nationwide

Strategic report

Extract from the Annual Report and Accounts 2025, pages 3 to 55

Strategic report

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

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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.

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.

Deborah A Crosbie

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

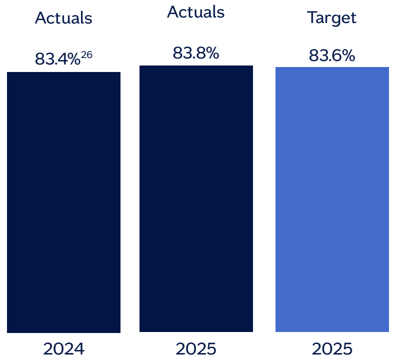
What does it measure?

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

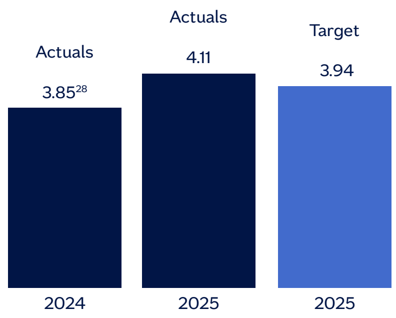
What does it measure?

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.

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?

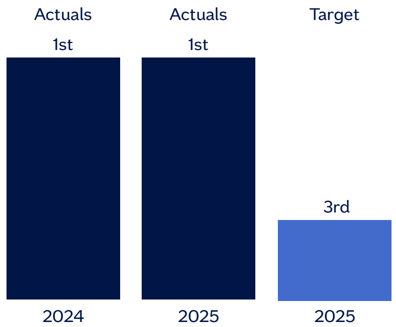
We measure the reputation of the Nationwide brand through an independent brand study, which asks consumers: "Which of the brands have you heard good things about?". Respondents are asked to rate the Nationwide brand and peer brands from a list[29].

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

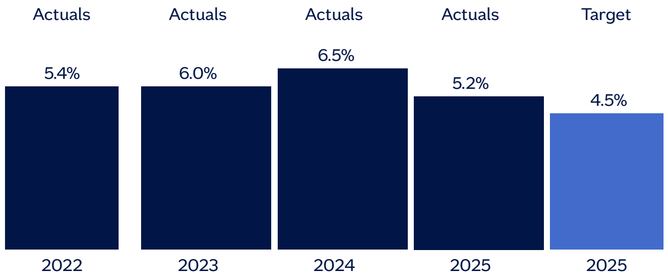
What does it measure?

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.	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).
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.	

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.

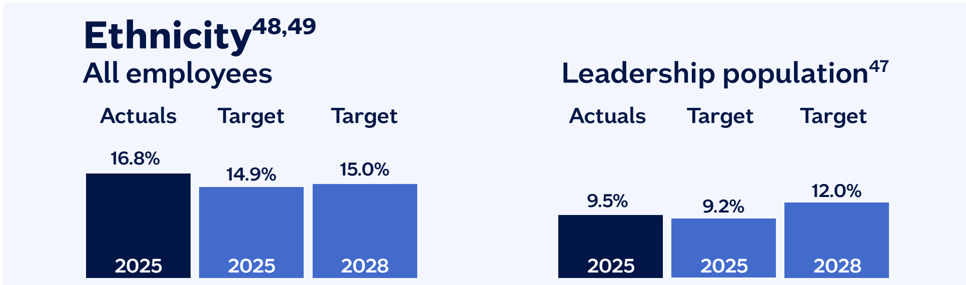
45 Set against a baseline of 1 April 2024.

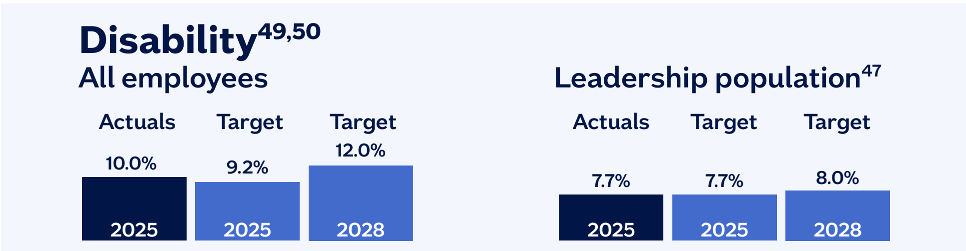
Beacon for mutual good (continued)

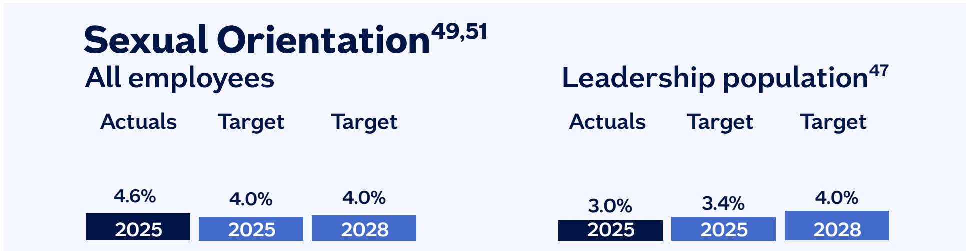
We will enhance our performance by better reflecting the diversity of our society.

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).







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	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.	
Environmental matters		
Human rights		
Economic crime and anti-corruption		

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

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$_2$e/y) EY	3,128	3,975[6]	5,673
Scope 2 – Electricity (tCO$_2$e/y) EY	18,165	19,383[6]	21,098
Total gross scope 1 and 2 emissions (tCO$_2$e/y) EY	21,293	23,358	26,771
Absolute carbon outturn – less PPA and green tariff electricity (tCO$_2$e/y)	3,128	3,975	5,673
Total carbon dioxide in tonnes per full time employee (tCO$_2$e/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$_2$e/y) EY	177,000	169,500[6]	230,000
Virgin Money sub-group total upstream scope 3 carbon emissions (tCO$_2$e/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$_2$e/y) EY	2,611,000	2,807,000	2,795,000
Nationwide sub-group LTV weighted carbon intensity using interpolated EPC data (kgCO$_2$e/m^2/y)	17.98	18.27	19.03
Virgin Money sub-group LTV weighted carbon emissions using extrapolated EPC data (tCO$_2$e/y) EY	529,000	574,000	617,000
Virgin Money sub-group LTV weighted carbon intensity using extrapolated EPC data (kgCO$_2$e/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$_2$e/y) EY	424,000	470,000	505,000
Agriculture physical LTV weighted carbon intensity (tCO$_2$e/y/£m revenue)	1,369	1,535	1,431
Oil and gas LTV weighted carbon emissions (tCO$_2$e/y)	84,000	140,000	87,000
Oil and gas economic LTV weighted carbon intensity (tCO$_2$e/y/£m lent)	606	1,059	1,115
Shipping LTV weighted carbon emissions (tCO$_2$e/y)	65,000	100,000	273,000
Shipping economic LTV weighted carbon intensity (tCO$_2$e/y/£m lent)	478	738	1,934
Surface transport LTV weighted carbon emissions (tCO$_2$e/y)	168,000	132,000	-[7]
Surface transport physical LTV weighted carbon intensity (gCO$_2$e/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$_2$e/y) EY	213,000	218,000	346,000
LTV weighted carbon intensity using interpolated EPC data (kgCO$_2$e/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$_2$e/y) EY	23,000	32,000	96,000
LTV weighted carbon intensity using proxy EPC data (kgCO$_2$e/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	

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	

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

174%

(2024: 191%)

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	2024 (note i)
	£m	£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	2024
	£m	£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.

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