531)
Debt securities in issue	**4,808**	2,136	**3,209**	2,685
Contributions to defined benefit pension schemes	**(7)**	(1)	**-**	-
Other operating liabilities (note i)	**451**	92	**1,324**	(253)
Total	**(9,865)**	(4,543)	**(8,671)**	(4,298)
Cash and cash equivalents				
Cash and balances at central banks (note i)	**27,187**	23,782	**17,153**	23,782
Loans and advances to banks and similar institutions repayable in 3 months or less (note i)	**1,338**	563	**968**	553
Total	**28,525**	24,345	**18,121**	24,335

Note:
i. Comparatives have been restated as detailed in note 1.

Balances required to be maintained with the Bank of England were £2,296 million and £1,448 million for the Group and Society, respectively (2024: £1,449 million for the Group and Society). These balances are included within cash and balances at central banks on the balance sheet and are not included in cash and cash equivalents in the cash flow statement as they are not liquid in nature. Cash collateral and other deposit balances relating to derivative activities, totalling £472 million and £371 million for the Group and Society respectively (2024: £355 million for the Group and Society), are also excluded from cash and cash equivalents.

36. Notes to the cash flow statements (continued)

Movements in liabilities arising from financing activities are set out below:

Movements in liabilities arising from financing activities

	2025					2024 (note i)				
	Subordinated liabilities	**Senior non-preferred notes**	**Subscribed capital**	**Lease liabilities**	**Total**	Subordinated liabilities	Senior non-preferred notes	Subscribed capital	Lease liabilities	Total
Group	**£m**		**£m**	**£m**	**£m**	£m		£m	£m	£m
At 5 April	2,075	5,150	173	172	7,570	2,101	4,654	173	225	7,153
Acquisition of Virgin Money	**766**	**2,672**	**-**	**165**	**3,603**	-	-	-	-	-
Issuances/additions	**426**	**3,734**	**-**	**10**	**4,170**	-	1,385	-	11	1,396
Redemptions/repayments	**(842)**	**(839)**	**(44)**	**(40)**	**(1,765)**	-	(789)	-	(68)	(857)
Foreign exchange	**(50)**	**(140)**	**-**	**-**	**(190)**	(35)	(122)	-	-	(157)
Fair value and other movements	**69**	**185**	**-**	**8**	**262**	9	22	-	4	35
At 31 March (2024: 4 April)	**2,444**	**10,762**	**129**	**315**	**13,650**	2,075	5,150	173	172	7,570

Movements in liabilities arising from financing activities

	2025					2024 (note i)				
	Subordinated liabilities	**Senior non-preferred notes**	**Subscribed capital**	**Lease liabilities**	**Total**	Subordinated liabilities	Senior non-preferred notes	Subscribed capital	Lease liabilities	Total
Society	**£m**		**£m**	**£m**	**£m**	£m		£m	£m	£m
At 5 April	2,075	5,150	173	172	7,570	2,101	4,654	173	225	7,153
Issuances/additions	**426**	**3,734**	**-**	**10**	**4,170**	-	1,385	-	11	1,396
Redemptions/repayments	**(842)**	**(839)**	**(44)**	**(32)**	**(1,757)**	-	(789)	-	(68)	(857)
Foreign exchange	**(50)**	**(104)**	**-**	**-**	**(154)**	(35)	(122)	-	-	(157)
Fair value and other movements	**65**	**151**	**-**	**6**	**222**	9	22	-	4	35
At 31 March (2024: 4 April)	**1,674**	**8,092**	**129**	**156**	**10,051**	2,075	5,150	173	172	7,570

Note:

i. Comparatives have been restated to reflect the reclassification of senior non-preferred notes as detailed in note 1. These notes have been reclassified from subordinated liabilities to debt securities in issue but have continued to be classified within cash flows from financing activities.

Derivative financial instruments used to hedge financing liabilities include interest rate and cross-currency swaps. For the Group, interest paid and payment/(proceeds) on redemption of these hedging instruments are included within financing cash flows and for the period ended 31 March 2025 amounted to £376 million and £97 million respectively (2024: £228 million and £(18) million). For the Society, interest paid and payment/(proceeds) on redemption of these hedging instruments are included within financing cash flows and for the period ended 31 March 2025 amounted to £315 million and £97 million respectively (2024: £228 million and £(18) million.

Other changes in the value of these derivatives in the period ended 31 March 2025 included decreases of £275 million (2024: £256 million) for the Group and decreases of £251 million (2024: £256 million) for the Society due to foreign exchange, fair value and other movements.

37. Segmental reporting

As detailed in note 38, the Group acquired Virgin Money on 1 October 2024. Following the acquisition, the business is being operated as two separate segments which reflect the Group's current regulatory structure. These segments are:

- **Nationwide sub-group**: This represents the Society and its subsidiaries, excluding Virgin Money UK PLC and its subsidiaries.
- **Virgin Money sub-group**: This represents Virgin Money UK PLC and its subsidiaries, including adjustments arising on consolidation within the Group financial statements.

Both sub-groups are UK regulated financial services business, and have a UK customer base. All transactions between segments are conducted at arm's length.

The sub-group results reflect underlying performance. Underlying results exclude certain items, detailed in the notes to the table below, which management do not consider to be representative of underlying business performance. Further information on underlying profit before tax is provided on page 318 within Other information.

Prior to the acquisition of Virgin Money on 1 October 2024, the Group had one reportable segment. Comparative segmental disclosure for the year ended 4 April 2024 represents underlying performance for the Group as a whole, which is presented on page 48 of the Financial review within the Strategic report.

The Group's reportable segments will be kept under review as integration of the businesses progresses.

Segmental results for the period ended 31 March 2025					
	Underlying basis		**Total - underlying basis**	**Acquisition & other adjustments**	**Total – statutory basis**
	Nationwide sub-group	**Virgin Money sub-group**			
	£m	**£m**	**£m**	**£m**	**£m**
Net interest income:					
External net interest income (note i)	4,183	848	5,031	(39)	4,992
Internal interest income/(expense)	6	(6)	-	-	-
Total net interest income	4,189	842	5,031	(39)	4,992
Net other income (note ii)	116	64	180	12	192
Gain on the acquisition of Virgin Money (note iii)	-	-	-	2,300	2,300
Total income	4,305	906	5,211	2,273	7,484
Administrative expenses (note iv)	(2,485)	(698)	(3,183)	(367)	(3,550)
Impairment charge on loans and advances to customers (note v)	(12)	(164)	(176)	(456)	(632)
Profit before member reward payments and tax	1,808	44	1,852	1,450	3,302
Member reward payments (note vi)	-	-	-	(1,000)	(1,000)
Profit before tax	1,808	44	1,852	450	2,302
Tax credit					36
Profit after tax					2,338
Other items reflected in the income statement above:					
Depreciation and amortisation	(482)	(37)	(519)	(56)	(575)

Notes:
i. Underlying net interest income excludes amortisation of fair value adjustments which were recognised on the acquisition of Virgin Money.
ii. Gains or losses from derivatives and hedge accounting are excluded from underlying net other income.
iii. The gain recognised on acquisition of Virgin Money, as detailed in note 38, has been excluded from underlying results.
iv. Underlying administrative expenses exclude certain costs relating to the acquisition of Virgin Money. These comprise £36 million of transaction-related costs incurred by the Society, £56 million of amortisation 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.
v. Excluded from the underlying impairment charge are the one-off impacts of recognising IFRS 9 provisions on acquisition of Virgin Money. 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 impairment provisions methodology.
vi. 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.

37. Segmental reporting (continued)

Segmental analysis for additions to intangible assets, total assets and total liabilities is provided below.

Segmental analysis of non-income statement items	Nationwide sub-group £m	Virgin Money sub-group £m	Total £m
Additions to intangible assets in the period ended 31 March 2025	**308**	**768**	**1,076**
Total assets at 31 March 2025 (note i)	**277,485**	**90,392**	**367,877**
Total liabilities at 31 March 2025 (note i)	**263,913**	**83,482**	**347,395**

Note:
i. Total assets and liabilities exclude the Society's investment in Virgin Money UK PLC and intercompany balances.

38. Acquisition of Virgin Money UK PLC

On 1 October 2024 the Society acquired 100 per cent of the ordinary share capital of Virgin Money UK PLC by means of a court-sanctioned scheme of arrangement under Part 26 of the UK Companies Act 2006. Together with its subsidiaries, Virgin Money UK PLC undertakes banking and other financial services related activities in the UK. The combination of the two complementary businesses has created the second largest provider of mortgages and retail deposits in the UK. The table below sets out the fair values of the identifiable net assets and liabilities acquired.

	Book value as at 1 October 2024 £m	Fair value adjustments £m	Fair value as at 1 October 2024 £m
Assets			
Cash and balances at central banks	10,695	-	10,695
Loans and advances to banks and similar institutions	519	-	519
Investment securities	6,089	-	6,089
Derivative financial instruments	44	-	44
Loans and advances to customers	71,278	59	71,337
Intangible assets	151	617	768
Property, plant and equipment	192	(8)	184
Accrued income and prepaid expenses	94	-	94
Deferred tax	219	(125)	94
Other assets	73	-	73
Retirement benefit asset	429	-	429
Total assets	89,783	543	90,326
Liabilities			
Deposits from banks and similar institutions	3,035	-	3,035
Other deposits	69,816	(5)	69,811
Debt securities in issue	8,414	113	8,527
Derivative financial instruments	191	-	191
Other liabilities	1,822	-	1,822
Provisions for liabilities and charges	38	-	38
Accruals and deferred income	133	-	133
Subordinated liabilities	741	25	766
Deferred tax	107	-	107
Current tax liabilities	5	-	5
Total liabilities	84,302	133	84,435
Net assets	5,481	410	5,891
Fair value of net assets before non-controlling interests			5,891
Fair value of non-controlling interests (note i)			(759)
Fair value of net assets acquired			5,132
Cash paid for ordinary shares (note ii)			2,819
Deferred consideration for employee share plans (note iii)			13
Total consideration			2,832
Gain on acquisition			2,300

38. Acquisition of Virgin Money UK PLC (continued)

Notes:

i. At the acquisition date, Virgin Money Group PLC had in issue Fixed Rate resettable AT1 securities issued on the London Stock Exchange ('LSE'). In accordance with IAS 32, these were classified as equity instruments. The Society did not acquire the AT1 securities which remained in issue to third parties, and as such these represent non-controlling interests which have been recognised at fair value by reference to the traded market prices on the LSE.

ii. 1,296,472,686 ordinary shares in Virgin Money UK PLC were acquired on 1 October 2024 at a price of 218 pence per share, resulting in £2,826 million of consideration settled in cash. This included £7 million for shares held by an Employee Benefit Trust ('EBT') consolidated into the Virgin Money UK PLC group, and which were held within the Nationwide group on acquisition. This amount is deducted from the total, to show the consideration paid external to the Group of £2,819 million.

iii. Included within total consideration are shares to be issued in the future relating to the settlement of outstanding Virgin Money UK PLC employee share awards which became fully vested upon the court sanction date of the scheme of arrangement. The Society will be required to redeem the shares from the employees in cash at a fixed price of 218 pence per share at the end of the award deferral periods (subject to customary malus and clawback provisions).

Intangibles recognised on acquisition included a core deposit intangible of £360 million which relates to the value derived from access to a stable source of low cost on-demand deposit funding when compared to the marginal cost of alternative funding. This asset has been valued using the income approach, specifically the 'cost of savings method' which compares the cost of the existing on-demand deposits (including the cost of servicing them) to the marginal cost of alternative funds from a mix of diversified funding sources available to market participants. The intangible asset represents the present value of the cost savings expected to be realised over the remaining useful life of the deposits.

An intangible asset of £288 million has been recognised relating to purchased credit card relationships, reflecting the value that is expected to be generated from existing credit card customers who will continue to borrow using their credit cards into the future. This has been valued using a discounted cash flow approach to determine the present value of cash flows attributable to future spending.

The fair value adjustment for intangible assets also includes a reduction of £31 million relating to the elimination of legacy goodwill recognised by Virgin Money UK PLC.

For assets and liabilities held at amortised cost, suitable valuation techniques were used to assess fair value.

The fair value of loans and advances to customers of £71,337 million was calculated using a discounted cash flow methodology, at an individual loan level or segmented according to vintage and product groupings where appropriate. The gross contractual amount of the loans and advances receivable from customers was £71,630 million. The best estimate of the amounts not expected to be collected was £437 million.

On demand customer deposits were valued based on book value, with a core deposit intangible separately recognised as detailed above. Interest-bearing term deposits were valued using a discounted cash flow approach. For debt instruments in issue, the fair value was taken directly from quoted market prices.

The fair value measurement of identifiable assets acquired and liabilities assumed may be adjusted following management's finalisation of its acquisition date fair value estimates if new information about facts and circumstances existing on the date of the acquisition is obtained. In accordance with IFRS 3 'Business combinations', any such adjustment can be made for up to a maximum of one year from the acquisition date. No such adjustments have been made in the period to 31 March 2025. Fair value adjustments will be amortised or depreciated over the remaining life of the underlying items, where appropriate. The adjustment on the deferred tax asset will reduce as it is utilised.

Since the acquisition date, total income of £842 million and loss after tax of £579 million from Virgin Money have been included in the consolidated income statement for the period ended 31 March 2025. This includes the one-off costs associated with the amended Trade Mark License Agreement and the one-off impacts of recognising IFRS 9 provisions on acquisition of Virgin Money, as detailed in note 37. Had Virgin Money been acquired on 5 April 2024, management has estimated that consolidated income for the Group would have been £8,355 million and profit after tax £2,331 million for the period ended 31 March 2025. In determining these amounts, 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 5 April 2024. The pro forma income and profit after tax figures do not purport to represent what the Group's actual results would have been had the acquisition occurred on 5 April 2024, nor are they indicative of future results.

Gain on acquisition

As the fair value of the identifiable net assets acquired was greater than the total consideration paid, negative goodwill arises as a result of the acquisition. This represents a gain on acquisition of £2.3 billion, which has been presented separately in the consolidated income statement for the period ended 31 March 2025.

38. Acquisition of Virgin Money UK PLC (continued)

The price paid by the Society to acquire the outstanding shares of Virgin Money UK PLC of 218 pence per share, plus the 2 pence per share dividend paid to shareholders as part of Virgin Money UK PLC's ordinary dividend calendar, represented a 38 per cent premium to the closing share price on 6 March 2024, the day immediately prior to the offer period. Although representing a premium on the traded share price, the total consideration of £2.8 billion was significantly lower than the fair value of net assets acquired of £5.1 billion. The fair value of net assets acquired was determined in accordance with the principles of IFRS 13 'Fair value measurement', based on a market-participant view of the fair value of assets acquired and liabilities assumed.

Acquisition costs

Acquisition costs of £39 million have been incurred by the Society in relation to the acquisition. Of this, £36 million was recognised within administrative expenses in the consolidated income statement in the period ended 31 March 2025, with £3 million having previously been recognised in the year ended 4 April 2024.

Transactions recognised separately from the business combination

On 1 October 2024, Virgin Money UK PLC and Virgin Enterprises Limited ('VEL') executed a Deed of Amendment and Restatement to the Trade Mark License Deed of Agreement originally dated 1 October 2014, as amended, restated and novated on 25 July 2016 and 18 June 2018. Pursuant to this Deed of Amendment and Restatement, the agreement will terminate after a four-year period, followed by a two-year cessation period, and Virgin Money UK PLC has agreed to make payments to VEL totalling £250 million in addition to annual royalties during the remaining four-year term. These costs will be recognised within administrative expenses in the consolidated income statement, with the £250 million payment recognised in the period ended 31 March 2025 and the annual royalties recognised over the periods to which they relate.

Net cash flow from acquisition

As outlined in note 36, certain balances included within cash and balances at central banks and loans and advances to banks and similar institutions are excluded from the Group's definition of cash and cash equivalents in the cash flow statement. This is either where the balances are not liquid in nature, or where they relate to cash collateral and other deposit balances held in respect of derivative activities. A reconciliation between the balance sheet values acquired and the net cash flow from acquisition of Virgin Money presented in the Group's cash flow statement is provided below.

	As at 1 October 2024 £m
Cash and balances at central banks	10,695
Loans and advances to banks and similar institutions	519
Balances acquired on acquisition	**11,214**
Adjustments for items not classified as cash and cash equivalents	(965)
Cash and cash equivalents acquired	**10,249**
Cash paid for ordinary shares	(2,819)
Net cash flow from acquisition of Virgin Money	**7,430**

39. Capital management

The Group is subject to the regulatory capital requirements applied by its regulator, the Prudential Regulation Authority (PRA). Regulatory capital comprises the Group's general reserve, fair value through other comprehensive income reserve, revaluation reserve, core capital deferred shares, other equity instruments and subordinated debt, subject to various adjustments and transitional arrangements required by the capital rules.

During the period the Group complied with the capital requirements applied by the PRA. Further unaudited details about the Group's capital position can be found in the Capital risk section of the Risk report.

40. Registered office

Nationwide is a building society, incorporated and domiciled in the United Kingdom. The address of its registered office is:

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

41. Events after the balance sheet date

On 28 May 2025, the Board approved a Nationwide Fairer Share Payment to be made to certain eligible members in June 2025, amounting to approximately £410 million in total. This has not been reflected in these financial statements as it will be recognised in the year ending 31 March 2026, by reference to the date at which it was announced.

Other information

Annual business statement for the period ended 31 March 2025

1. Statutory percentages

Statutory percentages	2025 %	Statutory limit %
Lending limit	**12.74**	25.00
Funding limit	**37.23**	50.00

The above percentages have been calculated in accordance with the provisions of the Building Societies Act 1986 as amended by the Building Societies Act 1997 and the Modification of the Lending Limit and Funding Limit Calculations Order 2004.

The lending limit measures the proportion of business assets not in the form of loans fully secured on residential property and is calculated as (X-Y)/X where:

X = business assets, being the total assets of the Group plus impairment provisions on loans and advances to customers, less liquid assets, property, plant and equipment, intangible fixed assets and investment properties included in the Group balance sheet.

Y = the principal of, and interest accrued on, loans owed to the Group which are fully secured on residential property.

The funding limit measures the proportion of shares and borrowings not in the form of shares held by individuals and is calculated as (X-Y)/X where:

X = shares and borrowings, being the aggregate of:

i) the principal value of, and interest accrued on, shares in the Society,
ii) the principal value of, and interest accrued on, sums deposited with the Society or any subsidiary undertaking of the Society, and
iii) the principal value of, and interest accrued under, bills of exchange, instruments or agreements creating or acknowledging indebtedness and accepted, made, issued or entered into by the Society or any such undertaking, less any amounts qualifying as own funds.

Y = the principal value of, and interest accrued on, shares in the Society held by individuals otherwise than as bare trustees (or, in Scotland, simple trustees) for bodies corporate or for persons who include bodies corporate.

The statutory limits are as laid down under Buildings Society Act 1986 as amended by the Building Societies Act 1997 and ensure that the principal purpose of a building society is that of making loans which are secured on residential property and are funded substantially by its members.

2. Other percentages

Other percentages	2025	2024 (note i)	
		Restated	Previously published
	%	%	%
As a percentage of shares and borrowings:			
Gross capital	**6.8**	8.0	10.3
Free capital	**6.3**	7.7	10.0
Liquid assets	**17.6**	21.1	21.6
Profit for the financial year as a percentage of mean total assets	**0.72**	0.48	0.48
Management expenses as a percentage of mean total assets	**1.10**	0.94	0.89

Note:
i. Comparative percentages have been restated to reflect the reclassifications detailed in note 1.

The above percentages have been prepared from the Society's consolidated financial statements and in particular:

- 'Shares and borrowings' represent the total of shares, deposits from banks and similar institutions, other deposits and debt securities in issue.
- 'Gross capital' represents the aggregate of general reserve, revaluation reserve, fair value through other comprehensive income reserve, cash flow hedge reserve, other hedging reserve, non-controlling interests, CCDS, Additional Tier 1 capital, subscribed capital and subordinated liabilities.
- 'Free capital' represents the aggregate of gross capital and provisions for collective impairment losses on loans and advances to customers less property, plant and equipment and intangible assets.
- 'Liquid assets' represent the total of cash in hand and balances with the Bank of England, loans and advances to credit institutions and investments in debt securities.
- 'Mean total assets' represent the amount produced by halving the aggregate of total assets at the beginning and end of the financial year.
- 'Management expenses' represent administrative expenses including depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

3. Information relating to directors at 31 March 2025

Name and date of birth	Occupation	Date of appointment	Other directorships
K A H Parry OBE 29 January 1962	Chairman	23 May 2016	Daily Mail and General Trust plc K A H Parry Limited Marie Curie
T Graham 20 July 1965	Senior Independent Director	28 September 2022	Close Brothers Group plc Close Brothers Limited Clydesdale Bank PLC Pension Insurance Corporation plc Pension Insurance Corporation Group Limited Virgin Money UK PLC
D A Crosbie 30 March 1970	Group Chief Executive Officer	2 June 2022	SSE plc UK Finance Limited
A Aithal 14 February 1968	Non-executive director	1 October 2024	Institute for Government Persimmon Plc Polar Capital Holdings plc Saga PLC
D J Bennett 26 March 1962	Non-executive director	13 November 2024	Allfunds Group PLC Allfunds Bank S.A. Clydesdale Bank PLC Department of Work and Pensions PayPal UK Limited PayPal Digital Incorporation Virgin Money UK PLC
A Hitchcock 16 January 1965	Non-executive director	2 December 2018	
A M Keir 16 October 1958	Non-executive director	1 March 2022	
D Klein 10 August 1968	Non-executive director	1 March 2021	Guardian Media Group plc Gwanda Global Limited Gwanda Properties Limited The Multichoice Group Showmax Africa Holdings Limited Xyon Health Inc
M J Mathieson 15 August 1974	Group Chief Financial Officer	6 September 2024	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

3. Information relating to directors at 31 March 2025 (continued)

Name and date of birth	Occupation	Date of appointment	Other directorships
S Orton 5 March 1970	Non-executive director	1 June 2023	
T Rajah MBE 24 August 1982	Non-executive director	1 September 2020	Live Better With LTD parkrun Global Limited
G Riley 6 December 1967	Non-executive director	1 April 2022	Roynat Capital Incorporation St Michael's Hospital Foundation
P G Rivett 27 June 1955	Non-executive director	1 September 2019	Standard Chartered PLC Standard Chartered Bank

Directors' service address

Documents may be served on any of the directors c/o Addleshaw Goddard LLP, One St Peter's Square, Manchester M2 3DE, United Kingdom, REF: NBSAG.

Directors' service contracts

Executive directors' terms and conditions of employment are detailed in their individual contracts or service agreements which include a notice period of 12 months from Nationwide to the individual and a notice period of 12 months from the individual to Nationwide. The notice period offered to any new executive director would be in line with this approach.

Directors' share options

A proportion of executive directors' variable pay is linked to the value of Nationwide's core capital deferred shares (CCDS), details of which have been provided in the Report of the directors on remuneration. For 2024/25, the executive directors participated in the Annual Performance Pay (APP) plan and the Long-Term Performance Pay (LTPP) plan. A maximum of 20% of the combined value of the APP and LTPP awards is payable in June 2025, with an equivalent proportion retained until June 2026. A minimum of 60% of the combined value is deferred, payable between 3 and 7 years following the date of the award. A minimum of 50% of both the upfront portion and deferred portion is linked to the value of Nationwide's CCDS. These CCDS-linked elements are payable in cash subject to a 12-month retention period. No directors held securities in Nationwide Building Society during the year.

Country-by-country report (audited)

The Group is required to comply with the Capital Requirements (country-by-country reporting) Regulations 2013 which implement article 89 of the Capital Requirements Directive IV. These regulations require disclosure of certain statutory information on a consolidated basis, by country, where an institution has a subsidiary or branch.

The country-by-country reporting disclosures for the period ended 31 March 2025 are shown below.

All activities of the Group are conducted in the United Kingdom. Details of the Society's subsidiaries and consolidated structured entities can be found in notes 33 and 34 to the financial statements.

Country	Nature of activities	Number of employees (average full time equivalent)	Turnover (note i) £m	Profit before tax £m	Corporation tax paid £m
United Kingdom (notes ii, iii, iv)	Provision of financial services	20,328	7,484	2,302	225

Notes:
i. Turnover represents 'total income' on the Group's income statement.
ii. The Group acquired Virgin Money UK PLC on 1 October 2024; accordingly the information for this entity and its subsidiaries is included from this date.
iii. The Group has a subsidiary incorporated in the Isle of Man which had an average of five full time equivalent employees during the year and which provides IT services to the Group. The entity is reported under the United Kingdom where it is managed, controlled and subject to corporation tax.
iv. The Group includes a consolidated structured entity incorporated in Jersey. This entity has no turnover or profit, pays no corporation tax and has no employees.

No public subsidies were received during the year.

Alternative performance measures

Nationwide uses a number of alternative performance measures in presenting business and financial performance. In addition to statutory results, underlying measures such as underlying profit before tax are used to assist with like-for-like comparisons of performance across periods. Underlying profit before tax is not designed to measure sustainable levels of profitability as that potentially requires exclusion of non-recurring items even though they are closely related to (or even a direct consequence of) the Group's core business activities. Alternative performance measures are presented within the Financial review on pages 46 to 55, with definitions presented in the Glossary.

Forward-looking statements

Certain statements in this document are forward-looking with respect to plans, goals and expectations relating to the future financial position, business performance and results of the Group. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, the Group can give no assurance that these expectations will prove to be an accurate reflection of actual results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Group including, amongst other things, UK domestic and global economic and business conditions, market-related risks such as fluctuation in interest rates and exchange rates, inflation/deflation, the impact of competition, changes in customer preferences, risks concerning borrower credit quality, delays in implementing proposals, the timing, impact and other uncertainties of future acquisitions or other combinations involving the Society and/or within relevant industries, risks relating to sustainability and climate change, the policies and actions of regulatory authorities and the impact of tax or other legislation and other regulations in the jurisdictions in which the Group operates. The economic outlook remains uncertain and, as a result, the Group's actual future financial condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements. Due to such risks and uncertainties, the Group cautions readers not to place undue reliance on such forward-looking statements.

The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

This document does not constitute, or form part of, any offer, invitation or solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction. No securities are being offered to the public by means of this document. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering to be made in the United States will be made by means of a prospectus that may be obtained from the Group and will contain detailed information about the Group and its management, as well as its financial statements.

Glossary

The glossary for the Annual Report and Accounts 2025 is available at:
https://www.nationwide.co.uk/about-us/governance-reports-and-results/results-and-accounts/

Nationwide Building Society
Head Office: Nationwide House, Pipers Way, Swindon, Wiltshire SN38 1NW.
nationwide.co.uk

AGMAR&A2025 (June 2025)