Annual Results Presentation

For the 12 months ended 4 April 2022

Nationwide Building Society

Our focus on mutuality continues forward to today…

Our five cornerstones underpin our core purpose of '*building society, nationwide*'.

Building Legendary Service

Doing our very best to serve our members

- No. 1 for customer satisfaction among our peer group for ten years running[1]
- Branch Promise to remain in every town or city we are in today, until at least January 2023
- Our Scam Checker Service continues to help further protect our members from fraud

Building Thriving Membership

Growing and serving our membership

- Helped 1 in 7 first time buyers into a home of their own
- Returning value to members with a £1 million monthly prize draw, competitive savings rates and a current account switching incentive
- Our market leading Member Exclusive FRISA led to record retail net receipts of £5.7 billion over ISA season 2021[4], and took 54% of ISA market flow[5] during this period
- Supporting the greening of UK homes – with our green product range

Built to Last

Managing the Society for the long term

- 5.4% leverage ratio
- 24.1% Common Equity Tier 1 ratio[2]
- £1,604 million underlying profit
- £325 million member financial benefit[3], from better incentives and pricing than the market average

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[1] © Ipsos 2022, Financial Research Survey (FRS) measure (see Glossary slide 36). [2] The decrease in the Common Equity Tier 1 ratio reflects changes in industry-wide regulation, see slide 20 for further information. [3] Definition on Glossary slide 36. [4] Retail Savings & PCA Net Receipts in March – April 2021. [5] Bank of England ISA Market data, March – April 2021.

…building society, nationwide

Our five cornerstones underpin our core purpose of ‘***building society, nationwide***’.

Building PRIDE
Creating a healthy culture for our people

- Committed to giving our colleagues greater flexibility in working arrangements, with our hybrid working policy
- Mind Workplace Wellbeing Gold Award 2021, for our support for colleague mental health and wellbeing
- One of Glassdoor’s top 20 UK companies for work-life balance in 2021[1]

Building a National Treasure
Contributing to our wider community

- Five Mutual Good Commitments, focused on building a better society
- The UK’s most trusted financial brand[2]
- Committed £7.1 million to charitable causes
- No exposure to the fossil fuel industry
- Committed to a net-zero future
- Zero waste to landfill since 2015
- Earmarked £1bn fund for green lending

<u>Over the year we achieved our first</u>:

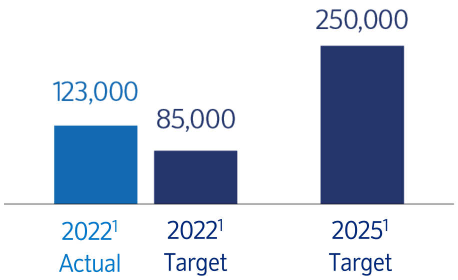
- S&P Global Ratings ESG Evaluation of **78/100**
  An independent in-depth assessment of how ESG factors could impact our stakeholders, enhanced by analysis of our management and culture
- CDP score of **B**
  CDP assesses how firms measure and manage risks and opportunities on climate change

[1] Glassdoor research, analysing over 600,000 reviews by full-time UK-based employees between 1 January 2021 and 28 September 2021. [2] Definition on Glossary slide 36.

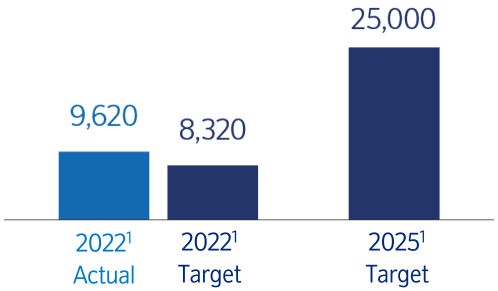
We're progressing towards our Mutual Good Commitments

1 Help to achieve safe and secure homes for all

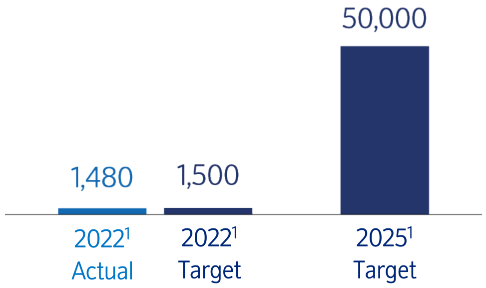
First time buyers helped into homes



Members taking out Over 55s mortgages



Landlords equipped with tools to improve tenants' lives[2]



2 Lead the greening of UK homes

By 2030 at least 50% of homes in our mortgage book will be rated EPC C or above

31 December 2021:
37%

By 2030 our business operations, suppliers and commuting will be carbon neutral

- Carbon neutral for scope 1 and 2 emissions
- Working with Carbon Intelligence to estimate the emissions of our supply chain

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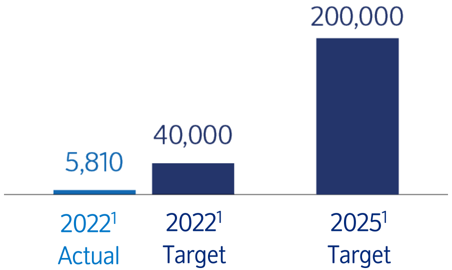
[1] Progress totals and targets are reported on a cumulative basis, from November 2020 when the targets were first set, to March 2022 and March 2025 respectively. [2] Measures the number of landlords signing up to our online digital platform, The Landlord Works, to access its features, as we expect these landlords to be more committed to supporting better landlord practices.

We're progressing towards our Mutual Good Commitments

3 Support our members financial wellbeing

Financially squeezed and struggling members saving regularly



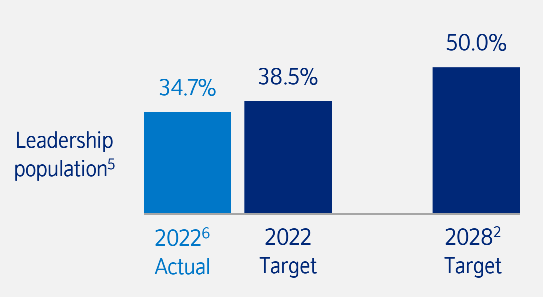
4 Champion thriving communities

2021/22: committed **£7.1 million[2]** to charitable causes

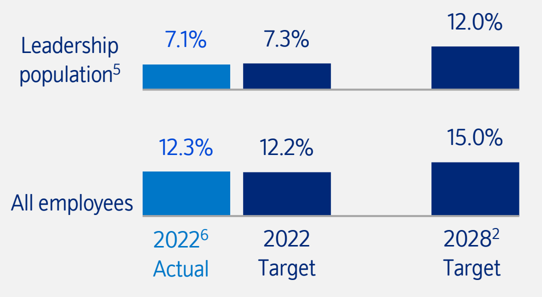
Branch Promise ✓

5 Reflect the diversity of our society

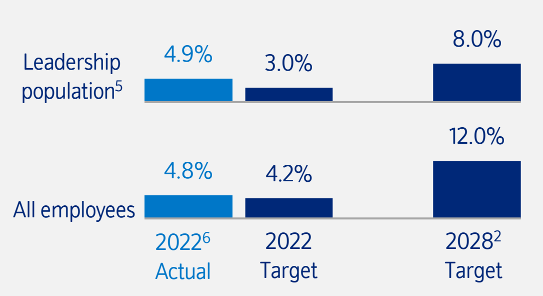
Gender[3]



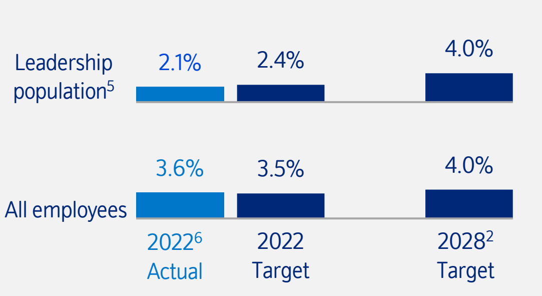
Ethnicity[4]



Disability[7]



Sexual orientation[8]



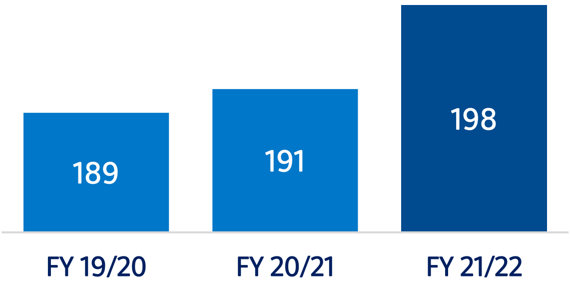
[1] Progress totals and targets are reported on a cumulative basis, from November 2020 when the targets were first set, to March 2022 and March 2025 respectively. Targets and actual totals are calculated on a net growth basis. Calculation methodology is provided on page 36. [2] This reflects our commitment for at least 1% of our pre-tax profits to be given to charitable activities every year. The 1% is calculated based on average pre-tax profits over the previous three years. [3] Gender – Figures reflect female representation in each of the populations. [4] Ethnicity – Figures reflect Black, Asian, mixed and other. Excluded from the % are white majority and minority. [5] Leadership population – Represents a select group of the top 1,000 leaders across the Society. [6] Data as at 4 April 2022, and based upon headcount not FTE (full-time equivalent value) of employees directly employed by Nationwide Building Society. [7] Disability – Figures reflect those identifying as disabled. [8] Sexual orientation – Figures reflect those identifying as bi-sexual, gay man, gay woman, lesbian and other. Excluded from the % are those identifying as heterosexual.

Performance Update

Continued growth and strong business performance

Mortgages

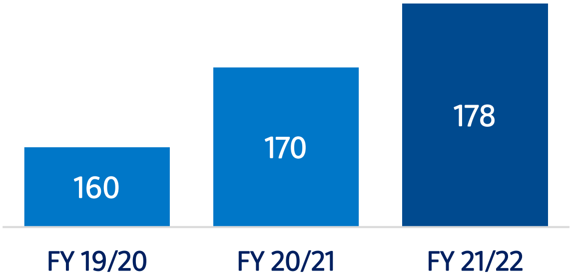
Total mortgage balances (£bn)



- Market share of stock 12.4% (March 2021: 12.5%)

Deposits

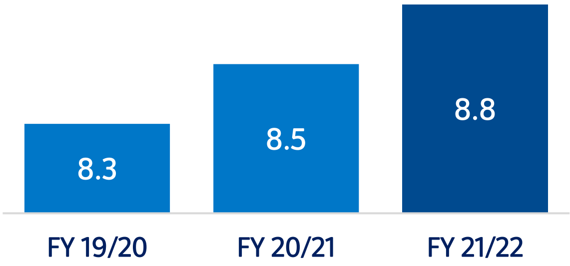
Total deposit balances (£bn)



- Market share of stock 9.4% (March 2021: 9.4%)

Current Accounts

Total number of current accounts (millions)



- Market share of stock 10.3% (February 2021: 10.2%)[1]

[1] CACI's Current Account and Savings Database, Stock (February 2022 and February 2021).

Nationwide Building Society

As a mutual, we measure our performance on what matters most to our members

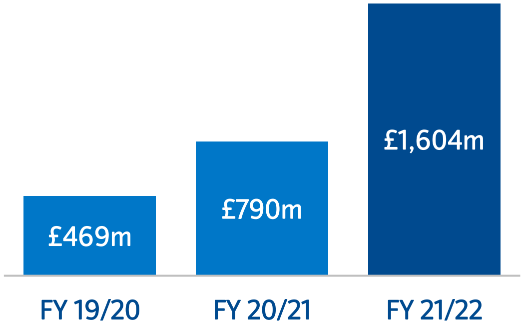
Key performance indicators	Measure	Target	FY 2021/22 performance
Outstanding service	Customer satisfaction	FRS: 1st + 2.0%pts in our peer group UKCSI: Top 5	1st + 4.6%pts[1] Joint 22nd [2]
Value for members	Member financial benefit[3] Committed members[3]	At least £400m p.a. 3.60m	£325m 3.62m
Financial strength	Leverage ratio	> 4.5%	5.4%

[1] © Ipsos 2022, Financial Research Survey (FRS) measure (see Glossary slide 36). [2] Institute of Customer Service UK Customer Satisfaction Index (UKCSI) as at January 2022. Our satisfaction score of 83.7 is 5.3pts ahead of the all-sector average, but our ranking of joint 22nd is below our target. [3] Definitions on Glossary slide 36.

Delivered strong financial performance and enhanced our financial resilience

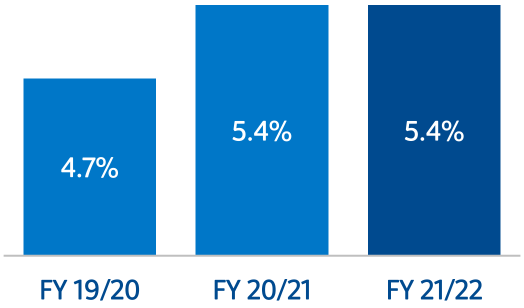
Strong profitability

Underlying profit before tax



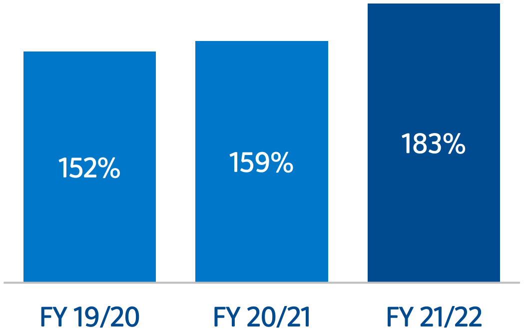
Robust capital ratios

Leverage ratio[1]



Liquidity position remains strong

Liquidity Coverage Ratio (LCR)[2]



[1] FY 2021/22 leverage ratio of 5.4% comprises £12.5bn (4.9%) of CET1 and £1.3bn (0.5%) of AT1; FY 2020/21 ratio of 5.4% comprised £12.0bn (4.9%) of CET1 and £1.3bn (0.5%) of AT1; FY 2019/20 ratio of 4.7% comprised £10.7bn (4.4%) of CET1 and £0.6bn (0.3%) of AT1 . [2] LCR is reported on a rolling 12 month average basis.

Nationwide
Building Society

Financials

Income growth led to a significant increase in profit

£ million	FY 2020/21	FY 2021/22
Net interest income	3,146	3,562
Net other income	139	305
Total Income	**3,285**	**3,867**
Costs	(2,218)	(2,234)
Loan impairments	(190)	27
Provisions for liabilities and charges	(87)	(56)
Underlying profit	**790**	**1,604**
FSCS release/(charge)	(1)	-
Gains from derivatives and hedge accounting	34	(7)
Statutory profit	**823**	**1,597**

- Net interest income increased by £416m, driven by the macroeconomic uncertainty during much of 2020 leading to elevated mortgage new business margins, and robust lending during 2021/22.
- Net other income increased by £166m, in part reflecting a return to pre-pandemic spending behaviours as pandemic restrictions have eased, against a £37m loss in 2020/21 realised from the repurchase of £2.1bn of covered bonds.
- Costs increased by £16m, driven by accelerated amortisation on specific intangible assets by shortening of the useful economic life, as well as historic fraud cases. Excluding these items, costs have reduced by £53m, as we continue to drive efficiencies.
- The net loan impairment release of £27m reflects house price growth and improvements in the economic outlook, but is subdued by the growing affordability pressure on borrowers.

Key ratios (%)	2020/21	2021/22
Underlying cost income ratio	67.5	57.8
Net interest margin	1.21	1.26

We maintain a low risk, strongly capitalised balance sheet

£ billion	04 Apr 21	04 Apr 22	%
Residential mortgages	190.7	197.9	73
Retail unsecured	3.9	4.1	1
Public Sector[1]	6.1	5.5	2
Commercial Real Estate	0.8	0.6	0
Total Lending[2]	**201.5**	**208.1**	**76**
Liquidity[3]	45.8	58.7	22
Other assets	7.6	5.6	2
Assets	**254.9**	**272.4**	**100**
Retail deposits[4]	170.3	178.0	65
Wholesale funding	59.5	67.3	25
Other liabilities	3.2	3.0	1
Capital & reserves[5]	21.9	24.1	9
Liabilities	**254.9**	**272.4**	**100**

- Balance sheet growth was driven by an increase in liquidity as a result of increases in wholesale funding (including TFSME) and retail deposits
- Low risk balance sheet: 95% of total lending secured on residential property (average indexed LTV of 52%)
- Capital position remains robust with our CET1 and leverage ratios at 24.1% and 5.4% respectively
- The reduction in the CET1 ratio reflects expected, regulatory changes increasing RWAs[6] which were effective from 1 January 2022

Key ratios (%)	04 Apr 21	04 Apr 22
Liquidity coverage ratio (12m avg.)	159	183
CET1 ratio	36.4*	24.1
Leverage ratio	5.4	5.4
excluding software intangibles	5.2	

*As published, not adjusted for regulatory changes effective from 1 January 2022

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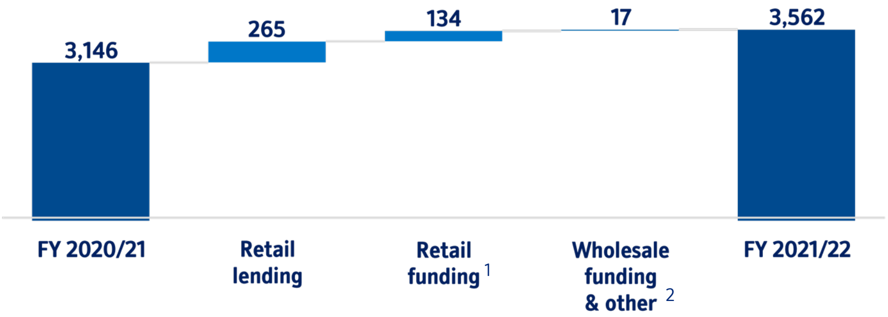
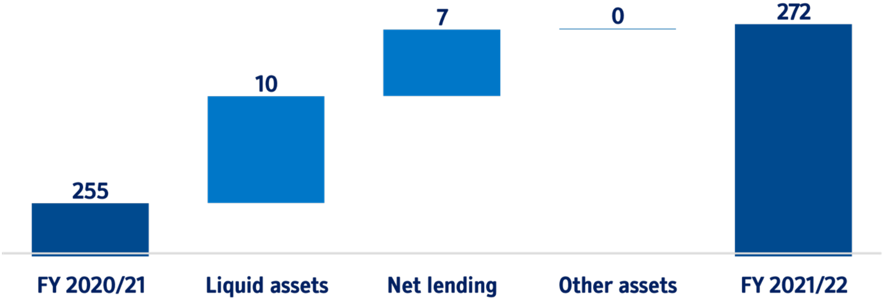
[1] Public Sector lending compromises Housing Association and Private Finance Initiative. [2] Lending balances are shown net of provisions. [3] Treasury assets (including £17m of investments not included within the liquidity portfolio). [4] Shares (member deposits). [5] Total members' interests, subordinated liabilities and subscribed capital. [6] Further detail provided on page 20

Net interest margin driven by mortgage margins and retail funding margins

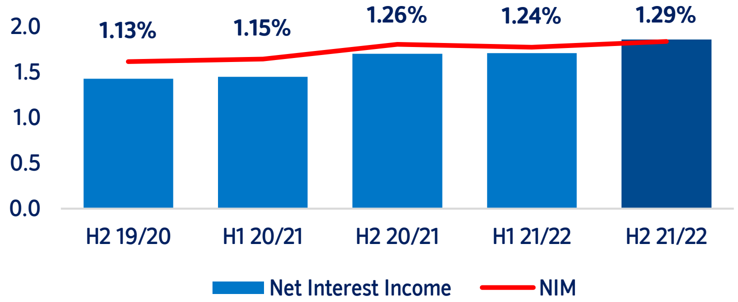
Net interest income drivers (£m)[1]

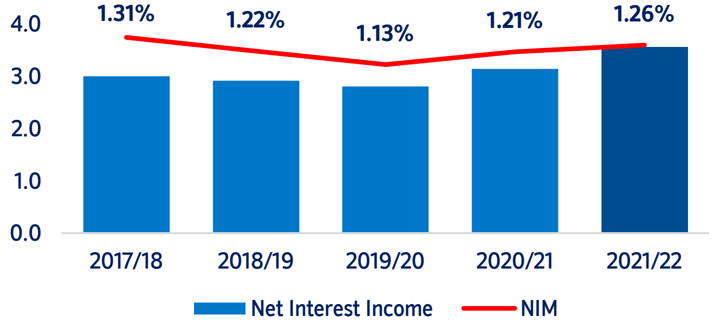


Assets (£bn)



Net interest income (£bn) & net interest margin (%)





[1] Retail funding includes the impact from structurally hedged current account balances and the margin compression hedge on savings balances. [2] Includes the impact from structurally hedged reserve balances

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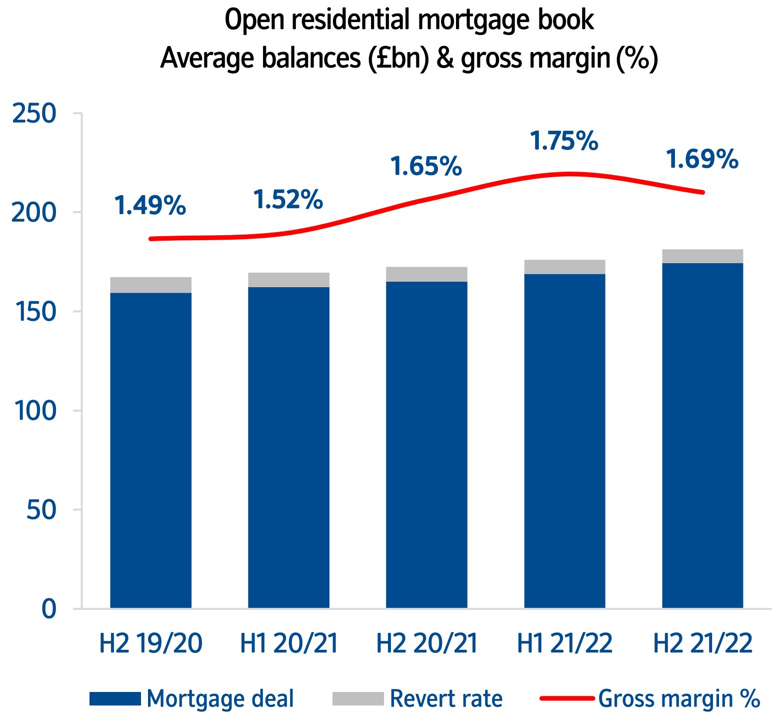
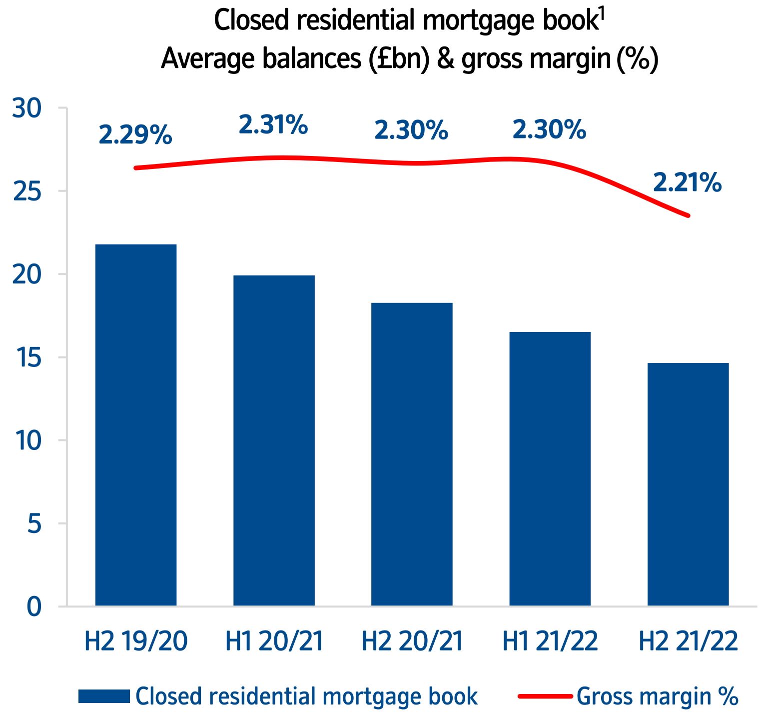
Margin compression impacts both the open and closed books





[1] The closed book represents those portfolios which are now closed to new business.

Reduction in business as usual costs as we continue to drive efficiencies

£ million	FY 2020/21	FY 2021/22	*YoY Movement*
Business as usual	1,409	1,376	*(33)* ⬇
Investment & Depreciation	711	746	*35* ⬆
Costs Excluding Restructuring	**2,120**	**2,122**	***2*** ⬆
Restructuring [1]	98	43	*(55)* ⬇
Costs Including Restructuring	**2,218**	**2,165**	***(53)*** ⬇
Historic Fraud Losses	-	16	*16* ⬆
Software Intangible Review	-	53	*53* ⬆
Total Costs	**2,218**	**2,234**	***16*** ⬆

- Costs excluding restructuring and non-recurring items are broadly flat, reflecting increased investment spend in the period re-prioritised from last year
- 2% lower business as usual costs reflect the continued focus on efficiency to mitigate the impact of inflation, variable pay and volume growth
- Restructuring costs have reduced following the expected peak of this spend during 2020/21
- We have incurred charges of £16m following a review of historic fraud cases and £53m for accelerated amortisation relating to the shortening of the useful economic life of intangible assets

[1] Includes colleague severance costs and property onerous lease charges

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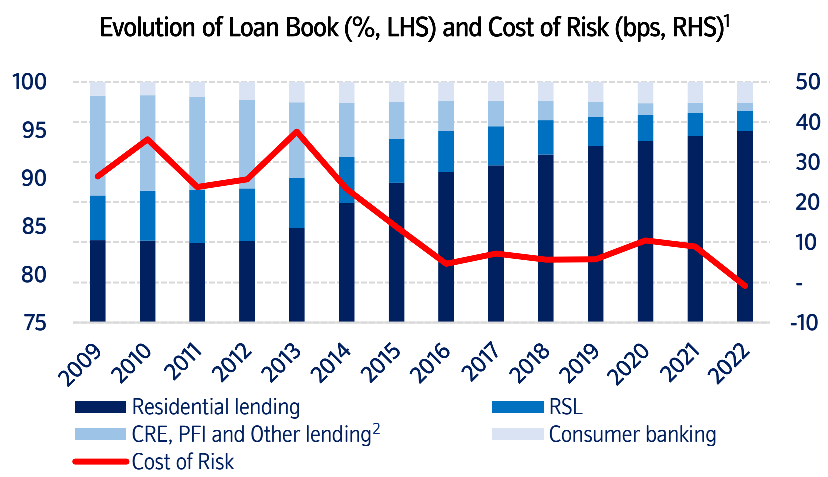
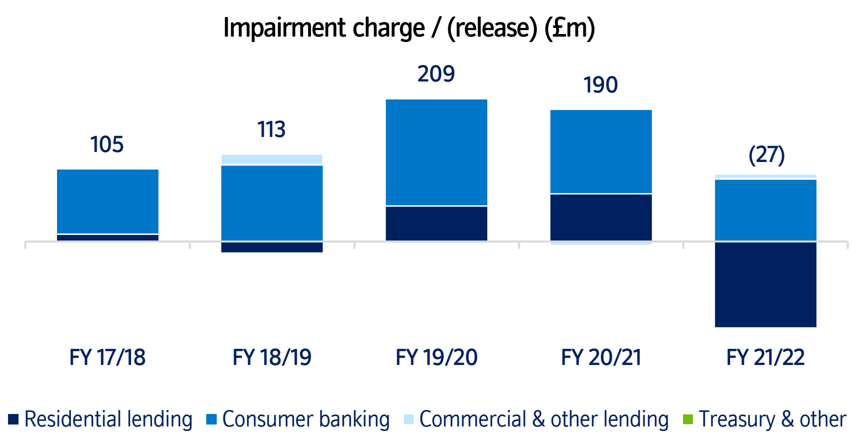
An improved economic outlook has resulted in provision reductions during the period





- Following a broadly stable period for Cost of Risk (CoR) between 2016 and 2019, CoR peaked at 10bps in 2020 at the beginning of the pandemic.
- The 2022 CoR has improved to -1bp following credit provision releases as a result of improvements in the economic outlook and significant house price growth during the past 12 months.
- A £109m charge has been taken to reflect the affordability risk associated with a high inflation environment.

[1] Cost of Risk = impairments charged to income statement / average loans to customers. [2] Other lending includes micro hedge balances.

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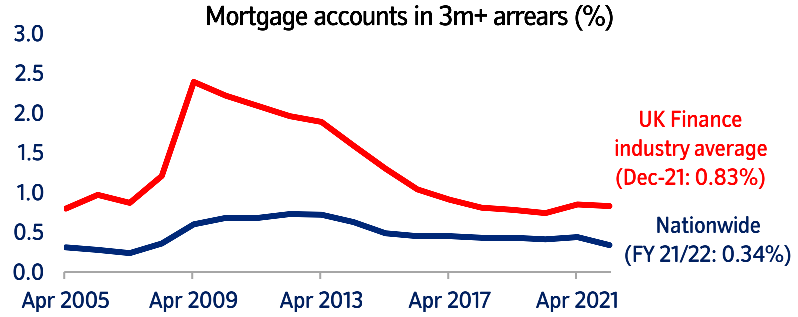
Strong asset quality sustained over the period

Retail lending	Residential		Unsecured	
	04 Apr 21	04 Apr 22	04 Apr 21	04 Apr 22
Total balances (£m)	191,023	198,120	4,404	4,638
Provision balances (£m)	317	187	502	529
3m+ arrears[1] (%)	0.43	0.34	1.33	1.13
3m+ arrears industry average[2] (%)	0.92	0.83[3]		
Total negative equity balances (£m)	169	89		
Negative equity (£m)	20	10		
Forbearance (£m)	1,418	1,303		
Average LTV (%, by value)				
New Business	70	70		
Loan Stock	56	52		

- Arrears rates have remained low and continue to outperform the industry average
- Forbearance levels have remained broadly stable over the period
- With house price increases during the year, the average indexed LTV of total loan stock has reduced to 52% (2021: 56%)



[1] Residential: Proportion of residential mortgage accounts more than 3 months in arrears. Unsecured: percentage of balances, excl. charge offs. [2] Source: UK Finance. [3] As at 31 December 2021.

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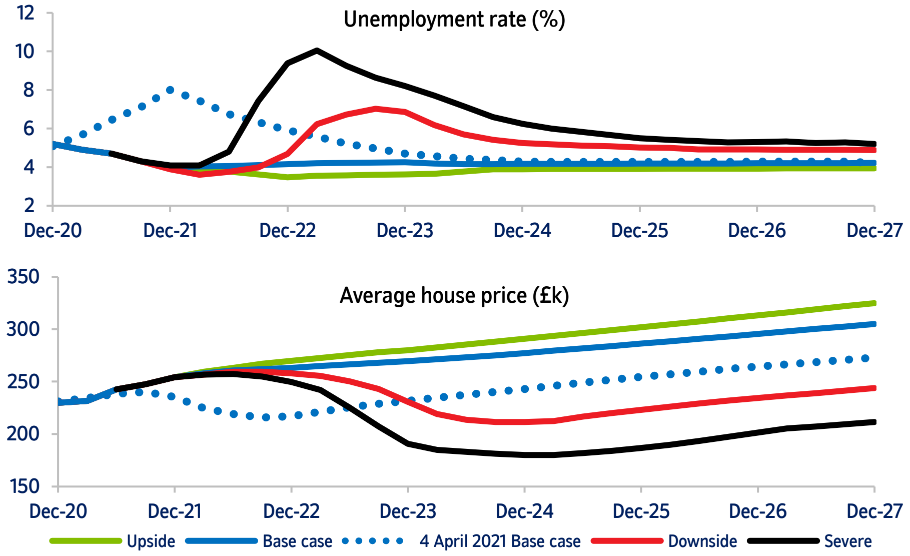
The economic outlook has improved but remains uncertain

%	5-year average [1]	Dec-21 to Peak [2]	Dec-21 to Trough [2]
GDP Growth			
Upside	2.5	13.4	1.5
Base case	1.7	8.6	0.7
Downside	0.9	4.6	(1.5)
Severe downside	0.7	3.6	(4.5)
HPI Growth			
Upside	4.3	23.2	2.0
Base case	3.1	16.2	1.5
Downside	(1.6)	2.0	(16.9)
Severe downside	(4.6)	1.2	(29.2)
Unemployment	5-year average [1]	Peak [3]	Trough [3]
Upside	3.8	3.9	3.5
Base case	4.2	4.2	4.0
Downside	5.3	7.0	3.6
Severe downside	6.7	10.0	4.1



- The weightings assigned to the upside and downside scenarios have been amended during the period. The 4 April 2022 weightings are: **Upside 20%, base case 40%, downside 25% and severe downside 15%** (4 April 2021: 10%, 40%, 40%, 10% respectively).
- The resilience of the labour market to date has reduced the peak unemployment rate to 4.2% in the central scenario (4 April 2021: 8% peak). The house price projections reflect the robust growth recorded in 2021, with increases expected to continue, but at a slower rate in the upside and central scenarios.
- The impact of increasing the probability of a severe economic downside by 5% (and reducing the downside by a corresponding 5%) is an increase in provisions of £25m.

[1] The average rate for GDP & HPI is based on the cumulative annual growth rate over the forecast period. Average unemployment is calculated as a simple average using quarterly points. [2] GDP growth & HPI are shown as the largest cumulative growth/fall from 31 Dec 2021 over the next 5 year forecast period. [3] The unemployment rate is shown as the highest/lowest rate over the forecast period from 31 Dec 2021.

IFRS 9 staging and provisioning

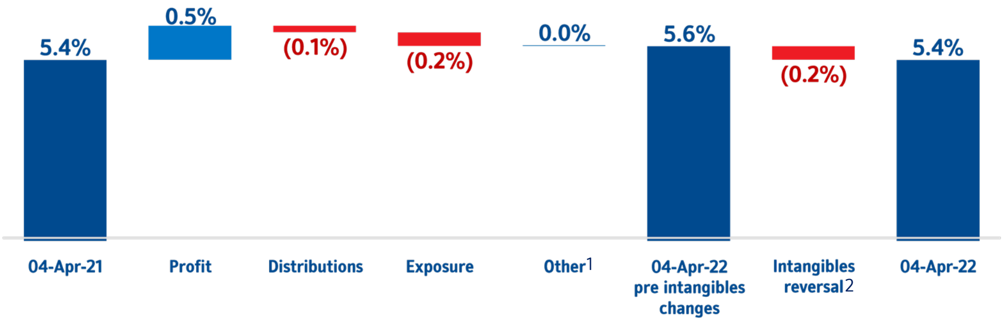
	Residential mortgages[1]						Unsecured					
	04 Apr 21			04 Apr 22			04 Apr 21			04 Apr 22		
	Balance (£m)	Share of book (%)	Provision coverage (%)	Balance (£m)	Share of book (%)	Provision coverage (%)	Balance (£m)	Share of book (%)	Provision coverage (%)	Balance (£m)	Share of book (%)	Provision coverage (%)
Stage 1	178,747	94	0.04	180,248	91	0.01	3,141	71	1.5	2,646	57	1.0
Stage 2	10,659	5	1.7	16,449	8	0.6	990	23	21.0	1,720	37	15.2
of which: >30 dpd	*338*			*295*			*13*			*14*		
Stage 3 and POCI	1,549	1	4.8	1,359	1	4.4	273	6	90.0	272	6	89.3
of which: >90 dpd or in possession	*740*			*596*			*56*			*50*		
of which: charged off accounts	*n.a.*			*n.a.*			*209*			*207*		
Total	**190,955**		**0.17**	**198,056**		**0.09**	**4,404**		**11.4**	**4,638**		**11.4**
Memo: Stage 3 coverage exc. charged off accounts (%)			*n.a.*			*n.a.*			*72*			*75*

[1] This table excludes Fair Value through Profit or Loss (FVTPL) balances which totalled £64m as at 4 April 2022 (4 April 2021: £68m).

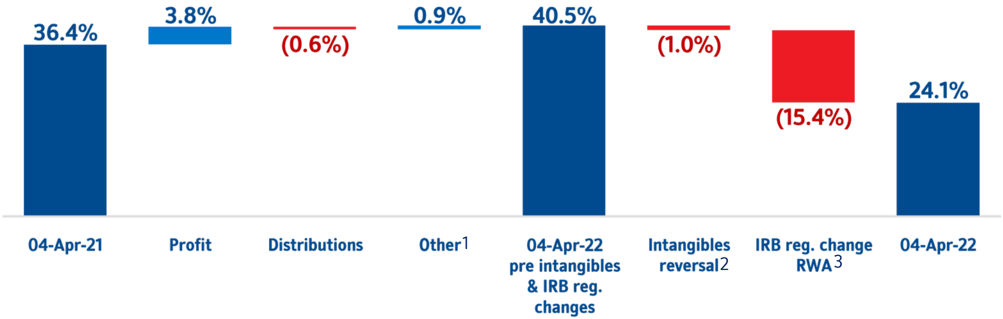
Nationwide Building Society

We remain strongly capitalised

Movement in Leverage ratio



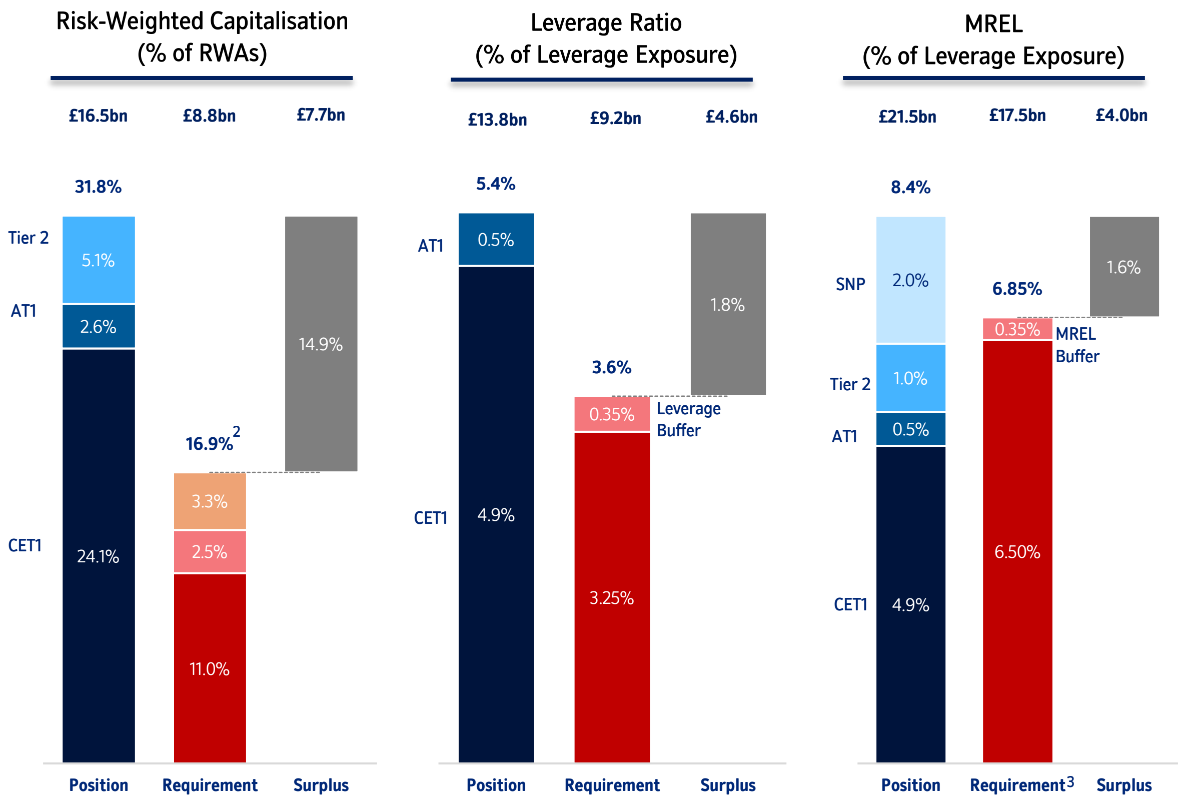
Movement in CET1 ratio



- Profits contributed strongly to capital growth
- The PRA reversed the software intangibles treatment[2] so that it is a capital deduction from 1 January 2022 as set out in PS17/21
- RWAs increased significantly primarily as a result of regulatory changes in force from 1 January 2022 specifically policy statements impacting the calibration of IRB models[3]
- We continue to retain a significant CET1 surplus above the MDA threshold at £6.8 billion (+13 ppts)

[1] 'Other' includes movements in RWAs excl. key IRB reg. changes (for CET1 ratio), IFRS 9 transitional adj., IRB expected loss vs provisions, FVOCI reserve, PVA & other intangible assets. [2] The intangibles benefit was equal to £0.5bn of CET1 resources at 4 April 2021. [3] 'Key IRB model regulatory changes driven by the impact of PRA's updates to SS11/13 'IRB approaches', which includes the 10% IRB mortgage floor, and a new overdraft IRB model approved by the PRA

We meet current and expected regulatory capital requirements

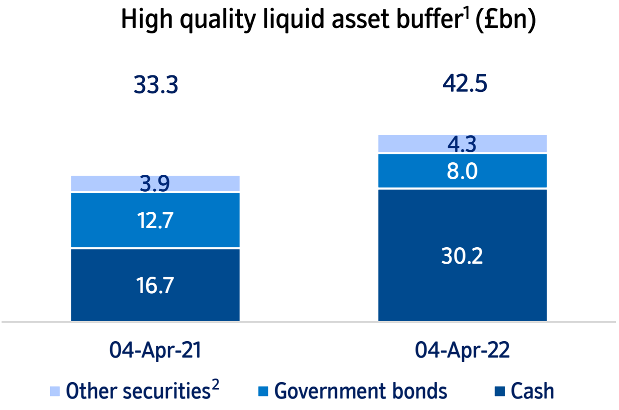


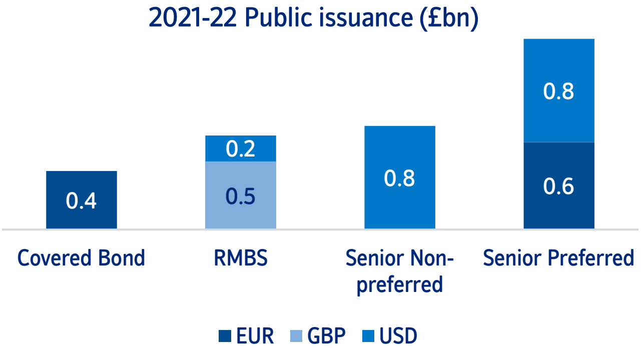
- Our capital structure, with surplus CET1 resources, reflects our business model as a building society and how we distribute value to our members
- Capital surpluses are held to ensure we maintain adequate buffers above minimum regulatory capital requirements across risk based, leverage and MREL frameworks.
- The PRA is yet to consult on the UK implementation of Basel 3.1, however, based upon the Basel rules the CET1 ratio would reduce to the high-teens on a pro-forma basis, once the expected transition period ends in 2030.
- The leverage requirement is expected to continue to be our binding Tier 1 capital constraint across the medium term.

[1] CET1 requirement includes 7.5% TCR (4.5% Pillar 1 & 3.0% Pillar 2A) and 3.5% Capital Buffers [2] Total requirement includes 13.4% TCR (8% Pillar 1 & 5.4% Pillar 2A) and 3.5% Capital Buffers
[3] Includes end-state MREL as published here: https://www.bankofengland.co.uk/-/media/boe/files/financial-stability/resolution/interim-and-end-state-mrel-december-2021.pdf

Nationwide Building Society

Our liquidity and funding position supports our financial strength





- We maintain a strong liquidity position, with a Liquidity Coverage Ratio[3] of 183% (4 April 2021: 159%).
- We have been active in core currencies across each of our funding programmes, and in H2 2021/22 issued $1,050m senior non-preferred and c.£700m multi-currency Silverstone RMBS.
- Since the year-end, we have issued €900m of senior preferred and €500m of covered bonds as we trend towards normalised levels of wholesale funding, c.£8-10bn equivalent p.a.
- We continue to manage and optimise issuance and maturities, to manage TFSME refinancing and targeting new issuance tenors beyond the TFSME redemption window.

TFSME = Bank of England Term Funding Scheme with additional incentives for SMEs. [1] All figures represent LCR value, sterling equivalent. [2] Includes all RMBS held by the Society which can be monetised through sale or repo. [3] Reported on a simple average of the LCR reported for the prior 12 month-ends.

Nationwide Building Society

Closing Remarks

It's our mutual difference that sets us apart from our peers

As a mutual, we are guided by our social purpose and we work for our members' interests….

…Mutual benefit…

- **Leading from the front, supporting first time buyers**
- **Delivering value beyond rate:**
  - £1 million member monthly prize draw
  - current account switching incentive
- **£3.1 billion of member financial benefit[1] over six years**

…with…

…Mutual support…

- **Extended our Branch Promise,** until at least January 2023
- **Building greater capacity and resilience into our payments platforms, systems and controls**
- **Launched our Scam Checker Service,** underpinned by our Scam Protection Promise

…for the…

…Mutual good of all…

- **Awarded £17.7 million in grants across 444 projects** since our Community Boards were founded in 2017
- **Committed to a carbon net-zero future,** and working with government and others on a **Just Transition**
- **Five Mutual Good Commitments,** for better quality homes, financial wellbeing, thriving communities and a more diverse and respectful society

[1] Definition on Glossary slide 36.

Nationwide Building Society

Questions

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Appendix

Our mutual model continues to drive our sustainable success

Being a responsible business is part of our mutual heritage – we've been committed to doing business in a way that positively impacts our members, employees and communities for over 135 years.

Over the last **six** years, we have achieved a significant amount:

Grown our membership by 1.5 million to 16.3 million members

Remained no. 1 for customer satisfaction among our peer group[1]

We are the UK's most trusted financial brand[2]

Grown our stock of residential mortgages by £36 billion to £198 billion and retail deposits by £39 billion to £178 billion

Achieved our long-term target of a 10% market share of current accounts

Delivered £3.1 billion of member financial benefit[2]

Credit ratings	2016	2022
Standard & Poor's[3]	A	A+
Moody's[3]	A1	A1
Fitch[3]	A	A+

Total capital has grown by over £5 billion to £16.5 billion, building on our financial strength

Become greener in our operations: carbon neutral for scope 1 and 2 emissions since 2020

[1] © Ipsos 2022, Financial Research Survey (FRS) measure (see Glossary slide 36). [2] Definition on Glossary slide 36. [3] Footnotes on slide 34.

We are committed to helping build a stronger, kinder, greener society

Our five Mutual Good Commitments are embedded within our Society strategy and are core to our purpose of *building society, nationwide*. They are linked to the UN's Sustainable Development Goals and underpinned by a clear set of ambitions.

Commitment	Ambitions	UN SDGs	We believe that everyone…
1 Help to achieve safe and secure homes for all	**By 2025, we'll** • Help 250,000 members to buy their first home • Help 25,000 members use the money built up in their home to live a better retirement • Equip 50,000 landlords with tools to improve tenants' lives	1 No Poverty; 10 Reduced Inequalities	…should have a place fit to call home
2 Lead the greening of UK homes	**By 2030** • At least 50% of homes in our mortgage book will be rated EPC C or above • Our business operations, suppliers and commuting will be carbon neutral	13 Climate Action; 11 Sustainable Cities and Communities; 12 Responsible Consumption	
3 Support our members' financial wellbeing	**By 2025, we'll** • Support 200,000 financially squeezed and struggling members to become regular savers	1 No Poverty; 10 Reduced Inequalities	…should have confidence in managing their money
4 Champion thriving communities	• Every town and city that has a branch today will still have one until at least Jan 2023 • We will commit at least 1% of our pre-tax profits to charitable activities every year	11 Sustainable Cities and Communities	…deserves to be treated with respect
5 Reflect the diversity of our society	**By 2028** • Our people at all levels will reflect the society that we represent	10 Reduced Inequalities	

Nationwide Building Society

We've been building upon our strong green foundations since 2012

We started our transition to a greener economy a number of years ago. Further enhancements are planned, with a focus on greening UK homes.

2012
- ✓ Solar panels installed

2014
- ✓ Achieved Carbon Trust triple standard

2015
- ✓ Started carbon offsetting
- ✓ Zero waste to landfill

2016
- ✓ Formed the Property Risk Hub reducing physical risk on lending

2018
- ✓ 100% renewable electricity

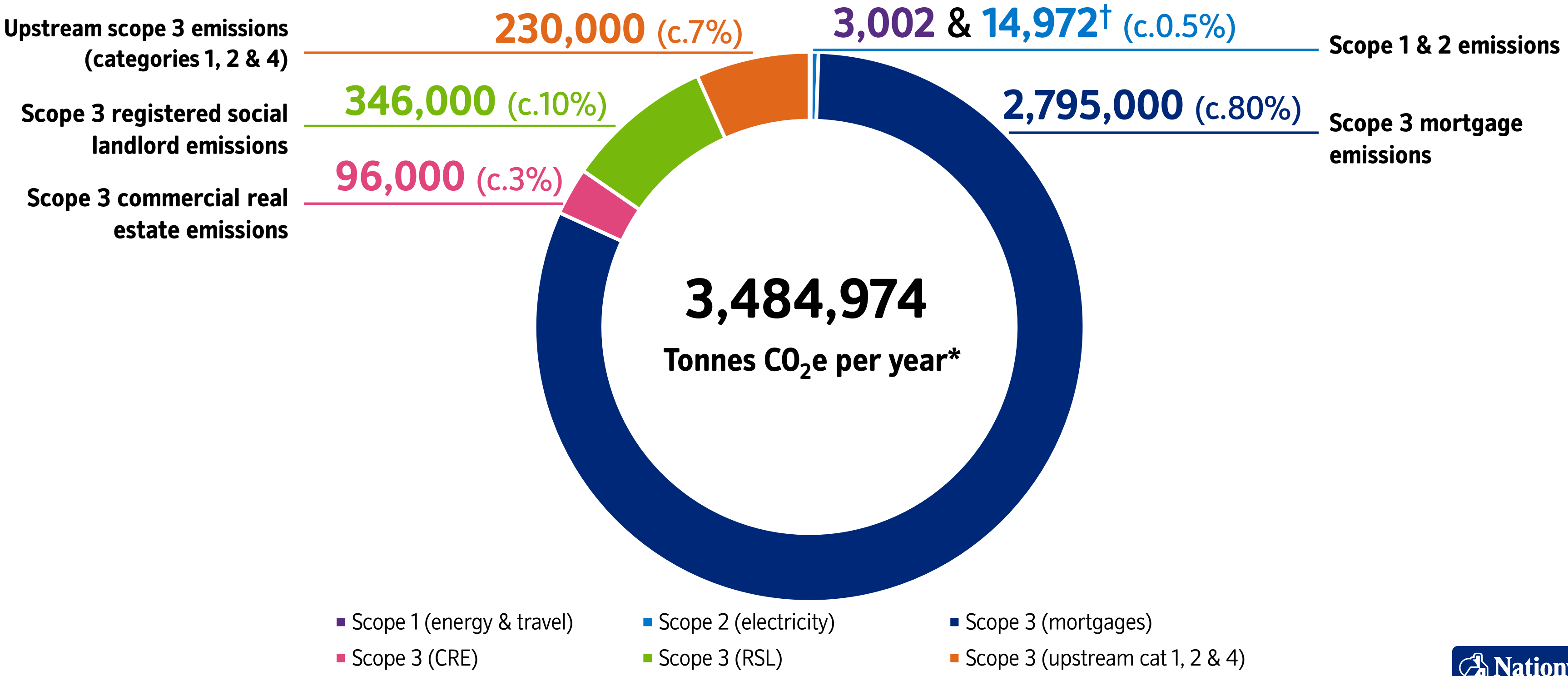
2019
- ✓ EV charging points installed
- ✓ Joined UNGC
- ✓ Supporter of TCFD

2020
- ✓ Carbon neutral scope 1 & 2 from April 2020
- ✓ 90% carbon reduction since 2010
- ✓ Joined PCAF
- ✓ Launched green AB mortgage and £1bn green fund

2021+
- ✓ Launched green reward mortgage
- ✓ Launched green FA mortgage for TMW
- ✓ Rolling out recycled plastic cards
- ✓ Partnered with EcoVadis on supplier ESG credentials
- ✓ Published our inaugural TCFD disclosure
- ✓ Joined UNEP FI PRB
- ✓ Signed up to the NZBA & GFANZ
- ✓ Participated in CDP
- ✓ Completed and submitted results for the CBES
- ✓ Joined SBTi Business Ambition for 1.5ºC campaign
- ✓ Proposed 7-point policy plan to government
- ✓ Convened four cross-industry Future of Home Action Groups
- ✓ Solar panel pilot
- ✓ Met SS3/19 requirements
- ✓ Working on setting science-based targets

We continue to disclose our scope 1, 2 and 3 financed carbon emissions

Over the past years we have been sustainably reducing our carbon footprint, achieving carbon neutrality for our business operations in 2020, and we are committed to reducing this further to meet the Paris Agreement.



Nationwide Building Society

*Emissions as disclosed in our FY 2021/22 climate-related financial disclosures †Nationwide is carbon neutral for its scope 1 and 2 emissions. Scope 1 emissions are offset through verified offset projects. Scope 2 emissions use 100% renewable electricity through a PPA carbon reduction agreement and green tariff electricity

Structural hedge analysis & NII sensitivity

FY 2020/21 vs FY 2021/22	Income Change (£m)
Reserves/CCDS Structural Hedge *(incl. within 'Wholesale funding and other' on slide 13)*	(21)
Current Accounts Structural Hedge *(incl. within 'Retail funding' on slide 13)*	(29)
Hedging for Floored Savings *(incl. within 'Retail funding' on slide 13)*	(55)

- We undertake structural hedging to smooth income volatility due to short-term changes in interest rates.
- The increased year-on-year income drag reflects a wider gap between maturing hedges and prevailing rates.
- Further hedging is in place as a mitigant to the margin compression on temporarily floored savings balances (not eligible for structural hedging).
- Income from these hedges, whilst remaining positive, decreased as a result of hedge maturities.

NII sensitivity (£m)	FY 2020/21	FY 2021/22
+50bps shift in rates	n/a[1]	+10
+25bps shift in rates	+8	+5
-25bps shift in rates	(100)	(76)

- This analysis assumes:
  - A static balance sheet.
  - An instantaneous parallel shift in prevailing interest rates.
  - A 100% pass-through on all managed rate products (unless a 0% floor is reached).
- Upward sensitivities are broadly linearly scalable for larger shocks.
- 1bp of margin widening on managed rate deposits equates to c.£12m of NII sensitivity.

[1] we did not undertake an analysis

Nationwide Building Society

Split of residential mortgages IFRS 9 staging and provisioning

	Prime mortgages[1]						Buy to let and legacy					
	04 Apr 21			04 Apr 22			04 Apr 21			04 Apr 22		
	Balance (£m)	Share of book (%)	Provision coverage (%)	Balance (£m)	Share of book (%)	Provision coverage (%)	Balance (£m)	Share of book (%)	Provision coverage (%)	Balance (£m)	Share of book (%)	Provision coverage (%)
Stage 1	143,500	96	0.01	146,786	95	<0.01	35,247	85	0.14	33,462	77	0.05
Stage 2	5,313	3	0.7	6,782	4	0.6	5,346	13	2.6	9,667	22	0.7
of which: >30 dpd	*202*			*190*			*136*			*105*		
Stage 3 and POCI	893	1	4.1	795	1	3.3	656	2	5.8	564	1	6.0
of which: >90 dpd or in possession	*388*			*335*			*352*			*261*		
Total	**149,706**		**0.06**	**154,363**		**0.05**	**41,249**		**0.54**	**43,693**		**0.26**

[1] This table excludes Fair Value through Profit or Loss (FVTPL) balances which totalled £64m as at 4 April 2022 (4 April 2021: £68m).

Nationwide Building Society

Strong credit ratings reflect prudent business model

Credit Ratings	Senior preferred	Short term	Senior Non-Preferred	Tier 2	AT1	Outlook	Latest update
Standard & Poor's[1]	A+	A-1	BBB+	BBB	BB+	Stable	January 2022
Moody's[2]	A1	P-1	Baa1	Baa2	Ba1	Stable	February 2022
Fitch[3]	A+	F1	A	BBB+	BBB-	Stable	January 2022

[1] S&P Global Ratings – Update: Nationwide Building Society 1 February 2022. [2] Moody's Investors Service – Credit Opinion 3 March 2022. [3] Fitch Ratings – Rating Report 25 February 2022.

Continued expansion and improvement of our Environmental, Social and Governance (ESG) ratings

ESG Ratings	Rating	Scale	Latest update
MSCI	A	AAA to CCC	October 2021[4]
V.E, part of Moody's ESG Solutions	57	0 to 100	January 2022[5]
ISS ESG	C+, Prime	A+ to D-	February 2022[6]
CDP ★	B	A to D-	December 2021
S&P Global Ratings ESG Evaluation ★	78	0 to 100	May 2022[7]

Nationwide is also rated by Sustainalytics, details can be found at sustainalytics.com

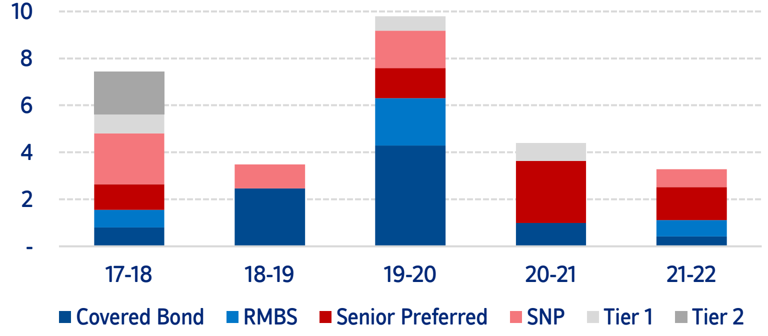
★ Indicates new rating for 2021/22

[4] The use by Nationwide of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Nationwide by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI. [5] www.vigeo-eiris.com [6] www.issgovernance.com/esg/ratings/ [7] ESG Evaluation: Nationwide Building Society | S&P Global Ratings (spglobal.com)

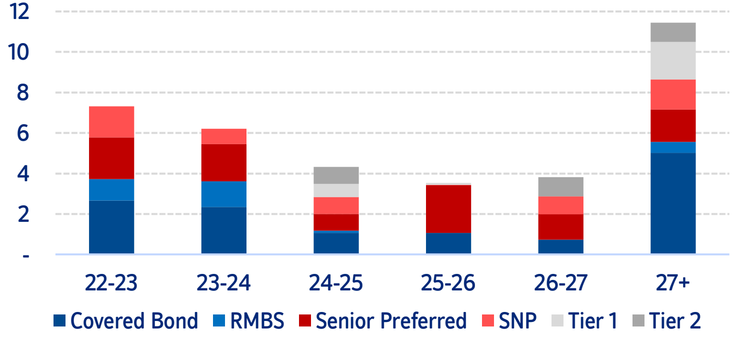
Nationwide Building Society

We continue to remain active in core term funding markets

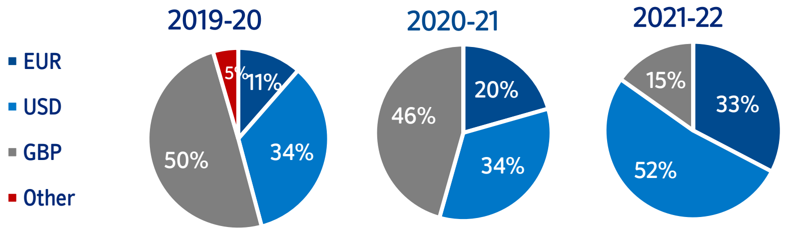
Public Issuance by Product [1] (£bn)



Long Term Wholesale Funding Maturities by FY [1, 2] (£bn)



Public Issuance by Currency



All figures are sterling equivalent. [1] Excludes TFSME. Tier 1 includes AT1 and CCDS. [2] Maturities are based on the assumption all calls are exercised at the first available call date. This is not an indication of future redemption and should not be interpreted in that way.

Glossary

Measure	Definition
Net satisfaction in core products (slides 2, 8, 28)	© Ipsos 2022, Financial Research Survey (FRS), for the 12 months ending 31 March 2013 to the 12 months ending 31 March 2022. Results based on a sample of around 48,000 adults (aged 16+). The survey contacts around 53,000 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 providers with more than 3.5% of the main current account market as of April 2021 - Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB. Prior to April 2017, those in our peer group were providers with more than 6% of the main current account market – Barclays, Halifax, HSBC, Lloyds Bank (Lloyds TSB prior to April 2015), NatWest and Santander.
Trust (slides 3, 28)	Source: Nationwide Brand Guidance Study compiled by Kantar, based on customer and non-customer responses for the 12 months ending March 2022. Financial brands included Nationwide, Barclays, The Co-operative Bank, First Direct, Halifax, HSBC, Lloyds Bank, NatWest, TSB, Santander, Monzo and Starling Bank.
Committed members (slide 8)	Committed members have their main personal current account with us, or a mortgage of at least £5,000, or at least £1,000 in savings accounts, plus at least one other product.
Member Financial Benefit (slide 2, 8, 24, 28)	Member financial benefit is quantified as our interest rate differential plus incentives and lower fees.
Calculation behind the number of financially squeezed and struggling members becoming regular savers (slide 5)	Targets and actual totals are calculated on a net growth basis. In calculating our measure, we first apply the CACI Fresco model's definition for the 'squeezed and struggling' segmentation to our own member database. A financially squeezed or struggling member is assessed as becoming a regular saver if, at any point since the target was first set in November 2020, that member has grown their overall savings balance in at least four months out of any six month period prior to the reporting date. Should savers not meet the defined balance growth criteria in future reporting periods, they are excluded.

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