Annual Report and Accounts 2026

nationwide

Welcome to our Annual Report and Accounts 2026

Contents

Strategic report

An overview of how we have done this year, our strategy and how we measure our performance.

What Nationwide has achieved this year 4
We are a modern mutual banking provider 5
Chairman's letter 6
Group Chief Executive Officer review 7
Measuring our 2025/26 performance 12
A focus on our colleagues 13
Section 172(1) statement 15
Our Mutual Good Commitments 21
Non-financial and sustainability information statement 22
Climate-related financial disclosure 23
Risk overview 26
Viability statement 29
Financial review 31

Governance

How we are governed, what items are discussed in our Board and Committee meetings and how we pay our directors.

Statement of compliance with the UK Corporate Governance Code 2024 40
Chairman's introduction 41
Your Board 42
Governance at Nationwide 46
Nomination and Governance Committee report 58
Audit Committee report 61
Board Risk Committee report 66
Report of the directors on remuneration 70
Directors' report 90

Risk report

Key risks that could affect our business performance and what we do to manage them.

Introduction 94
Managing risk 94
Principal risks and uncertainties 95
Credit risk 98
Liquidity and funding risk 140
Capital risk 154
Market risk 160
Pension risk 166
Business risk 168
Operational and conduct risk 169
Model risk 172

Financial statements

Our audited financial statements, related notes and independent auditor's report.

Independent auditor's report 174
Income statements 186
Statements of comprehensive income 187
Balance sheets 188
Statements of movements in members' interests and equity 189
Cash flow statements 191
Notes to the financial statements 192

Other information

Annual business statement 276
Country-by-country report 279
Alternative performance measures 280
Forward-looking statements 280
Glossary 280

Basis of reporting and comparatives

The year ended 31 March 2026 represents the period from 1 April 2025 to 31 March 2026 and includes a full year of Virgin Money results. The comparative period represents the 361-day period from 5 April 2024 to 31 March 2025 and includes six months of Virgin Money results from 1 October 2024, the date of acquisition.

Strategic report

What Nationwide has achieved this year Page 4

We are a modern mutual banking provider
Describes how we create value over the longer term. Page 5

Chairman's letter Page 6

Group Chief Executive Officer review
Sets out our delivery against our strategic drivers. Page 7

Measuring our 2025/26 performance
Outlines our performance in the year against our strategic key performance indicators. Page 12

A focus on our colleagues Page 13

Section 172(1) statement
Describes how our board engages and responds to stakeholders and key board decisions. Page 15

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

Our Mutual Good Commitments
Outlines our commitment to doing business in a way that positively impacts our customers, employees and communities. Page 21

Non-financial and sustainability information statement Page 22

Climate-related financial disclosure Page 23

Risk overview
Describes our approach to managing risks and our assessment of our top and emerging risks. Page 26

Viability statement Page 29

Financial review
Provides information on our financial performance and factors impacting our financial results. Page 31

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

Dame Debbie Crosbie DBE
20 May 2026

What Nationwide has achieved this year

Delivered significant value for members and leading service:

Delivered £1.8 billion in member value, including £0.4 billion in Nationwide Fairer Share payments, and £1.4 billion through member financial benefit

Our Nationwide brand remained first for customer satisfaction compared to our peer group for the 14th year running[1]

Extended our Branch Promise to 2030[2] and further improved our digital capability

Recognised as the best bank in the UK in Forbes' ranking of the World's Best Banks 2026

First for growth in mortgages and retail deposits in the UK, together with strong credit card and business deposit growth:

Market-leading[3] mortgage net lending of £10.3 billion
2025: £15.9 billion

Market-leading[3] retail deposit growth of £10.1 billion
2025: £67.3 billion[4]

UK's most switched-to current account provider

Credit card balances grew to £8.1 billion
2025: £7.8 billion

Total number of business current accounts grew by 11%, and business deposit balances increased by 8%

Excellent financial performance:

£2,026 million underlying profit before tax[5]
2025: £1,852 million

£1,490 million statutory profit before tax[5]
2025: £2,302 million

5.3% leverage ratio and 19.1% CET1 ratio, both above regulatory requirements
2025: 5.2% and 19.1%

Had a positive impact in communities:

Committed £21.8 million to charitable activities
2025: £18.7 million

Helped 200,000 people through our Fairer Futures social impact strategy since its launch in June 2024

1 © Ipsos 2026, Financial Research Survey (FRS), for the 12 months ended 31 March 2013 to the 12 months ended 31 March 2026. For more information, see footnote 15 on page 8.
2 All our 605 Nationwide branches and 91 Virgin Money branches will remain open until at least 1 January 2030. Opening hours may vary. More information can be found on nationwide.co.uk/about-us/branch-promise/
3 Peer group includes Barclays, HSBC UK, Lloyds Banking Group, NatWest Group and Santander UK. Peer group for personal current account balances excludes HSBC UK due to data not being available.
4 The 2025 comparator included £52.8 billion of acquired Virgin Money balances
5 The majority of the difference between underlying and statutory profit before tax relates to the Nationwide Fairer Share payment of £0.4 billion distributed in June 2025. There were a number of significant one-off items that impacted statutory profit before tax in 2024/25, including the £2.3 billion gain on the acquisition of Virgin Money on 1 October 2024. More information can be found on page 33.

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 society.

Our purpose

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

Our business

As a mutual, the value we create is used to benefit our members as owners – who are customers with a personal current account, savings or mortgage with us. Certain business accounts also qualify for membership. We do not have to use our profits to pay dividends to shareholders, enabling us to grow our business, and balance:

- **Sharing our success with our members**
  Through Nationwide Fairer Share payments, our leading service and products which, on average, are better-priced than the market average.
- **With our need to keep sufficient profit**
  To remain financially strong.

We also commit at least 1% of our pre-tax profits each year to fund charitable activities in communities across the UK.

We provide banking products and services to our customers, helping them with:

Managing everyday finances
More than one in nine[6] of the UK's current accounts are held with us.

Saving for the future
We are the UK's largest[7] retail deposit taker.

Owning a home
We are the UK's second[7] largest residential mortgage provider, which includes helping first time buyers into homes. We also provide buy to let mortgages to landlords, primarily through The Mortgage Works.

Business banking and borrowing
For small to medium-sized enterprises and larger businesses, as well as registered social landlords.

Other borrowing needs
Through credit cards and personal loans.

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 achieve our purpose. They are:

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

For more information on how we have delivered against our strategic drivers, see pages 8 to 11.

6 CACI's Current Account and Savings Database, Stock (February 2026).
7 Based on internal analysis of company financial reports.

A letter from

Kevin Parry OBE

Chairman

As I reflect on my tenure on Nationwide's Board, I am proud of the phenomenal progress the Society has made on behalf of our members.

Over the last decade, we have grown our membership from 15 million to 19 million, our annual member value from £0.4 billion to £1.8 billion and our annual contribution to charitable activities from £4 million to over £21 million.

This year, we once again demonstrated the value of mutuality with our third Fairer Share payment. The £0.4 billion distributed to members this year brought the total to over £1.7 billion given in member rewards since 2023. I am pleased to confirm that we will make our fourth Fairer Share payment to eligible members in June 2026. I am particularly delighted when entire families bank with us and each family member is eligible to receive a Fairer Share payment.

Sharing our profits with our members has become even more important in the current challenging economic climate, and we remain committed to supporting our members through times of uncertainty.

It is at times like these that our comprehensive engagement with members comes into its own. All members of the Nationwide Board are also members of the Society. We all value feedback from fellow members to ensure that our decision-making considers a wide range of views that are representative of the breadth of our member base.

This year, the Board held regular Closer to Customer focus groups to hear directly from our customers, and received updates from our online research community, Member Voice, and our customer experience surveys. The Board directors and I also appreciated hearing comments directly from members in branches and at the AGM in July 2025, where we responded to their questions. That AGM had the highest member attendance in over a decade, and our online format has reversed many years of declining attendance.

From all of this engagement, we gained a clear understanding of how important our branches and banking apps are to customers. In response, we extended our Branch Promise while always improving the digital experience for our customers.

I am pleased that we continue to make a positive impact in our communities. We committed over £21 million to charitable activities, primarily through our four Fairer Futures charity partnerships. With our partners, we have helped over 200,000 people since June 2024. Our dementia clinics saw strong demand, and we have now booked 6,000 clinics run by specialist nurses in around 250 branches. It has also been heartening to see our colleagues actively taking part in charitable activities, helping to raise funds and awareness for youth homelessness, family poverty, dementia care, cancer research, and mental health.

We simplified our governance this year, with the move to have the same Board members across our Nationwide, Virgin Money and Clydesdale Bank Boards, making our decision making more streamlined.

The Governance report on page 41 sets out the key changes to the Board during the year, including the new Group Governance Framework.

It has been a privilege to serve as your Chairman for the past four years. I will step down as Chairman following the AGM, and I will hand over the role to Mike Rogers, subject to his election at the AGM. The Society is well positioned following the acquisition of Virgin Money and the transfer of the vast majority of its business to Nationwide. I will leave the Society in good hands, confident in the knowledge that it is now one of the UK's leading financial services firms and the country's standout mutual business.

This will be my last AGM as your Chairman, and I would like to thank members for their support of the Board over the past four years. As a member, I look forward to the continued success of Nationwide in serving you with dedication to value and service.

Kevin Parry OBE
Chairman

Reflections on 2025/26 from

Dame Debbie Crosbie DBE

Group Chief Executive Officer

We have had another excellent year. Our members shared in our success as we delivered £1.8 billion in value to them, through Nationwide Fairer Share payments and from better pricing than the market average.

We continued to prioritise customer experience and value. Once again, Nationwide's customer satisfaction lead over peers increased further compared to last year[8]. Our investment in Virgin Money's customer channels has also resulted in improved service and satisfaction levels.

We provide customers with choice in how they bank with us. We extended our Branch Promise until 2030 and further improved our banking apps, making it easy for customers to bank with us across our channels. Our personal current account openings increased across all customer channels, with over one million accounts opened, and we were responsible for over 50% of all branch-based product openings in the UK[9].

We also remain focused on strengthening our systems and culture with innovative technology, to make sure our customers can trust us to look after their banking needs safely.

We were number one for growth in mortgages, retail deposits and personal current accounts[10]. We achieved our best ever growth in business current accounts through the Virgin Money brand, and introduced these products to Nationwide customers for the first time. We were also delighted that Virgin Money was named Best Credit Card Provider by Your Money for the second year running.

We attracted even more young customers and welcomed a record number of students, gaining over 40% of all student current account openings across the market[11]. We also helped 88,000 first time buyers into homes.

These accomplishments led to another strong financial performance, with underlying profit before tax of £2.0 billion and statutory profit before tax of £1.5 billion[12]. We achieved all of our key performance indicator targets for 2025/26, as reported on page 12.

We became a funding partner of the Invest in Women Taskforce, committing £25 million. This will help businesses led by women or mixed-gender teams to scale and succeed in line with our pursuit of a fairer, more inclusive financial system that supports economic growth.

This year, Nationwide was recognised as the best bank in the UK in Forbes' ranking of the World's Best Banks 2026. We also secured Gold in the Retail Banking Sector in Britain's Most Admired Companies 2025[13], reinforcing our position as one of the UK's most trusted and respected organisations.

Since year end, in April 2026, we completed the legal transfer of the majority of Virgin Money's business to Nationwide, with eligible Virgin Money account holders becoming members of the Society[14]. This was a significant milestone towards our integration of the two businesses. It positions us well for future activity to bring together our systems and processes safely and efficiently, whilst remaining focused on managing risks and serving the needs of all our customers.

I would like to thank our colleagues for their commitment and contribution to making this another highly successful year. We will continue to build momentum, invest in customer experience, and demonstrate the positive impact we make for customers, communities and businesses, as we deliver on our purpose: Banking – but fairer, more rewarding, and for the good of society.

Dame Debbie Crosbie DBE
Group Chief Executive Officer

8 © Ipsos 2026, Financial Research Survey (FRS), for the 12 months ended 31 March 2013 to the 12 months ended 31 March 2026. For more information, see footnote 15 on page 8.
9 Based on internal data sources and Curinos eBenchmarkers multi-channel analysis, April 2025 to February 2026. Includes sales of retail banking products including current accounts, savings, credit cards, unsecured loans and home insurance. Peer group includes Bank of Scotland, Barclays, First Direct, Halifax, HSBC, Lloyds, Metro Bank, NatWest, RBS, Santander and TSB.
10 Peer group includes Barclays, HSBC UK, Lloyds Banking Group, NatWest Group and Santander UK. Peer group for personal current account balances excludes HSBC UK due to data not being available.
11 Based on Curinos eBenchmarkers comparison of financial services providers and Nationwide analysis, April 2025 to February 2026.
12 The majority of the difference between underlying and statutory profit before tax relates to the Nationwide Fairer Share payment of £0.4 billion distributed in June 2025. More information can be found on page 33.
13 Provided by Echo Research.
14 Further information on Virgin Money customers joining Nationwide as members is available at virginmoney.com/nationwide-membership/

Simply brilliant experience

Delivering a **personal and easy banking experience**, from start to finish. We aim to combine a seamless mobile banking experience with modern branches that offer personalised and trusted support.

We provide customers with great value products, choice in the way they bank with us, and service excellence.

We delivered leading levels of service through our Nationwide brand, remaining number one for customer satisfaction among our peer group for the 14th year running[15].

Our Nationwide brand also remained first for branch service in the Competition and Markets Authority's (CMA) Personal Banking Service Quality Survey in both Great Britain and Northern Ireland. Virgin Money improved to seventh in Great Britain, its highest branch service score in four years[16]. In the Business Banking Service Quality Survey, Virgin Money improved to third place for branch service in Great Britain[17].

Investing in our mobile banking apps

There were more than 2.6 billion log-ins to our banking apps last year, an increase of 9%.

We further improved our banking apps, giving customers greater control and a simpler, more secure banking experience. We improved personalisation, enabled customers calling Nationwide to identify themselves using the banking app, and added a new digital hub with tools to support customers, including a Better Off Indicator to help customers understand what government benefits they might be eligible for. Our apps increasingly mirror our in-branch experience, providing everyday banking services as well as non-banking services such as charitable giving.

We will continue to add features and functionality to our apps that improve our customers' experience.

Extending our Branch Promise

Branches remain important to our customers, and so we extended our Branch Promise – to keep every one of our branches open until at least the start of 2030[18]. Nationwide has the UK's largest single-brand branch network, and won Branch Network of the Year at the 2026 Moneyfactscompare.co.uk Awards for the fourth year running. Last year, we invested over £23 million in upgrading around 120 branches across the Group.

Over 50% of all branch sales of retail banking products in the UK were through a Nationwide or Virgin Money branch[19]. Around a third of our current accounts and a fifth of our savings accounts were opened in one of our branches last year.

Providing customers with a channel of choice

As well as using our banking apps and branches, customers can reach us through our telephone and internet banking channels and online chats. Our investment in Virgin Money's customer channels has resulted in improved answer rates and wait times across its call centre and online chat channels.

Our business customers also benefitted from improvements to our new online chat platform, which now provides 24/7 availability through our virtual assistant, and the ability to connect with our colleagues seven days a week.

Protecting customers from fraud and scams

We protected customers across the Group from £225 million of fraud this year, including through Nationwide's Scam Checker Service, used by more than 900,000 people. We also launched Call Checker in our app, so customers can identify that their calls with Nationwide are genuine. Our dedicated Nationwide fraud telephony team assisted customers who were impacted by fraud. We continued to build awareness of scams, through scam warnings in our apps, online education and fraud awareness campaigns.

15 Nationwide brand lead as at March 2026: 8.0%pts, March 2025: 7.5%pts, March 2024: 5.5%pts, all are significantly larger (based on a 95% confidence level) than the next best peer since March 2013. © Ipsos 2026, Financial Research Survey (FRS), for the 12 months ended 31 March 2013 to the 12 months ended 31 March 2026. The survey contacts 50,000 adults in Great Britain. Interviews were face to face, by phone and online, weighted to the profile of the population. The results are based on a sample of around 13,000 Nationwide customers and around 65,000 peer group customers with a main current account, mortgage or savings, and reflect the percentage of extremely and very satisfied customers minus any dissatisfied customers. The peer group consists of Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB. Prior to April 2017, Lloyds and TSB were combined as Lloyds TSB.

16 According to an independent phone survey of 17,051 customers (aged 16+) of the 17 largest personal current account providers in Great Britain, and 6,018 customers (aged 16+) of the 12 largest personal current account providers in Northern Ireland, between January 2025 and December 2025, run by Ipsos. Learn more at Ipsos.uk/personal-banking-service-quality.

17 According to an independent survey carried out between January 2025 and December 2025, run by BVA BDRC (now part of Ipsos). Based on a sample of 20,450 SME customers with business current accounts across 17 business current account providers. Learn more at Ipsos.com/en-uk/business-banking-service-quality-great-britain

18 All our 605 Nationwide branches and 91 Virgin Money branches will remain open until at least 1 January 2030. Opening hours may vary. More information can be found on nationwide.co.uk/about-us/branch-promise/

19 Based on internal data sources and Curinos eBenchmarkers multi-channel analysis, April 2025 to February 2026. Includes sales of retail banking products including current accounts, savings, credit cards, unsecured loans and home insurance. Peer group includes Bank of Scotland, Barclays, First Direct, Halifax, HSBC, Lloyds, Metro Bank, NatWest, RBS, Santander, and TSB.

More rewarding relationships

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

We delivered £1.8 billion (2025: £2.8 billion) in value to our members. This included member financial benefit of £1.4 billion (2025: £1.8 billion) from better pricing and incentives than the market average, primarily relating to our member deposits where rates were, on average, 28% higher than the market average. It also included £0.4 billion (2025: £0.4 billion) in Fairer Share payments distributed to eligible members in June 2025. The prior year included the one-off Big Nationwide Thank You member payment of £0.6 billion[20]. The overall lower member value compared to last year also reflected the lower interest rate environment which reduced the gap between our higher average rates compared to the market.

We aim to deepen relationships through the valuable products we offer.

Supporting our customers' banking needs

We provide more than one in nine (2025: one in nine)[21] current accounts and there were more net gains in current accounts to the Nationwide group than to the rest of the market combined[22]. This was supported by the success of our current account switcher incentive[23]. Nationwide won Current Account Switching Provider of the Year at the 2026 Moneyfactscompare.co.uk Awards.

We attracted a record 90,000 (2025: 46,000) students with our competitive FlexStudent account, gaining a 43% (2025: 27%) share of new student current accounts opened across the market[24].

We also achieved market-leading[25] growth in retail customer deposits of £10.1 billion and maintained our market share of balances at 12.2% (2025: 12.2%) despite a competitive market backdrop. We offered attractive rates on savings products, including our Flex Regular Saver and Member Exclusive Bond.

Helping people into homes

Our share of total mortgage balances increased to 16.3% (2025: 16.2%), with market-leading[25] net lending of £10.3 billion (2025: £15.9 billion). Our Nationwide brand had the best retention rate of our peer group for customers at deal maturity[26].

We helped secure a regulatory change that enabled us to increase our proportion of high loan-to-income lending in a responsible way. We continue to prioritise high loan-to-income lending to first time buyers, and used this change to reduce the minimum income thresholds on our Helping Hand mortgages. Across our Nationwide-branded mortgages, we increased loan-to-value maximums for new build houses and flats, and relaunched interest-only mortgages with a wider range of repayment strategies for customers who meet eligibility criteria.

In total across the Group, we helped 88,000 (2025: 120,000) first time buyers into a home of their own. There was a 140% increase in loans to those borrowing at or above 5.5x income, mostly through Helping Hand mortgages.

Our Nationwide brand is the only Which? Recommended Provider for mortgages.

We are the UK's largest buy to let lender, with a 19.3% (2025: 19.8%) share of total buy to let balances.

Supporting businesses' banking needs

Business deposit balances grew to £22.8 billion (2025: £21.1 billion), one of the strongest growth rates in the market. Business customers benefitted from £6.9 million in cashback through their business current accounts and credit cards. We also introduced Nationwide customers to Virgin Money business current accounts.

Business lending balances decreased slightly to £14.9 billion (2025: £15.1 billion) in an increasingly competitive market. We aim to grow our business lending balances, and will do so in a sustainable way.

We delivered £1.3 billion (2025: £0.8 billion) of lending to social housing, which included new lending and the refinancing of existing facilities.

Assisting with customers' borrowing requirements

Consumer lending balances (personal loans, credit cards and current account overdraft balances) increased to £11.6 billion (2025: £11.1 billion), primarily in credit cards. We now have a 10.3% (2025: 10.7%) share of the UK's credit card market, and Virgin Money won Best Credit Card Provider at the YourMoney.com Personal Finance Awards 2026. We also grew new personal loan lending by 32% compared to the previous year.

20 The Big Nationwide Thank You one-off payment rewarded Nationwide members whose membership supported our financial strength and enabled the acquisition of Virgin Money. More information can be found on page 35.
21 CACI's Current Account and Savings Database, Stock (February 2026 and February 2025).
22 Pay.UK quarterly Current Account Switch Service data, nine months to December 2025, gross and net gains across the Nationwide group, based on the latest available data.
23 Our Nationwide current account switcher incentive enabled customers to earn cashback, provided they completed a full switch to a Nationwide current account, using the Current Account Switch Service.
24 Based on Curinos eBenchmarkers comparison of financial services providers and Nationwide analysis, April 2025 to February 2026.
25 Peer group includes Barclays, HSBC UK, Lloyds Banking Group, NatWest Group and Santander UK. Peer group for personal current account balances excludes HSBC UK due to data not being available.
26 Based on Curinos eBenchmarkers comparison of lenders and Nationwide analysis of maturing assets between May 2025 and July 2025, based on latest available data. Residential mortgages, percentage not redeeming, based on status three months post-maturity.

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 **drive positive change and fairer practices in banking**, and support charitable causes aligned with our purpose.

In 2025/26, we committed £21.8 million[27] (2025: £18.7 million) to charitable activities as part of the 1% of pre-tax profits that we commit to good causes each year. This primarily contributed towards our Nationwide Fairer Futures social impact strategy. It also included commitments to the Nationwide and Virgin Money Foundations, and the internal costs of managing our social impact activity.

Our Nationwide Fairer Futures social impact strategy

Through Fairer Futures, we are helping to tackle four of the biggest issues we see in society today – youth homelessness, families living in poverty, the challenges faced by those living with dementia, and those impacted by cancer. We have partnered with four charities: Centrepoint, Action for Children, Dementia UK and The Royal Marsden Cancer Charity, to help us make a meaningful difference.

Together with our charity partners, we have supported over 200,000 people since the launch of Fairer Futures in June 2024. This includes:

- Providing 4,700 young people experiencing homelessness with a safe space to rebuild their lives. Our funding enables Centrepoint to create and improve homes for young people to live independently, and to provide deposits to help them move from supported accommodation into the private rented sector.
- Helping 140,000 children and parents experiencing poverty and financial hardship. Our funding for Action for Children provided families with emergency funds for food, bills, clothing and other essentials, and we funded Family Clubs in around 50 locations across the UK, providing families with help and advice.
- Supporting 55,000 people living with dementia and their carers. We are funding 30 Dementia UK Admiral Nurses, and have booked over 6,000 dementia clinics in around 250 of our branches, offering free, specialist support and advice to those impacted by dementia. This year, we also launched dementia training to our customer-facing colleagues.

In addition, our partnership with The Royal Marsden Cancer Charity is funding over 30 specialist research staff who work on around 120 clinical trials that aim to achieve breakthroughs in cancer treatment.

Our Fairer Futures activity is complemented by additional charitable activity delivered by our branches to support local causes in communities across the UK.

The Nationwide and Virgin Money Foundations

As part of our £21.8 million commitment, we donated £2.7 million to the Nationwide Foundation and £1.6 million to the Virgin Money Foundation, both of which are independent charities.

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.

The Virgin Money Foundation supports positive lasting change in local communities. It currently funds local charities and schools to tackle digital poverty, and trains Virgin Money colleagues to volunteer as digital champions with local organisations, to assist people in becoming more digitally confident.

More information can be found on their websites[28].

Financial and digital inclusion

We aim to remove the barriers that exclude people from accessing financial products and services. As well as activities supported by the Virgin Money Foundation, we provided digital lessons to more than 7,000 attendees, and distributed more than 3,000 free, data-loaded mobile SIM cards through our Virgin Money branches, enabling internet access for those impacted by data poverty.

We also assisted over 215,000 children in building financial confidence, through Money Lessons and our Make £5 Grow programme.

In addition, we became a funding partner to the Invest in Women Taskforce, committing to invest £25 million over a number of years, to support a more inclusive financial system, through helping female, and mixed gender-led businesses to secure the funding they need to grow and develop their businesses.

Supporting better mental health

This year, our colleagues raised over £400,000 for mental health charities Mind and SAMH, twice our ambition of £200,000.

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 2026[29].

27 Our charitable commitment of at least 1% of pre-tax profits is based on average profits over the previous three years. Our commitment of £21.8 million included £12.3 million of charitable donations, £2.9 million to deliver charitable and community activity, and £2.3 million relating to operational costs to support such activity. It also included donations of £2.7 million to the Nationwide Foundation and £1.6 million to the Virgin Money Foundation.
28 nationwidefoundation.org.uk and virginmoneyfoundation.org.uk
29 nationwide.co.uk/investor-relations/#responsible-business

Simplify, integrate and grow

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

Our financial strength enables us to progress our strategy. Our financial performance in 2025/26 was strong; we delivered underlying profit before tax of £2,026 million (2025: £1,852 million) and statutory profit before tax of £1,490 million[30] (2025: £2,302 million). There were a number of significant one-off items that impacted statutory profit before tax in 2024/25, including the £2.3 billion gain on the acquisition of Virgin Money on 1 October 2024. More information can be found on page 33. Our leverage ratio and Common Equity Tier 1 (CET1) ratio were 5.3% (2025: 5.2%) and 19.1% (2025: 19.1%) respectively.

Modernising our systems and strengthening operational resilience

Our new systems and technology are transforming our business into a simpler, faster and more resilient organisation, that delivers more for customers through better experiences and outcomes, while future-proofing us for the long term.

Nationwide now operates a modern core banking platform, making us among the most modern, large-scale organisations in UK financial services. This year, we completed our multi-year migration of 18 million Nationwide-branded savings accounts from a legacy system onto our new, advanced platform.

We are also providing a more seamless payments experience for Nationwide customers, having implemented the UK's first dual-cloud payments system. All Faster Payments with Nationwide now run across two cloud platforms, reducing reliance on a single platform and ensuring we can provide a faster, more resilient and uninterrupted payments service for our customers.

Our modern banking platforms strengthen our digital capabilities and are enabling us to deliver digital innovation quicker than ever before, to provide even better customer experiences. For example, we became the first UK lender to allow mortgage deeds to be signed electronically using a Qualified Electronic Signature, helping to speed up Nationwide's home buying process. We significantly reduced the time taken to process bereavements, and reformed our buy to let application process, approximately halving the application-to-offer period.

In addition, we upgraded the customer-facing system used by our Nationwide colleagues, helping us to serve customers more seamlessly across channels and delivering faster resolutions and better customer outcomes.

We continued to invest in making our business even safer and stronger, and Nationwide became the first organisation globally to adopt the Microsoft Sentinel data lake security platform. This further enhances the security of our systems and keeps our customers safer, by enabling us to more efficiently manage artificial intelligence (AI)-driven security threats across Nationwide.

Our technology transformation is allowing us to accelerate our AI capabilities in a responsible way, for the benefit of customers and colleagues. We already have an increasing number of AI-enabled processes live across the Group, including its use in fraud detection, supporting customer communications, quality assurance, banking app personalisation, Chatbot capability and creating real-time actionable insights that improve service, including reducing call wait times. We rolled out Microsoft Copilot to benefit colleagues, so we can work efficiently and improve our service for customers. Our modern foundations are also enabling us to accelerate AI adoption, for example in automating workflow and implementing more automated, agentic AI solutions.

Progressing our integration plans

Following our acquisition of Virgin Money on 1 October 2024, last year we completed our strategic review of the Virgin Money business. We subsequently took steps to simplify the business, including moving to a single Group leadership and governance structure, and the sale of Virgin Money's investments and pensions subsidiary.

We completed the legal transfer of the majority of Virgin Money's business to Nationwide on 2 April 2026. This included the legal transfer of approximately 6.8 million customers.

As a result, Virgin Money customers with a personal current account, savings or mortgage became members of Nationwide on this date[31]. Eligible members will now qualify for member-exclusive products, and from 2027 they will qualify for the Fairer Share payment.

Our employees are now all employed by Nationwide Building Society, with a shared purpose and strategy, and a single set of HR policies, making how we run our business as a whole more consistent.

The completion of the transfer is allowing us to progress the integration of Virgin Money's systems and processes more safely and efficiently than would otherwise have been the case. We are preparing to commence customer migration to the Nationwide brand and aim to materially complete this between 2028 and 2029. This will further support our ambition to grow the combined Group over the coming years.

30 The majority of the difference between underlying and statutory profit before tax relates to the Nationwide Fairer Share payment of £0.4 billion distributed in June 2025. More information can be found on page 33.
31 Further information on Virgin Money customers joining Nationwide as members is available at virginmoney.com/nationwide-membership/

Measuring our 2025/26 performance

Our key performance indicators are linked to each of our four strategic drivers and help us to track the effective delivery of our strategy. For 2025/26, the leverage ratio is reported on a Group basis, whilst all other measures are reported in relation to the Nationwide brand and products only. In 2026/27, we will update our key performance indicators, as appropriate, to more closely align with our Group strategic objectives as integration progresses.

Simply brilliant experience

Customer experience score

Our customer experience score of 89.9 was above our target of 89.2[32].

Customers were particularly satisfied with both the service received from colleagues in Nationwide's branches, and their experiences of using our mobile banking app. Enhancements made to our banking app through the year further supported their banking experience (see page 8).

More rewarding relationships

Engaged customers (millions)

We had 4.40 million engaged customers[33], which was above our 4.31 million target for 2025/26.

Growth was underpinned by the strength of our competitive products and propositions, including our current account switching incentive and Flex Regular Saver, as well as our ISA products and competitive FlexStudent account.

Beacon for mutual good

Heard good things about (ranked position)

Nationwide ranked first among its peer group when rated by non-customers as to which brands they had 'heard good things about'[34]. This was above our target of at least second place. We achieved our highest-ever lead among peers.

This was a reflection of our broader reputation and the positive impact we are making for customers, communities and society (see page 10). Our advertising campaigns and signature brand propositions such as our Fairer Share payments and Branch Promise have had a positive impact.

Simplify, integrate and grow

Leverage ratio (%)

Our leverage ratio increased to 5.3% and remains above regulatory requirements.

Our leverage ratio demonstrates our financial strength and 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 39.

32 Our customer experience score measure is based on the satisfaction score customers of Nationwide-branded products provided when they completed our survey after they interacted with us. The calculation weights the aggregated scores across channels (branches, telephone and digital channels (banking app, internet bank and webchat)) to reflect the way customers interact with us. The score is based on the 12 months ended 31 March 2026. Our customer experience score was revised to an index methodology for the 12 months ended 31 March 2026. Scores for prior years have been restated to allow for direct comparison.

33 The 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 personal current account, plus either at least £100 in Nationwide-branded personal savings, or a Nationwide-branded residential mortgage of at least £100.

34 Based on a study conducted by an international market research company commissioned by Nationwide, which asks consumers: "Which of the brands have you heard good things about?". Respondents are asked to rate the Nationwide brand and its peer brands from a list. Performance is based on non-customer responses for the 12 months ended March 2026. Financial brands included are Nationwide, Barclays, Chase, Co-operative Bank, First Direct, Halifax, HSBC, Lloyds, Monzo, NatWest, Santander, Starling Bank, TSB and Virgin Money.

A focus on our colleagues

Delivering a consistent experience for colleagues

Last year, we developed a Group purpose, strategy and set of behaviours that all colleagues could unite behind, putting customers at the heart of everything we do. We are investing in our people and unlocking our combined potential in delivering against our Blueprint for a Modern Mutual.

On 2 April 2026, alongside the legal transfer of the majority of Virgin Money's business to Nationwide, all Virgin Money colleagues became employed by Nationwide – a significant cultural milestone which strengthens our collective identity.

We have already started to create a consistent colleague experience across the Group in consultation with our unions, including aligning our approach to performance management, variable pay, and terms and conditions. We also introduced a new reward and grading framework, all of which became effective from April 2026. These will be important steps in attracting and retaining our purpose-driven, high-performing talent. We will further build on this progress.

Investing in our people

Over 1,000 Nationwide people managers and senior leaders have completed our award-winning leadership programmes, which focus on building inclusive, high-performing teams and developing future-ready skills. From February 2026, we extended these programmes to include Virgin Money colleagues.

One of our programmes, the People Manager Programme, received the Princess Royal Training Award and the highest benchmark of City & Guilds ILM Assured status, testament to our investment in development programmes.

Developing our inclusive culture

We are committed to creating an inclusive culture where everyone can thrive and have fair access to opportunities. We also want our workforce to reflect better the diversity of our society. Having a diverse range of perspectives, skills and experiences helps us understand better our customers' needs and challenge assumptions, so we can design products that work for more people and deliver leading levels of service.

Over the year, we further embedded inclusive practices and initiatives into our colleague processes and experiences, including recruitment, onboarding, and performance and talent frameworks, and simplified our workplace adjustments process to better support colleagues to perform in their roles.

We continued to create access to opportunities through early careers, building a diverse pipeline for the future by expanding our internships, scholarships, and skills development programmes. Around 240 colleagues joined our early career programmes over the year, forming our largest ever intake.

Our policy is to ensure fair access to training, career development, and progression for all colleagues. We actively support disabled colleagues and colleagues with long-term conditions through workplace adjustments and inclusive policies, helping everyone to perform at their best. This includes making adjustments, wherever possible, or exploring suitable alternative roles to best support colleagues who become disabled during their employment with us. As part of our inclusive hiring practices, we provide prospective colleagues with access to adjustments and personalised support. We are recognised as a Disability Confident Leader by the Government's Department for Work and Pensions.

We work closely with our employee network groups to learn from lived experiences, build a supportive community and strengthen inclusion and belonging. We design our workplaces with accessibility in mind and continually listen to feedback to help make improvements in line with our ambition to be a truly inclusive employer.

Listening to our colleagues

In our latest colleague pulse survey[35], around 21,700 (81%) colleagues shared their thoughts and experiences on what it is like to work at Nationwide. Our Colleague Index, a measure of colleague sentiment, remains strong at 83%, outperforming the financial services benchmark by 8%. In our annual colleague culture survey[36], which takes a deeper look at how connected colleagues are to our purpose, 93% of colleagues were positive about Nationwide delivering good outcomes for customers, 7% higher than the benchmark for other financial services organisations.

35 Results reflect Colleague Pulse Survey in January 2026.
36 Results reflect Colleague Culture Survey in September 2025.

Our diversity measures

Our Board is committed to progressing our inclusion and diversity approach, and our senior leaders are also accountable for driving our inclusive culture.

In the coming year, we will set out a single Group inclusion and diversity strategy, unifying our shared commitment to creating a clear, consistent approach to building a fair and inclusive organisation. More information will be available in our Environmental, Social and Governance (ESG) Disclosures, to be published in July 2026. Our ESG Disclosures will also share progress against our Mutual Good Commitment diversity measures (more information on our Mutual Good Commitments can be found on page 21).

We also report on a set of statutory diversity metrics. These are shown in the table opposite and reflect the diversity of employees directly employed by the Group, based on headcount and not full-time equivalent (FTE) numbers.

Across these metrics, we have seen an increase in the proportion of ethnically diverse and disabled colleagues, while the representation of female colleagues has decreased when compared to 2025 data. We continue to implement a range of strategic actions to foster an inclusive culture and support diverse representation across our business.

Our latest gender and ethnicity pay gaps report can be found on our website[37].

	All employees	**Senior managers** (note i)
2026		
Gender (note ii)	58.6% 15,742 females	37.5% 51 females
Ethnicity (note iii, iv)	14.7%	6.6%
Disability (note iv, v)	9.1%	
2025		
Gender (note ii)	59.1% 15,460 females	41.9% 75 females
Ethnicity (note iii, iv)	13.6%	5.6%
Disability (note iv, v)	8.3%	

Notes

i. 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.
ii. Gender – Figures reflect female representation. Gender is as recorded in our HR systems.
iii. Ethnicity – Figures reflect Black, Asian, mixed and other. Excluded from the calculation are white majority and minority
iv. 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.
v. Disability – Figures reflect those identifying as disabled or as having a long-term health condition.

37 Pay gaps at Nationwide: nationwide.co.uk/about-us/inclusion-and-diversity/pay-gaps. Pay gaps at Virgin Money: virginmoneyukplc.com/our-people/diversity-and-inclusion/gender/

Section 172(1) statement

Section 172(1), Companies Act 2006

Pages 15 to 20 set out our Section 172(1) statement for the purposes of the Companies Act 2006, describing how the directors have regard to:

(a) the likely consequences of any decision in the long term;

(b) the interests of our employees;

(c) the need to foster the Group's business relationships with its suppliers, customers and others;

(d) the impact of the Group's operations on the community and the environment;

(e) the desirability of the Group maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly between the Group's members.

How does section 172(1) apply to the Board?

The Board is the ultimate decision-making authority of the Group. Our directors are subject to the requirements of the Companies Act in respect of Group entities, including Virgin Money UK PLC and Clydesdale Bank PLC, which are limited companies incorporated under the Companies Act. Although Nationwide, as a building society, is not subject to the Companies Act, the Board has always sought to apply its requirements to Group-wide matters where appropriate.

Who are our key stakeholders?

The Group's key stakeholder groups are its members and customers, colleagues, communities, regulators and policymakers, investors and ratings agencies, and suppliers.

Why does the Board consider stakeholders important?

The Board recognises the importance of listening to and engaging with our stakeholders to enhance its understanding of their views and interests. This supports the Board's discussions and decision making, and ensures that the business is operated in a balanced and responsible way. More information on the Board's engagement with stakeholders can be found on pages 16 to 18.

How are the impacts of key stakeholders considered in the boardroom?

The Board considers the need to uphold the highest standards of business conduct and carefully assesses how each of its decisions may affect the Group's key stakeholders – from our members and customers to our employees, wider communities and the environment. The importance of recognising and responding to the needs of our stakeholders at Board level is reflected in the terms of reference of the Board and its committees (available at nationwide.co.uk).

The Board's breadth of experience and diversity of backgrounds ensures that a wide range of stakeholder perspectives are considered. Board and committee meeting agendas are structured to encompass a comprehensive span of topics and stakeholder interests, while papers clearly outline how each matter under consideration may impact stakeholders directly or indirectly. This enables well-informed decisions that reflect what our stakeholders value, as well as the standards that they expect from Nationwide.

Senior management supports the Board by assessing stakeholder implications in proposals and by providing the Board with details of stakeholder interactions.

What are principal decisions of the Board?

Principal Board decisions are those that carry significant strategic weight, shape the Group's operations or hold considerable importance for our key stakeholders.

Pages 19 to 20 set out how our directors approached two of the year's principal Board decisions, describing them in the context of the Group's strategy and highlighting which stakeholders were considered. This illustrates how each decision was made, and how it supports the long-term interests of the Group and its stakeholders.

For more information on:

- Board engagement with stakeholders, see pages 16 to 18.
- Principal decisions our Board have made and how stakeholders were considered and impacted, see pages 19 to 20.

How the Board engaged with stakeholders

Members and customers

Why the Board engages

As a mutual, we are here for our members and customers. Our customers include retail banking customers as well as our buy to let customers and business banking customers. The Board engages with members and customers to understand their needs, experiences and expectations, to assess whether good outcomes are being delivered, and to inform decisions on strategy, investment priorities and service delivery across the Group.

How the Board engaged

Board members engaged with customers through Closer to Customer focus groups, hearing directly from them on their priorities, experiences and challenges across a range of topics, to help inform future decision making. These included focus groups on supporting vulnerability, micro-businesses, and the differing needs of UK consumers across different regions. Board members also visited branches to strengthen their understanding of customer views and needs, and hear first-hand the important role our branches play in customers' lives.

The Board continued to review customer service and satisfaction data across the Group. In addition, the Board received an annual report on the embedding of the FCA's Consumer Duty to ensure good customer outcomes continued to be delivered.

Outcome of engagement and impact on Board decisions

The insights gathered through these engagements have helped guide strategic discussions, including on delivering excellent customer experience and better outcomes for customers. The Board endorsed the extension of the Branch Promise to 2030.

More information on how we support our members and customers more broadly can be found on pages 8 to 11.

Colleagues

Why the Board engages

Our colleagues are at the heart of serving our customers and delivering our strategy. The Board is committed to building a high-performing, customer-first, inclusive culture, where colleagues thrive and develop rewarding careers. The Board engages with colleagues to understand their views and experiences of working for Nationwide and where we can push for better.

How the Board engaged

The Board received regular updates on culture through the year, to ensure a strong understanding, particularly as the Group moves towards greater integration. This included updates on colleague sentiment and results of Group colleague surveys.

The Board also held townhall events and visited colleagues in Nationwide branches, to hear about the issues that matter to them. The Board also received updates from Tamara Rajah, the appointed non-executive director for Employee Voice.

Outcome of engagement and impact on Board decisions

The insights gathered through these engagements informed Board discussions on culture and integration. It also helped to make improvements that supported our colleagues and progressed the overall delivery of our strategy. The Board will continue to sponsor and monitor progress in all areas of our culture and integration in the coming year.

More information on how we support our colleagues can be found on page 13.

Communities

Why the Board engages
As a mutual, we aim to make a positive difference to communities and society as a whole. The Board engages with communities to understand where Nationwide can make the greatest positive impact, to oversee delivery of its social impact priorities, and to ensure that community investment supports Nationwide's purpose and long-term value creation.

How the Board engaged
Over the year, the Board received an annual update on our Fairer Futures social impact strategy. The Board met with chief executive officers and representatives of our four Fairer Futures charity partners: Centrepoint, Action for Children, Dementia UK and The Royal Marsden Cancer Charity, to build a deeper understanding of the issues they address and challenges they face. Board members also met with employees of Dementia UK and The Royal Marsden Cancer Charity, and with individuals the charities are supporting, to see first-hand the work being delivered and the impact that our funding is making. These visits to all charity partners will continue in the year ahead.

Outcome of engagement and impact on Board decisions
Engagement with our charity partners informed the Board's oversight of our Fairer Futures social impact strategy, including the focus, scale and effectiveness of Nationwide's community investment. These insights supported the Board's assessment of how Nationwide can best contribute to positive social outcomes, in line with its mutual purpose.

More information on how we have supported positive change in our communities can be found on page 10.

Regulators and policymakers

Why the Board engages
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. Effective engagement with regulators and policymakers is important, as it enables us to understand and engage on regulatory priorities and developments, provide appropriate and constructive input, and influence them on behalf of Nationwide and our customers.

How the Board engaged
Board members attended regular meetings with regulators, including to provide insight and discuss Board oversight of the integration of Virgin Money and the Part VII legal transfer of the majority of Virgin Money's business to Nationwide. Regulators also attended Board meetings to present on key topics, supporting open and constructive engagement and a shared understanding of priorities.

The Board received regular updates on the broader regulatory and political engagement, including on how developments in the UK regulatory and political environment might impact our business. This included updates on our involvement in securing a regulatory change to support more first time buyers, alongside engagement on growing the mutual and cooperative sector, secondary legislation to modernise the Building Societies Act and Cash ISA reform. It also included updates on business banking, tax matters and our engagement with HMRC, tackling fraud, and supporting greater financial and digital inclusion. The Board was also informed about local MP visits held at around 150 of our branches.

Outcome of engagement and impact on Board decisions
Engagement with regulators and policymakers informed the Board's oversight of regulatory activities and helped shape the Board's consideration of strategic priorities. The Board continues to oversee regulatory engagement to ensure strong relationships, effective compliance and alignment with Nationwide's mutual purpose and long-term strategy.

Investors and rating agencies

Why the Board engages

Wholesale funding investors support us in meeting funding and capital requirements. They are interested in a wide range of topics, including our financial performance, strategic direction and sustainability practices, which we cover within our external Group disclosures and through direct engagement as part of our investor relations programme. We also seek to maintain our strong credit and ESG ratings, to aid investors' understanding of our financial strength and sustainability approach.

How the Board engaged

On behalf of the Board, the Group Chief Executive Officer and Group Chief Financial Officer engage directly with investors following our financial results announcements. These engagements provide opportunities to discuss Nationwide's performance, strategic priorities, funding and capital position, and approach to sustainability.

Outcome of engagement and impact on Board decisions

Feedback from investors and rating agencies informs the Board's understanding of market perceptions of Nationwide's strategy, performance and risk profile. This insight helps to inform our approach to external messaging and our approach to engagement.

Suppliers

Why the Board engages

The Board recognises the important role suppliers play in the management of our business and the key services they deliver to our members and customers.

How the Board engaged

The Board sets the Group's third party risk appetite, which is articulated within our third party risk policy. This policy governs end-to-end supply chain processes, including controls and the monitoring of supplier performance, to ensure that, at all times, our business is operating in accordance with Board risk appetite and regulatory expectations.

The Board Risk Committee, under delegated authority from the Board, received its annual third party management update, as well as additional updates through the year on operational resilience in the supply chain, including scenario planning against a range of risks. The Board also received regular updates on key strategic programmes, which included supplier dependencies and deliverables. Some of our suppliers provided dedicated training sessions to the Board on topics within their subject matter expertise, such as artificial intelligence.

Outcome of engagement and impact on Board decisions

Insights from supply chain updates supported Board consideration of operational resilience and strategic delivery, while supplier 'teach in' sessions also supported strategic discussions.

Board decisions

Executing the Part VII transfer of the business from Clydesdale Bank PLC to Nationwide Building Society

What was the background?

On 1 October 2024, the Society completed its acquisition of Virgin Money. Following discussions with management, the Board agreed that transferring substantially all of the assets and liabilities from Virgin Money's main operating subsidiary, Clydesdale Bank PLC (Clydesdale), to the Society would be the safest and most efficient way to support the future integration of the two businesses. This transfer would be completed by way of a banking business transfer scheme (Scheme) under Part VII of the Financial Services and Markets Act 2000 (Part VII transfer), which is a legal mechanism effected by way of court order.

What was the Board's role?

In March 2025, the Board approved the initial strategic plan for the transfer, with day-to-day decisions relating to the integration delegated to executive management. In addition, the Board approved key items required to effect the transfer, including the Society's membership eligibility criteria and documents submitted to the High Court. The Board oversaw the execution of the Part VII transfer up to the date that the transfer took effect on 2 April 2026 (Scheme Effective Date), receiving progress updates at key milestones and challenging management's readiness. This included consideration of the Group's liquidity and capital position following the Part VII transfer.

The Board monitored risks arising from the Part VII transfer, supported by assurance from the Group's Risk and Internal Audit functions, ensuring that appropriate mitigations were in place.

How did the directors apply the principles of section 172 and consider stakeholders?

The Board balanced the Group's strategic objectives against regulatory requirements and the need to treat the Group's stakeholders fairly, particularly our members and customers. The impact of the Part VII transfer on the Group's stakeholders was therefore at the forefront of all Board discussions. Throughout this process, the Board monitored feedback received from stakeholders, including any objections to the transfer and complaints raised by the Group's members and customers.

The Board reviewed feedback from the FCA and PRA on the planned Part VII transfer, which played a central role in informing and shaping the approach.

Particular focus was given to the impact on customers who would transfer to the Society on the Scheme Effective Date. The Board considered the implications for transferring customers' contractual rights and servicing arrangements. The Board ensured appropriate support mechanisms were in place, such as dedicated helplines and proactive outreach for vulnerable customers.

The Board also considered the impact that the transfer would have on the Financial Services Compensation Scheme (FSCS) deposit protection limits for customers holding deposits with both Nationwide and Virgin Money.

The Board scrutinised and shaped the Society's membership eligibility criteria for transferring customers. After reflecting on a number of challenges raised by the Board, particularly in relation to business banking customers, management presented a revised proposal which, after due consideration, the Board approved.

Supplier and third-party impacts were considered, with updates provided to the Board on contract novation processes. The Board also considered implications for the Group's debt investors.

What were the actions and outcomes?

On 23 February 2026, the High Court sanctioned the Scheme, and the Part VII transfer of the majority of Clydesdale's business to the Society took effect on 2 April 2026. The only substantial business remaining within Clydesdale is its banknote issuance business.

Which stakeholders were considered?

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

Approval of the expansion of Nationwide's higher loan-to-income lending

What was the background?

Nationwide had been exploring ways to further support first time buyers. Earlier Board discussions highlighted that the regulatory cap on high loan-to-income (LTI) mortgage lending limited Nationwide's ability to help higher numbers of creditworthy first time buyers.

In July 2025, the PRA announced a review of its high LTI lending limit and temporarily allowed firms to disapply the existing 15% cap on high LTI mortgage lending. This created an opportunity for the Board to reassess Nationwide's approach and consider whether expanding its high LTI lending capacity would support more first time buyers through our Helping Hand proposition and increase access to the UK housing market.

What was the Board's role?

Following the PRA's announcement, the Group's Chief Risk Officer and Director of Mortgages presented a proposal to the Board in July 2025, to increase Nationwide's Board Risk Appetite limits for new high LTI mortgage lending. The Board considered the proposal and was guided by recommendations made by the Group Executive Risk Committee.

How did the directors apply the principles of section 172 and consider stakeholders?

The Board considered stakeholders who may be affected directly or indirectly by the proposed increase in high LTI mortgage lending, weighing affordability and responsible lending standards against the benefits of enabling greater access to homeownership for our members and customers.

Risks considered by the Board included potential impacts for both Nationwide and its members in relation to default and possession rates.

Management presented a real-life customer case study to the Board, to show the practical implications of our lending policy, focusing particularly on key workers and first time buyers facing barriers in accessing homeownership due to income and deposit constraints.

The Board also considered the impacts on Nationwide's existing borrowers, whose loan affordability could be impacted by shifts in our lending thresholds and criteria.

Consideration was given to the Group's members and customers more generally, whose collective interest lies in the continued financial soundness and robust risk management of the Group.

The potential impacts on colleagues were also factored into the Board's decision making, particularly our risk management and underwriting teams who are responsible for implementing and monitoring new lending policies.

The Board also had regard to the interests of our regulators, whose responsible lending and affordability frameworks set the parameters of the Board's risk appetite and compliance obligations. Potential impacts on wider communities and the UK housing market, both of which could be affected by the availability of mortgage finance and broader access to homeownership, were also considered.

What were the actions and outcomes?

Following Board approval, an application was made to the PRA to increase Nationwide's high LTI lending capacity.

In July 2025, the eligibility criteria for Nationwide's Helping Hand proposition, including our minimum income thresholds, were amended, supporting more first time buyers in accessing the UK housing market.

In January 2026, Nationwide announced a further extension of its high LTI proposition to support a wider range of borrowers, including home movers and existing members seeking to remortgage.

Which stakeholders were considered?

- **Members and customers**
- **Colleagues**
- **Regulators and government**
- **Communities**

Our Mutual Good Commitments

Aligned with our mutual purpose, we are 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 articulated through a set of five Mutual Good Commitments. These are focused in areas where we believe we can make the most significant, positive impacts and are shown below. More information on these, and the targets that underpin them, can be found in our ESG Disclosures 2026, to be published in July 2026.

The strategic drivers that our Mutual Good Commitments sit within

Simply brilliant experience

More rewarding relationships

Beacon for mutual good

Our Mutual Good Commitments

1. We will offer customers a choice in how they bank with us, and support their financial resilience.	2. We will help more people into safe and secure homes, both our customers who have relationships with us and more broadly.	3. We will make a positive difference for our customers, communities and society as a whole.	4. We aim to build a more sustainable world by supporting progress towards a greener society.	5. We will enhance our performance by better reflecting the diversity of our society.
We seek to support our customers in building their financial resilience and recognise the financial security this can bring them in the longer-term. We support them in developing good savings habits and helping them become more financially confident in managing their money. We are committed to supporting financial inclusion and the financial wellbeing of all our customers, including those in vulnerable circumstances, and we have a range of initiatives in place to achieve this.	As the second largest mortgage provider in the UK, we are uniquely placed to drive positive change and help people into safe and secure homes. We help all our mortgage customers, but provide targeted support to: • Help first time buyers into homes • Enable quality homes for those who rent • Enable the provision of affordable housing through our lending to the social housing sector.	We commit at least 1% of pre-tax profits each year to charitable activities. We also aim to drive positive change through leveraging our scale, influence and mutual values.	We are committed to a net-zero future. We aim to: • Support the UK in achieving its ambition to be net zero by 2050. • Deliver against our purpose-led climate change strategy.	We are dedicated to building an inclusive modern mutual, that better reflects the diversity of the communities that we serve and represent, and enables our colleagues to thrive and reach their full potential.

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. Although, as a building society, we are not required to follow the Act, we aim to apply its requirements where appropriate. Non-financial and sustainability (environmental, social and governance) information is integrated across the Strategic report (as cross-referenced in the table below to avoid duplication) and within other publications, also listed below.

Reporting requirements	Section of Annual Report and Accounts	Page
Business model	We are a modern mutual banking provider	5
Key performance indicators	Measuring our 2025/26 performance	12
Governance	Governance	40
Stakeholders	Section 172(1) statement	15
Social matters	Our Mutual Good Commitments	21
Key risks and their management	Risk overview	26
Colleagues	Our policies ensure consistent governance in respect of our colleagues, environmental matters, human rights, economic crime and anti-corruption. Our key policies and statements of intent are set out on our Responsible Business webpages at **nationwide.co.uk**. For Virgin Money, these can be found on our ESG hub at **virginmoneyukplc.com**. For more information on how we support our colleagues more generally, see page 13.	
Environmental matters		
Human rights		
Economic crime and anti-corruption		

For further information on non-financial and sustainability matters, please see our separate reporting on 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)

Climate-related financial disclosure

Our full Climate-related Financial Disclosures 2026 can be found at **nationwide.co.uk**

Climate consciousness is core to our strategy and aligns 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 decarbonise their homes and businesses, and managing better the impacts of a more unpredictable climate. Climate change continues to present a risk to Nationwide and its customers, 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 being a responsible business.

Nationwide produces its disclosures in line with the Task Force on Climate-related Financial Disclosures' (TCFD's) recommendations[1]. Nationwide's Climate-related Financial Disclosures 2026 are published alongside its financial results on **nationwide.co.uk** as a standalone document. This enables the Nationwide Group to provide comprehensive climate-related disclosures, in an easily accessible format, for all interested stakeholders. The table below outlines how we have aligned to the four categories of the TCFD recommendations (Strategy, Risk management, Governance, 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. We provide relevant information in relation to section 414CB of the Companies Act where deemed appropriate across our separate Climate-related Financial Disclosures 2026 and within the summary tables below. Page number references have been provided to indicate where additional detail can be found in our full Climate-related Financial Disclosures 2026.

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	**Disclosure reference**
• Climate-related physical and transition risks are managed through our Group Risk Management Framework (GRMF) over short, medium, and long term time horizons, and we continue to identify climate-related opportunities across our business. • We published a research paper[2] on the impact that Energy Performance Certificates (EPCs) have on UK house prices. Our analysis suggests that buy to let borrowers place greater value on higher energy efficient properties than owner-occupiers. • We also enhanced our Sustainable Business Coach proposition to better support business customers in understanding their approach to climate risk, and we launched Rapid, a farmland carbon measurement tool.	Pages 5-6, 11, 16
The impact of climate-related risks and opportunities on our businesses, strategy, and financial planning	**Disclosure reference**
• We consider climate-related impacts, risks and opportunities and continue to embed climate change into our strategic and financial planning processes. • Climate-related physical and transition risks are considered in our creditworthiness assessments of our mortgages and business lending portfolios.	Pages 11-12, 16-17
The resilience of our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	**Disclosure reference**
• Our scenario analysis activity, including assessment of a 2°C or lower scenario, supports our understanding of the impacts of climate change on our residential mortgages, registered social landlords, and business lending portfolios. • As part of our Internal Capital Adequacy Assessment Process (ICAAP), and in line with regulatory guidance, we assessed our business lending portfolio under two 25-year climate scenarios representing physical and transition risks.	Pages 12-13

1 Nationwide follows the TCFD's Annex: Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021).
2 The Mortgage Works Private Rental Energy Performance Report.

Our full Climate-related Financial Disclosures 2026 can be found at **nationwide.co.uk**

Risk management – our processes for identifying, assessing and managing climate-related risks	
Our processes for identifying and assessing climate-related risks	**Disclosure reference**
• We extended our process for identifying and assessing potential inbound and outbound impacts of climate-related risks across short, medium, and long term time horizons.	Pages 11, 16-19
Our processes for managing climate-related risks	**Disclosure reference**
• We reviewed our climate change risk management capabilities in the context of the PRA's Supervisory Statement 5/25 (SS5/25), and identified opportunities to further enhance our approach to managing climate-related risks.	Page 14
How our processes for identifying, assessing, and managing climate-related risks are integrated into our overall risk management	**Disclosure reference**
• Climate is considered as a cause to our principal risks. We continue to identify, assess and manage climate-related risks in our GRMF and we updated our Climate and Nature Risk Standard to reflect this approach.	Pages 14-19
Governance – the organisation's governance around climate-related risks and opportunities	
The Board's oversight of climate-related risks and opportunities	**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. • Our Board-level committees engaged on climate-related matters, including Audit Committee reviewing and endorsing our Climate-related Financial Disclosures 2026, and Board Risk Committee reviewing how we have considered climate change within the ICAAP.	Pages 20-21
Describe management's role in assessing and managing climate-related risks and opportunities	**Disclosure reference**
• Climate-related Senior Managers Regime (SMR) accountabilities sit with our Group CEO. This year, our executive management and operational-level committees engaged regularly on climate change, including discussing the regulatory and policy landscape (such as the requirements under SS5/25).	Pages 20-21
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	**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. This year, we incorporated further metrics, such as waste and water usage data, into our MI dashboard. We also continue to monitor climate-related physical and transition risk metrics, including the flood risk exposure and EPC composition, of our mortgage book.	Pages 21, 31-34
Our scope 1, 2, and 3 greenhouse gas (GHG) emissions and targets, and the related risks	**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.	Pages 29-30
The targets used by us to manage climate-related risks and opportunities, and performance against these targets	**Disclosure reference**
• Our Mutual Good Commitment – we aim to build a more sustainable world by supporting progress towards a greener society – is supported by our scope 1, 2, and 3 intermediate (by 2030) science-based targets. • We continue to track ahead of our scope 1 and 2 intermediate (by 2030) science-based targets. We continue to remove gas from our branch network and data centres, and source 100% renewable electricity. • Our downstream scope 3 intermediate (by 2030) target for mortgages is not achievable, and our business lending targets face similar challenges. These arise from insufficient decarbonisation progress across sectors and continued reliance on Government policy intervention.	Pages 22-27

Our carbon emissions data

We voluntarily report on our scope 1, 2, and 3 emissions, associated with our targets, in line with the Streamlined Energy and Carbon Reporting requirements. Data for 2025/26 is as at 31 December 2025. More information on our emissions (including reporting dates for current, prior and baseline year, and any restatements), 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 2026, and Basis of Reporting 2026. 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 for the year ended 31 March 2026. Assured metrics and KPIs are indicated throughout. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and International Standard on Assurance Engagements 3410 (ISAE 3410). A limited assurance report was issued and is available on our website. This report includes details of the scope, respective responsibilities, work performed, limitations and conclusion.

Scope 1 and 2 emissions in tonnes of carbon dioxide per year (tCO_2e/y)[3]	**2025/26**	**2024/25**	**(Baseline) 2021/22**
Scope 1 – energy and travel EY	**2,763**	3,128	5,673
Scope 2 – electricity EY	**14,353**	18,165	21,098
Total gross scope 1 and 2 emissions	**17,116**	21,293	26,771
Absolute carbon outturn	**2,763**	3,128	5,673
Total carbon dioxide in tonnes per full time employee (FTE)	**0.10**	0.15	0.28
Total energy usage – electricity and gas (MWh)	**95,536**	103,839	131,159
Scope 3 upstream emissions (tCO_2e/y)[4]	**2025/26**	**2024/25**	**(Baseline) 2021/22**
Total upstream scope 3 carbon dioxide emissions (categories 1, 2, and 4) EY	**266,000**	275,500	345,500
Scope 3 downstream emissions (tCO_2e/y)	**2025/26**	**2024/25**	**(Baseline) 2021/22**
Mortgages LTV weighted carbon emissions[5] EY	**3,035,000**	3,158,000	3,411,000
Mortgages LTV weighted carbon intensity[5] ($kgCO_2e/m^2/y$)	**17.67**	17.99	18.57
Registered social landlord LTV weighted carbon emissions[5] EY	**203,000**	204,000	346,000
Registered social landlord LTV weighted carbon intensity[5] ($kgCO_2e/m^2/y$)	**21.93**	21.51	22.36
Shipping LTV weighted carbon emissions[5] EY	**31,000**	38,000	53,000
Shipping economic LTV weighted carbon intensity[5] (tCO_2e/y/£m lent)	**279**	280	378
Oil and gas LTV weighted carbon emissions[5] EY	**4,100**	5,900	4,100
Oil and gas economic LTV weighted carbon intensity[5] (tCO_2e/y/£m lent)	**34**	43	53
Commercial real estate LTV weighted carbon emissions	**19,000**	23,000	96,000
Commercial real estate LTV weighted carbon intensity ($kgCO_2e/m^2/y$)	**25.03**	23.87	46.39

3 Prior year and baseline figures for scope 1 and 2 emissions are presented for comparative purposes. Please refer to our 2025 Climate-Related Financial Disclosures for details of the applicable 12-month reporting period in which emissions were calculated.

4 Prior year and baseline figures for upstream scope 3 emissions have been restated (to align to current year methodology), and are presented for comparative purposes. Please refer to our 2025 Climate-Related Financial Disclosures for details of the applicable 12-month reporting period in which emissions were calculated.

5 Prior year and baseline scope 3 financed emissions for shipping and oil and gas have been restated due to methodology changes and the application of Comprehensive Environmental Data Archive (CEDA) emissions factors in line with Partnership for Carbon Accounting Financials (PCAF) guidance. Prior year and baseline scope 3 financed emissions for mortgages have been restated due to alignment of emissions at Group level. Prior year scope 3 financed emissions for registered social landlords have been restated due to ongoing review of our calculation methodology.

EY 2025/26 values are subject to independent limited assurance by EY. Further information is available in our Climate-related Financial Disclosures: Basis of Reporting 2026, and in EY's limited assurance report 2026. 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 its strategic objectives. We adopt a prudent approach to risk management, keeping our customers' money safe and secure. We ensure that the risks we take in support of our strategy are understood and managed through a consistent approach.

Risks are managed appropriately across the Group, with no material deficiencies. 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

The Group operates a Group Risk Management Framework (GRMF), ensuring that risks are managed consistently and effectively. The framework defines how risks are managed and sets out the risk management responsibilities of colleagues within an industry-standard three lines of defence model. This ensures that all risks are appropriately identified, assessed, managed, monitored, and reported. This is supplemented by a governance framework which supports the Board in ensuring risks are managed consistently, with appropriate escalation routes in place.

The Board sets the Group's risk appetite, defining the acceptable levels of risk to take in pursuit of its objectives. The Board and management receive regular risk profile reporting, including key risk metrics, to monitor the position relative to the Group's 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 94.

Independent oversight and challenge of risk management practices is provided by the risk function, led by the Group Chief Risk Officer. The Group Internal Audit function provides assurance of the effectiveness of the control environment to the Board.

Principal risks and uncertainties

The Board is responsible for ensuring appropriate management of 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. 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.	The Group's credit risk remained stable throughout the period with key credit indicators proving resilient during a period where lending balances increased and the UK economy remained subdued. Impairment provisions rose modestly to £1,335 million (2025: £1,288 million). The provisions held reflect affordability and valuation risks, with continued close monitoring of emerging customer stress.	Page 98
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.	The Group's liquidity and funding position remains strong, with a Liquidity Coverage Ratio of 169% (2025: 174%) and a Net Stable Funding Ratio of 143% (2025: 147%).	Page 140

Principal risk	Key developments	Further detail
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.	The Group's capital resources remained comfortably above both regulatory and internal minima throughout the year. At 31 March 2026 the Group's Common Equity Tier 1 (CET1) ratio was 19.1% (2025: 19.1%) and the Group's leverage ratio was 5.3% (2025: 5.2%).	Page 154
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.	Market risk continues to be managed prudently, resulting in a low level of exposure to interest rate risk.	Page 160
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 166
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 (macroeconomic, geopolitical, industry, regulatory, technological, or other external events) or internal factors (including the development and execution of the strategy).	The Group's strategy appropriately reflects and mitigates the risks in the external environment. The Group continues to focus on efficiency, simplicity, and attractive customer offerings to maintain sustainable and compelling propositions in all its core target markets.	Page 168
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. Significant operational and conduct risks include technology risk, security risk (including cyber), data risk, economic crime risk and regulatory risk.	The Group has continued to invest in and mature its operational and conduct risk management throughout the year. Significant progress has been made to align and enhance economic crime, cyber defence, conduct and technology risk management processes and capabilities across the Group.	Page 169
Model risk – The risk of adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. Model outputs may be affected by the quality of data inputs, suitability of methodology, or the integrity of implementation. This could lead to adverse consequences including financial loss, poor business decision-making, detrimental impact on customers, or damage to the Group's reputation.	The Group has strengthened management of model risk, including establishing a single Board-approved risk appetite and policy and forming the Group Model Risk Committee. The Group also continued to develop its governance and risk frameworks for the responsible use of artificial intelligence (AI) within risk appetite.	Page 172

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
Macroeconomic and geopolitical environment ↗ The Group is inherently exposed to fluctuations in UK and global economic conditions. The geopolitical environment remains volatile, with ongoing global conflicts and a range of global tensions exacerbating the uncertainty in the economic environment, leading to slower growth.	• We maintain strong capital and liquidity levels in excess of regulatory minima. We conduct internal and regulatory stress tests to ensure we remain resilient under a range of severe but plausible scenarios and economic outcomes. • We continuously review our credit and provisioning policies, ensuring they remain appropriate for the prevailing economic conditions. We also provide support to customers in financial difficulty. • We only have exposures to highly rated banking counterparties; these consist primarily of fully collateralised derivatives and covered bonds for liquidity management. • Our retail lending is restricted to the UK and we actively control our credit exposures to mitigate the risks arising from geopolitical events. Our business lending is primarily to UK-domiciled corporate clients, some of which are owned by international companies and funds.	• Credit risk • Capital risk • Liquidity and funding risk • Business risk
Technology and resilience → The technology environment is becoming more complex and is evolving rapidly, while supply-chain concentration increases our dependence on a small number of providers. At the same time, rising expectations for service availability amplify the potential impact of outages and system failures, including those caused by third-party disruption.	• We continue to test our ability to recover from technology disruption in severe but plausible scenarios to provide resilience assurance and to identify areas for potential resilience enhancement. • The Group devotes significant resource to third-party risk management and runs a programme of stressed-exit and contingency plan testing for our most critical third-party arrangements.	• Operational and conduct risk
Cyber → Cyber attacks are constantly evolving, becoming more sophisticated and seeking new potential weaknesses. Given ongoing geopolitical tension, the threat of external parties exploiting cyber security vulnerabilities to gain access to data, systems, or assets, to disrupt services, or to otherwise affect the Group, our staff, and our customers, remains a key focus.	• We continuously monitor the cyber threat level and work with partners across the industry and in law enforcement. • We continue to invest in and enhance our cyber capabilities to ensure our cyber defences remain appropriate.	• Operational and conduct risk
Integration risk ↘ Following the acquisition of Virgin Money, the focus is now on integrating the activities of the Virgin Money business into Nationwide; resulting in significant process and technology changes. This increases the Group's exposure to a range of risks including conduct risks, technological risks, change execution risk, people risk, reputational risks and strategy execution risk.	• We successfully completed the Part VII legal transfer of Clydesdale Bank's main trading activities into Nationwide and an Integration Management Office is in place to oversee the delivery of a conservative integration strategy. • Risk assessments have been completed on the major in-flight integration activities. Mitigating actions and plans are being progressed to manage the identified risks. The evolving integration landscape will be continually monitored and tracked with support from the second line Risk Oversight function.	• Operational and conduct risk
Climate change → The Group is exposed to both physical risks arising from climate change (such as damage to UK housing stock and commercial 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, green technologies mature and as climate change risks crystallise.	• We invest in sustainable business practices and proactively review lending criteria to limit the impact our activities, including business lending, 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 stress testing for climate change.	• Credit risk • Operational and conduct risk • Business risk • Liquidity and funding risk
Emergent technologies → The emergence of viable artificial intelligence (AI), 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 AI 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. We monitor the external environment for developments in industry best practice, and for potential impacts on businesses we lend to.	• Operational and conduct risk • Model 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 which, together with the potential impact of its principal risks, is used to present 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 stress tests, which are typically considered across a five-year horizon, providing a reasonable expectation of continued operations and the ability to meet liabilities as they fall due. While it is always difficult to predict the future path of the UK or the wider global economy with precision, the three-year period strikes an appropriate balance between assessing likely outcomes using the information currently available and recognising the increased uncertainty over a longer period.

In making their assessment, the directors have reviewed the strategic plan and the strength of the Group's current financial position, together with the potential impact of key risks as part of stress testing activity. This assessment includes consideration of the principal risks and top and emerging risks outlined in the Risk overview on pages 26 to 28.

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 within the annual financial planning and stress testing framework to support the Board's understanding of how exposure to these risks evolves over time. This is further enhanced, where appropriate, through the layering of top and emerging risks to deepen understanding of how they could interact with principal risks. Top and emerging risks that have the potential to materially impact the Group's financial results and are considered more relevant to Nationwide's strategy include:

- Macroeconomic and geopolitical environment – The Group's performance is exposed to fluctuations in economic conditions and the UK housing market. The global economic outlook remains volatile, with ongoing global conflicts and a range of global tensions exacerbating the uncertainty in the economic environment. We maintain strong capital and liquidity levels in excess of regulatory minima, and we regularly undertake internal and regulatory stress tests to ensure our financial resources are sufficient under a range of severe but plausible scenarios.
- Technology and resilience – We continue to test our ability to recover from technology disruption in severe but plausible scenarios to provide resilience assurance and to identify areas for potential resilience enhancement. The Group devotes significant resource to third-party risk management, with a programme of stressed-exit and contingency plan testing run for our most critical third-party arrangements.
- Cyber – We continuously monitor the cyber threat level and continue to invest in and enhance our cyber capabilities to ensure our cyber defences remain appropriate. Stress testing has been undertaken to assess our capacity to withstand the potential financial implications of a cyber attack.
- Integration risk – The risk of adverse impacts arising directly from integration activity following the Virgin Money acquisition is managed by the Integration Management Office, which oversees the delivery of a conservative integration strategy. Risk assessments have been completed on the major in-flight integration activities, with mitigating actions and plans being progressed to manage the identified risks. The evolving integration landscape will be continually monitored and tracked.
- Climate change – We invest in sustainable business practices and proactively review lending criteria to limit the impact our activities have on climate change and mitigate potential credit risk. We continue to consider the potential impact on the macroeconomic and trading environment as we transition to a low carbon economy.

- Emergent technologies – We only use AI 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. We monitor the external environment for developments in industry best practice and for potential impacts on businesses we lend to.

Planning and stress testing activity during 2025/26

The directors' assessment of viability over a three-year period is undertaken at a Group level. This has been performed using a base case macroeconomic scenario alongside a range of plausible stressed macroeconomic scenarios. The prioritisation of risks to explore within stress testing activities uses a well-established process, which is informed by a range of internal and external risk assessments and the engagement of subject matter experts. The Group Stress Testing Committee, chaired by the Group Chief Financial Officer, is responsible for reviewing the prioritisation of risks and approving the scenarios used for stress testing activities.

The scenarios explored across the Group during 2025/26 include:

- A range of macroeconomic scenarios, including sensitivities to changes in Bank rate, alongside severe but plausible stress scenarios exploring the UK entering into a major recession and housing market activity falling to record lows. The output of these scenarios demonstrates that the Group remains resilient to a range of macroeconomic scenarios.
- Internally generated stress scenarios, which have assessed the Group's capacity to withstand the liquidity and capital implications of significant operational incidents, such as a ransomware attack which could drive substantial and sudden retail deposit outflows, in the context of both a benign and severe macroeconomic stress scenario. The scenarios demonstrate the Group remains resilient to severe market-wide and idiosyncratic scenarios, supported by robust management action capacity.
- The point at which the Group's current business model would become unviable, explored through the Group's reverse stress testing. This represents one of the most severe stress scenarios, assessing whether the layering of extreme but plausible emerging and principal risks under a severe macroeconomic stress scenario could result in business model failure. The output concluded that mitigating actions are already in place.
- Climate change scenarios; the Group continues to develop its approach and associated capabilities required to undertake climate change stress test exercises. The Group's exposure to climate-related risk has been assessed, validating that the nature and materiality of its exposure is fundamentally unchanged since a quantitative assessment was last undertaken. Scenario expansion activities are ongoing to enable the completion of the 2026 Climate Change Stress Test which will assess resilience to more severe synchronous physical and transition risk peaks than previously modelled, further expanding our understanding of climate change risk exposure.

A selection of the macroeconomic scenarios has been used for expected credit loss modelling during 2025/26; 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 and the impact of the scenarios described above on the Group's key financial metrics over the three-year assessment period.

The Group's financial strength is demonstrated through its strong capital ratios (CET1 ratio of 19.1% and leverage ratio of 5.3% at 31 March 2026) and liquidity position (12-month average LCR for the year ended 31 March 2026 of 169%).

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:

"We delivered another strong result with £2.0 billion underlying profit, market-leading growth in mortgages, retail deposits and personal current accounts, and sustained momentum in business current accounts and consumer lending. We continued to deliver material value to our members, with £0.4 billion of Fairer Share payments, £1.4 billion in member financial benefit, and leading service with a genuine choice of channel. We maintain a highly robust balance sheet, with a peer-leading CET1 ratio, delivering best-in-class CET1 performance in the Bank of England's latest stress test."

Group financial highlights

The year ended 31 March 2026 represents the period from 1 April 2025 to 31 March 2026 and includes a full year of Virgin Money results. The comparative period represents the 361-day period from 5 April 2024 to 31 March 2025 and includes six months of Virgin Money results from 1 October 2024, the date of acquisition.

Strong financial performance, supported by scale and diversification

- Underlying profit before tax increased to £2,026 million (2025: £1,852 million).
- Statutory profit before tax was £1,490 million (2025: £2,302 million), after taking account of the Nationwide Fairer Share payment. The prior year included a one-off gain and other impacts of the acquisition of Virgin Money on 1 October 2024.
- Total underlying income increased to £6,378 million (2025: £5,211 million), benefitting from a full year of a larger and more diversified balance sheet.
- Underlying net interest margin increased to 1.61% (2025: 1.55%) reflecting the benefits of a more diversified customer proposition and increased structural hedge income. These factors more than offset the continued compression of mortgage and retail deposit margins in a competitive market.
- Underlying administrative expenses were £4,021 million (2025: £3,183 million). The increase primarily reflected the full year costs of running a larger business, as well as integration-related expenditure of £127 million.
- Excluding the costs related to acquisition and integration activity, like-for-like[1] cost growth continued to be below inflation, as a result of sustained productivity improvements.
- Underlying credit impairment charges increased to £331 million (2025: £176 million), reflecting a full year of a larger, more diversified balance sheet, with the cost of risk increasing slightly to 11 basis points (2025: 7 basis points). Arrears rates remained low and stable across our lending portfolios.

Market-leading trading performance

- Market-leading mortgage net lending of £10.3 billion (2025: £15.9 billion), supported by strong customer retention and enhanced propositions, including for first-time buyers.
- Consumer lending balances increased to £11.6 billion (2025: £11.1 billion), primarily driven by growth in credit card balances to £8.1 billion (2025: £7.8 billion). Personal loans gross lending was 32% higher year-on-year, with balances increasing to £3.1 billion (2025: £3.0 billion).
- Business lending balances decreased to £14.9 billion (2025: £15.1 billion) in an increasingly competitive market. We maintained focus on supporting the registered social landlord sector, with social housing lending balances increasing to £4.9 billion (2025: £4.7 billion).
- Market-leading retail deposit balance growth of £10.1 billion, to £270.8 billion (2025: £260.7 billion), was supported by further growth in ISAs and very strong attraction, retention and primacy in personal current accounts.
- Over one million new current accounts opened in the year taking our market share of personal current account balances to 10.9%[2] (2025: 10.7%).
- Continued strong momentum in business deposits, which increased to £22.8 billion (2025: £21.1 billion) and included 56,000 (2025: 24,000) new business current accounts, a record year for new accounts under the Virgin Money brand.

Underlying profit before tax:	£2,026m (2025: £1,852m)
Statutory profit before tax:	£1,490m (2025: £2,302m)
Underlying net interest margin:	1.61% (2025: 1.55%)

[1] Like-for-like costs compare the Group's costs on a consistent basis. It reflects a full 12 months of Group costs in both periods, with Virgin Money costs annualised in 2024/25 following acquisition on 1 October 2024. The prior period is also adjusted for the shorter accounting period of 361 days.
[2] CACI's Current Account and Savings Database, Stock Credit Balances (February 2026 latest available data and March 2025).

Continued to deliver value to our members, including our third Fairer Share payment

- Delivered total member value of £1.8 billion (2025: £2.8 billion). The prior year included the one-off Big Nationwide Thank You member payment of £0.6 billion.
- Member financial benefit decreased to £1.4 billion (2025: £1.8 billion) due to a narrowing of our mortgage and deposit customer rate differentials to the market in a lower Bank of England interest rate environment. Our average member deposit rates were 58 basis points (2025: 72 basis points) higher than the market average over the year.
- Fairer Share payment was £0.4 billion (2025: £0.4 billion).

Robust and low-risk balance sheet, supported by strong levels of liquidity and capital

- The average Liquidity Coverage Ratio over the 12 months ended 31 March 2026 remained significantly above regulatory requirements at 169% (2025: 174%), underpinned by well-diversified sources of funding, including our large retail deposit base.
- Peer-leading CET1 ratio of 19.1% (2025: 19.1%) and a leverage ratio of 5.3% (2025: 5.2%).
- In December 2025 the Bank of England published the results of its Bank Capital Stress Test exercise, projecting Nationwide's CET1 low point at 14.5%, significantly above both regulatory requirements and the peer group average low point of 10.7%, demonstrating the resilience of our balance sheet.

Member value £1.8bn (2025: £2.8bn)
CET1 ratio: 19.1% (2025: 19.1%)
Leverage ratio: 5.3% (2025: 5.2%)

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						
	2026			2025		
	Underlying basis	**Adjustments**	**Statutory basis**	Underlying basis	Adjustments	Statutory basis
	£m	**£m**	**£m**	£m	£m	£m
Net interest income (note i)	**6,110**	**(34)**	**6,076**	5,031	(39)	4,992
Net other income (note ii)	**268**	**35**	**303**	180	12	192
Gain on the acquisition of Virgin Money	**-**	**-**	**-**	-	2,300	2,300
Total income	**6,378**	**1**	**6,379**	5,211	2,273	7,484
Administrative expenses (note iii)	**(4,021)**	**(138)**	**(4,159)**	(3,183)	(367)	(3,550)
Impairment charge on loans and advances to customers (note iv)	**(331)**	**-**	**(331)**	(176)	(456)	(632)
Profit before member reward payments and tax	**2,026**	**(137)**	**1,889**	1,852	1,450	3,302
Member reward payments (note v)	**-**	**(399)**	**(399)**	-	(1,000)	(1,000)
Profit before tax	**2,026**	**(536)**	**1,490**	1,852	450	2,302
Tax (charge)/credit			**(387)**			36
Profit after tax			**1,103**			2,338

Notes:

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

ii. Underlying net other income excludes gains or losses from derivatives and hedge accounting.

iii. Underlying administrative expenses exclude certain costs relating to the acquisition of Virgin Money. These comprise £113 million (2025: £56 million) of amortisation relating to acquired intangible assets and £25 million (2025: £275 million) of one-off costs (and related VAT) associated with the amended Trademark License Agreement between Virgin Money UK PLC and Virgin Enterprises Limited. In addition, prior period underlying administrative expenses exclude £36 million of transaction-related costs incurred by the Society in relation to the acquisition.

iv. Excluded from the underlying impairment charge for 2025 are the one-off impacts of recognising IFRS 9 provisions on acquisition of Virgin Money. This included 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.

v. 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. This includes the Nationwide Fairer Share payment of £0.4 billion (2025: £0.4 billion). In 2025, this also included a one-off amount of £0.6 billion for The Big Nationwide Thank You.

Return on assets was 0.29% (2025: 0.72%), calculated as profit after tax divided by mean total assets. Mean total assets increased to £375 billion (2025: £324 billion), reflecting a larger balance sheet following Virgin Money acquisition.

Total income and net interest margin

Net interest margin												
	2026						2025 (note i)					
	Underlying basis		Adjustments		Statutory basis		Underlying basis		Adjustments		Statutory basis	
	£m	%	£m	%	£m	%	£m	%	£m	%	£m	%
Net interest income	**6,110**		**(34)**		**6,076**		5,031		(39)		4,992	
Average total assets (note ii)	**378,986**				**378,986**		327,130				327,130	
Net interest margin		***1.61***				***1.60***		*1.55*				*1.54*

Notes:
i. For 2025, net interest income was adjusted to account for a shorter 361-day period from 5 April 2024 to 31 March 2025.
ii. Average total assets is a weighted average of monthly closing balances during the year.

Underlying net interest income increased by £1,079 million to £6,110 million (2025: £5,031 million), reflecting the Group's larger and more diversified balance sheet, which benefitted from continued growth in mortgage and consumer lending balances. The net interest margin increased to 1.61% (2025: 1.55%) supported by a stronger contribution from consumer lending and business banking coupled with increased income from the Group's structural hedges, which more than offset a reduction in mortgage and deposit margins.

Underlying net other income increased by £88 million to £268 million (2025: £180 million), driven by a higher contribution from business and credit card products.

Member financial benefit

As a mutual, we seek to maintain our 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 included those customers with a Nationwide-branded current account, savings or mortgage, and did 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 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 consumer 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 comparable products.

For the year ended 31 March 2026 we delivered member financial benefit of £1.4 billion (2025: £1.8 billion). This reflected the combined impact of market conditions, including lower Bank rate on retail deposit differentials, and a reduced differential on mortgages due to our sustained higher proportion of first time buyer lending versus the market.

Member reward payments

As part of our ongoing commitment to reward our members the Board announced the third Nationwide Fairer Share payment, paying £0.4 billion (2025: £0.4 billion) in June 2025 to eligible members who had a qualifying current account plus either qualifying savings or a qualifying mortgage as at 31 March 2025. Prior year total member reward payments of £1.0 billion also included the one-off Big Nationwide Thank You payment of £0.6 billion. These payments are in addition to delivering £1.4 billion (2025: £1.8 billion) of member financial benefit outlined above.

Gain on the acquisition of Virgin Money

In the period ended 31 March 2025, 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. This is excluded from underlying results.

Administrative expenses

Underlying administrative expenses increased by £838 million to £4,021 million (2025: £3,183 million) reflecting the annual costs of the larger Group and higher integration-related costs. Integration costs in the year totalled £127 million (2025: £36 million) and primarily related to preparing to move customer accounts and services onto a single set of IT systems and the Part VII transfer. Excluding the costs related to acquisition and integration activity, costs remained well controlled, with like-for-like[3] cost growth remaining below inflation.

Impairment charge on loans and advances to customers

Impairment charge (note i)				
	2026	2025		
	Total – underlying and statutory basis	Total – underlying basis	Acquisition and other adjustments	Total – statutory basis
	£m	£m	£m	£m
Residential lending	**8**	12	21	33
Consumer lending	**269**	138	376	514
Retail lending	**277**	150	397	547
Business lending	**54**	26	59	85
Impairment charge	**331**	176	456	632

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

The net impairment charge decreased to £331 million (2025: £632 million). This reduction principally reflects the non-recurrence of acquisition-related impairment charges of £456 million recognised in 2025. Excluding these non-recurring items, the underlying impairment charge increased to £331 million (2025: £176 million), resulting in a cost of risk of 11 basis points (2025: 7 basis points). The increase in the charge mainly reflects the inclusion of a full year of Virgin Money impairments, compared with six months in 2025. Lending arrears have remained broadly stable, with mortgage arrears remaining significantly below the market average.

More information regarding key assumptions 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 charge for the year of £387 million (2025: £36 million credit) represents an effective tax rate of 26.0% (2025: (1.6)%) which is higher than the statutory UK corporation tax rate of 25% (2025: 25%) due to the banking surcharge of £35 million (2025: £6 million). The effective tax rate for the prior period was low primarily due to the accounting gain which arose upon acquisition of Virgin Money. As this gain was recognised only on consolidation, it was not taxable in any of the individual entities of the Group. Further information on taxation is provided in note 11 to the financial statements.

[3] Like-for-like costs compare the Group's costs on a consistent basis. It reflects a full 12 months of Group costs in both periods, with Virgin Money costs annualised in 2024/25 following acquisition on 1 October 2024. The prior period is also adjusted for the shorter accounting period of 361 days.

Balance sheet

Total assets and total equity and liabilities increased to £382.3 billion at 31 March 2026 (2025: £367.9 billion).

Assets				
	2026		2025	
	£m	***%***	£m	*%*
Cash and balances at central banks	**38,411**		29,483	
Residential mortgages (note i)	**286,330**	***91***	275,926	*91*
Consumer lending	**11,578**	***4***	11,107	*4*
Business lending	**14,910**	***5***	15,144	*5*
	312,818	***100***	302,177	*100*
Impairment provisions	**(1,335)**		(1,288)	
Loans and advances to customers	**311,483**		300,889	
Other financial assets	**28,883**		33,178	
Other non-financial assets	**3,551**		4,327	
Total assets	**382,328**		367,877	

Asset quality	%		%	
Residential mortgages (note i):				
Proportion of residential mortgage accounts more than 3 months in arrears	**0.39**		0.43	
Average indexed loan to value (by value)	**58**		56	
Consumer lending:				
Proportion of customer balances with amounts past due more than 3 months (excluding charged off balances)	**1.10**		1.11	

12-month average Liquidity Coverage Ratio (note ii):
169%
(2025: 174%)

Notes:
i. Residential mortgages include owner-occupied, buy to let and legacy lending.
ii. 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 £8.9 billion to £38.4 billion (2025: £29.5 billion). The change in cash levels reflects movements in the underlying balance sheet as well as the active management of the mix between cash and investment assets held for liquidity purposes.

Residential mortgages

Residential mortgage balances grew to £286.3 billion (2025: £275.9 billion), increasing our market share to 16.3% (2025: 16.2%).

Total mortgage gross lending in the year increased to £45.8 billion (2025: £44.7 billion), with a market share of gross lending of 15.6% (2025: 16.3%).

Total mortgage net lending was lower than the prior period at £10.3 billion (2025: £15.9 billion). The prior year saw high market volumes in March 2025 ahead of Stamp Duty changes implemented on 1 April 2025. However, our current year net lending was market leading, supported by strong retention volumes, enhanced propositions and our continued support for first time buyers.

Total impairment provision balances on residential mortgage lending remained stable at £352 million (2025: £351 million). Arrears continued to be low and stable, reflecting the quality of our lending, with cases more than three months in arrears representing 0.39% (2025: 0.43%) of the total portfolio.

Consumer lending

Total consumer lending balances increased to £11.6 billion (2025: £11.1 billion). This comprises credit card balances of £8.1 billion (2025: £7.8 billion), personal loans balances of £3.1 billion (2025: £3.0 billion), and current account overdraft balances of £0.4 billion (2025: £0.3 billion). The £0.3 billion increase in credit card balances was driven by new customers and continued strong activity from existing customers. However, given the strong market growth, our credit card market share decreased to 10.3% (2025: 10.7%). Personal loan gross lending totalled £2.2 billion (2025: £1.6 billion), representing the strongest level of lending in six years. This performance was driven by strong demand for Nationwide-branded loans, supported by a competitive proposition that was further enhanced during the year.

Total impairment provision balances on consumer lending remained stable at £829 million (2025: £824 million). Excluding charged off accounts, balances more than three months in arrears represent 1.10% (2025: 1.11%) of the total portfolio.

Business lending

Business lending balances decreased to £14.9 billion (2025: £15.1 billion), reflecting a competitive market. We maintained our support for registered social landlords through the year, with social housing lending balances increasing to £4.9 billion (2025: £4.7 billion).

Total impairment provision balances on business lending increased to £154 million (2025: £113 million), driven by additional provisions for portfolio risks, as well as increased provisions for impaired loans.

Other financial assets

Other financial assets decreased to £28.9 billion (2025: £33.2 billion). These comprise investment assets held mainly for liquidity purposes of £25.9 billion (2025: £28.7 billion), loans and advances to banks and similar institutions of £1.8 billion (2025: £1.8 billion), derivatives with positive fair values of £3.3 billion (2025: £4.7 billion) and fair value adjustments for portfolio hedged risk of £(2.1) billion (2025: £(2.0) 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 2026 remained significantly ahead of regulatory requirements, at 169% (12 months ended 31 March 2025: 174%). Further details are included in the Liquidity and funding risk section of the Risk report.

Members' interests, equity and liabilities		
	2026	2025
	£m	£m
Member deposits	**217,052**	207,428
Non-member retail deposits	**53,771**	53,312
Non-member business deposits	**22,761**	21,087
Debt securities in issue	**54,821**	51,109
Other financial liabilities	**9,736**	10,468
Other liabilities	**2,898**	3,991
Total liabilities	**361,039**	347,395
Members' interests and equity	**21,085**	19,723
Non-controlling interests	**204**	759
Total equity and liabilities	**382,328**	367,877

Funding limit[4]
37.5%
(2025: 37.2%)

Member and non-member retail deposits

Against a competitive deposit market backdrop, member deposits balances grew by £9.6 billion to £217.1 billion (2025: £207.4 billion), which was supported by a strong ISA season, the success of our Member Exclusive Bond, and market-leading attraction of personal current account switchers.

Non-member retail deposits remained stable at £53.8 billion (2025: £53.3 billion). The market share of total retail deposit balances remained at 12.2% (2025: 12.2%).

Personal current account credit balances increased by £1.7 billion to £44.4 billion (2025: £42.7 billion), taking the Group's market share of personal current account balances to 10.9%[5] (2025: 10.7%), as we outperformed the broader market.

Non-member business deposits

Non-member business deposits increased by £1.7 billion to £22.8 billion (2025: £21.1 billion), as balances benefitted from growth in business current accounts and savings. During the year, 56,000 (2025: 24,000) new business current accounts were opened, which was a record year for new accounts under the Virgin Money brand.

Debt securities in issue and other financial liabilities

Debt securities in issue increased to £54.8 billion (2025: £51.1 billion). This relates to wholesale funding but excludes subordinated debt which is included within other financial liabilities. Nationwide's position against the Building Societies Act Funding Limit of 50% remained stable at 37.5% (2025: 37.2%).

Members' interests and equity

Members' interests and equity increased to £21.1 billion (2025: £19.7 billion), with growth largely driven by retained profits.

Non-controlling interests

The Group has a non-controlling interest, represented by Virgin Money UK PLC's AT1 equity instruments, which reduced to £204 million (2025: £759 million), as a portion of the instruments were redeemed during the year.

[4] The funding limit measures the proportion of funding from sources other than member deposits, against the statutory limit of 50%.
[5] CACI's Current Account and Savings Database, Stock Credit Balances (February 2026 latest available data and March 2025).

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 12.3% and 4.3% respectively. The CET1 ratio remained at 19.1% and the leverage ratio increased to 5.3% (2025: 5.2%). The capital disclosures included in this report are in line with the PRA Rulebook and the UK Capital Requirements Regulation and Directive (UK CRR and UK CRD V).

Capital structure		
	2026	2025
	£m	£m
Capital resources		
CET1 capital	**16,684**	15,611
Tier 1 capital	**18,862**	17,732
Total regulatory capital	**20,783**	19,489
Capital requirements		
Risk weighted assets (RWAs)	**87,437**	81,871
Leverage exposure	**353,504**	344,018
Capital ratios	**%**	%
CET1 ratio	**19.1**	19.1
Leverage ratio	**5.3**	5.2

The CET1 ratio remained at 19.1% following an increase in CET1 capital of £1.1 billion, offset by an increase in RWAs of £5.6 billion. The CET1 capital resources increase was driven by statutory profit after tax. The RWA increase was predominantly driven by an increase in retail mortgages RWAs. This increase reflected both growth in lending balances and a one-off £3.0 billion increase in the temporary model adjustment applied to Virgin Money's existing Internal Ratings Based (IRB) mortgage models, following regulatory feedback as part of the revised model approval process.

Over time, the Group intends to align modelling approaches across its IRB portfolios. Excluding the one-off temporary model adjustment uplift, the CET1 ratio would have increased, with retained earnings sufficient to support the organic increase in RWAs. Further details on the temporary model adjustment and RWAs are provided in the Capital risk section of the Risk report.

The leverage ratio increased to 5.3% (2025: 5.2%), with Tier 1 capital resources increasing by £1.1 billion as a result of the CET1 capital movements referenced above. This was partially offset by an increase in leverage exposure of £9.5 billion, predominantly due to increased 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 are in excess of the risk-based equivalent.

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

Governance

Chairman's introduction	41
Your Board	42
Governance at Nationwide	46
Nomination and Governance Committee report	58
Audit Committee report	61
Board Risk Committee report	66
Report of the directors on remuneration	70
Directors report	90

UK Corporate Governance Code – statement of compliance

The UK Corporate Governance Code 2024 (the Code) applies to the financial year 2025/26, with the exception of Provision 29 which will apply from the financial year beginning 1 April 2026. Nationwide will therefore report against Provision 29 in its 2026/27 Annual Report and Accounts. An explanation of the Group's preparations for implementing Provision 29 is provided on page 64. For the 2025/26 financial year, Provision 29 of the 2018 Corporate Governance Code remains applicable. Nationwide is committed to high standards of corporate governance and has adopted the relevant parts of the Code, which is available at **www.frc.org.uk**. The Board believes that throughout the year Nationwide has complied with the principles of the Code, in line with the Building Societies Association guidance of October 2024.

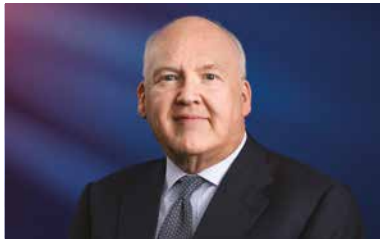
Details of the principles, including where you can read more about how the Group has complied with them, are set out below.

The Code uses the terminologies of 'company' and 'shareholder'; however, for the purposes of this report, as these terms do not strictly apply to Nationwide as a building society, the terms 'Group' and 'members' are used.

Section	Code Principles	Where to find them in the report
Board leadership and company purpose	A. An effective and entrepreneurial board, promoting the long-term sustainable success of the Group, generating value for members and contributing to wider society	Pages 3-39 and 41-52
	B. Purpose, values, strategy and culture	Pages 41 and 46-48
	C. Board decisions and their outcomes	Pages 19-20
	D. Stakeholder engagement	Pages 15-18
	E. Workforce policies and practices consistent with the Group's values	Pages 13-14 and 48
Division of responsibilities	F. Leadership of the Board	Pages 6, 46-48, 51-52 and 58-60
	G. Board composition and division of responsibilities	Pages 42-45 and 51
	H. Directors' responsibilities and time commitment	Pages 46-48 and 52
	I. Board infrastructure	Pages 51-52 and 55-57
Composition, succession and evaluation	J. Board appointments and succession plans	Pages 41, 55 and 58-60
	K. Board skills, experience and knowledge	Pages 42-45, 52 and 56
	L. Annual Board performance review	Pages 56-57, 60, 62, 67 and 72
Audit, risk and internal control	M. Effectiveness of external auditor and internal audit	Page 65
	N. Fair, balanced and understandable assessment	Page 62
	O. Risk management and internal control framework	Pages 61-69 and 94-97
Remuneration	P. Remuneration policy and practices supporting strategy, purpose, strategy and values	Pages 70-79
	Q. Executive and senior management remuneration	Pages 70-89
	R. Exercising independent judgement	Pages 70-89

Report of the directors on corporate governance

Chairman's introduction



I am pleased to present the report of the directors on corporate governance for the financial year ended 31 March 2026.

Nationwide is a modern mutual, owned by its members. This ownership structure means it can prioritise the needs of members and customers, rather than those of shareholders. Good governance is central to decision making, and the Board is responsible for ensuring that as well as fulfilling its statutory duties, its decisions continue to support the long-term resilience of the Group and deliver value for members and customers.

This report sets out the Group's governance arrangements, including how we have applied the provisions of the UK Corporate Governance Code 2024, and provides a description of some of the Board's key activities during the year.

Our members and customers

Listening to and rewarding our members is central to Nationwide's ethos as a modern mutual.

To continue serving our members and customers effectively, we have extended the Branch Promise to 2030. As a Board, we continue to focus on understanding our customers, who are encouraged to share their views and suggestions to help us recognise their varied and often complex needs. Customers can engage with each other – and with Nationwide – through multiple channels, including Member Voice, an initiative that members can sign up to, which facilitates discussions, surveys, online group chats and telephone and video interviews to share ideas and offer feedback.

We have continued to run our AGM successfully as an online event, enabling our members, regardless of their location, to participate. I look forward to welcoming our members to this year's AGM.

Responsible business

We are committed to operating in a socially responsible way, and the Board is conscious of the impact of the Group's operations on both wider society and the environment.

The Board continues to monitor the embedding of the Fairer Futures social impact strategy and is committed to ensuring that we scrutinise our carbon footprint and reduce our energy consumption wherever possible. Our climate disclosures can be found on pages 23 to 25 of this report and in our Climate-related Financial Disclosures on **nationwide.co.uk**

Inclusion, diversity and culture

The Board benefits from the diverse range of views, backgrounds and experience of its directors. To ensure we continue to serve the wide-ranging needs of our members and customers effectively, we remain committed to maintaining diversity of perspectives, experience and backgrounds within executive management and the Board. I am pleased to report that Nationwide has maintained its position among the top ten organisations for Women on Boards in the latest FTSE Women Leaders Review, ranking fifth among the 50 largest private companies. As we continue to oversee the integration of Virgin Money into the Group, we maintain our commitment to fostering and promoting an inclusive culture. Further information about the Board's oversight of the Group's culture can be found on page 48.

Board changes

Full details of all changes to the composition of the Board are set out on page 47. During the year, the boards of Nationwide, Virgin Money and Clydesdale adopted a "mirror board" structure to simplify decision making and accountability, as detailed on page 46. We saw Albert Hitchcock, David Bennett and Anand Aithal step down from the Board, and I thank them for their contributions to the work of the Board and to the Group. Most recently, we have welcomed Guy Bainbridge and Mike Rogers to the Board.

In the near term, Chris Rhodes will step down from the Board on 21 May 2026, before retiring from Nationwide in September 2026, and Alan Keir will step down from the Board at the conclusion of the 2026 AGM. On behalf of the Board, I would like to thank both Chris and Alan for their contributions to the Board and to the Group.

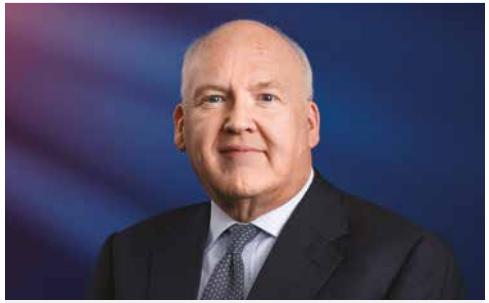
The year ahead

This is my final Corporate Governance report as Chairman, as I will step down following the 2026 AGM. I would like to thank my fellow Board members for their hard work, dedication and support during my tenure, and I wish my successor, Mike Rogers, the Board, and the executive management team every success for the future.

Kevin Parry OBE
Chairman

Your Board

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



Kevin Parry OBE

ng

Chairman

Appointed: 23 May 2016, (Chairman from 1 February 2022)

Skills and experience
Kevin Parry, a chartered accountant and former CEO and CFO, brings a wealth of expertise to the Board. Kevin has previously served as Chairman of Royal London Mutual Insurance Company Limited, Intermediate Capital Group plc and the Homes and Communities Agency. He was appointed Chairman of the Mutuals and Co-operatives Business Council in 2024.

Key current external appointments

- Chairman of Board of Trustees of Marie Curie
- Chairman of Mutuals and Co-operatives Business Council
- Non-executive director of Daily Mail & General Trust plc
- Senior Financial Services Adviser, Rothschild & Co

Tracey Graham

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Senior Independent Director

Appointed: 28 September 2022, (Senior Independent Director from 20 July 2023)

Skills and experience
Tracey Graham is an experienced non-executive director who has served on both listed and mutual boards across a range of sectors. Tracey has considerable experience as a remuneration committee chair and as a Senior Independent Director, having held these roles at Ibstock plc and discoverIE plc. Tracey chaired LINK Consumer Council for nine years and was previously CEO of Talaris Limited. Tracey also held senior roles at De La Rue plc, HSBC and AXA Insurance.

Key current external appointments

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

Dame Debbie Crosbie DBE

Group Chief Executive Officer

Appointed: 2 June 2022

Skills and experience
Debbie Crosbie has 30 years' experience of strategic transformation in financial services. She previously served as CEO of TSB Bank and was an Executive Director and Chief Operating Officer at Clydesdale Bank where she led preparations for its successful initial public offering. Debbie received a Damehood in 2025 and was appointed by the Chancellor as the Government's Women in Finance Champion in 2026. She is a non-executive director of SSE plc, a leading UK renewables and energy networks company.

Key current external appointments

- Non-executive director of SSE plc
- UK Government's Women in Finance Champion.

Muir Mathieson

Group Chief Financial Officer

Appointed: 6 September 2024

Skills and experience
Muir Mathieson's significant finance and treasury experience means he has a deep understanding of Nationwide's mutual business model and is ideally placed to oversee the long-term financial stability of the Group. Muir became Group CFO in 2024 after holding senior roles at Nationwide since 2010. Muir is a chartered accountant, beginning his career at PwC, and has previously held roles at Barclays Investment Bank and Chelsea Building Society.

Key current external appointments

- Chair of the PRA's Practitioner Panel
- External Committee member of John Lewis Partnership Audit and Risk Committee
- Director of Silverstone Securitisation Holdings Limited

Chris Rhodes

Virgin Money Chief Executive Officer

Appointed: 30 September 2025

Skills and experience
Chris Rhodes is a chartered accountant with over 30 years' experience in banking. Chris became CEO of Virgin Money in October 2024 following Nationwide's acquisition. He was previously a member of the Nationwide Board from 2009 to 2024 and its CFO from 2019 to 2024. He previously held senior roles at Alliance & Leicester, Girobank, and Visa Europe.

Key current external appointments

None

Guy Bainbridge

a ri

Independent non-executive director

Appointed: 1 February 2026

Skills and experience
Guy Bainbridge has extensive experience at board level, including within the mutuals sector. He is an experienced audit committee chair, having held this role at Yorkshire Building Society, ICE Clear Europe Limited, the world's largest clearing house for energy products, and Manulife Financial Corporation. Guy is a member of the Institute of Chartered Accountants in England and Wales, with 36 years' experience in KPMG's financial services practice, including serving as their lead audit partner for institutions such as HSBC, ING and Barclays.

Key current external appointments

- Non-executive director of ICE Clear Europe Limited
- Non-executive director of Manulife Financial Corporation

Alan Keir

ri a ng

Independent non-executive director

Appointed: 1 March 2022

Skills and experience
Alan Keir has extensive experience in a full range of banking activity, including retail, commercial and investment banking. He began his non-executive career after retiring as Group Managing Director and CEO of Europe, Middle East and Africa at HSBC Bank plc in 2016. Alan was previously Chair of Sumitomo Mitsui Banking Corporation Bank International plc, a non-executive director of Majid Al Futtaim and a non-executive director of HSBC Bank plc.

Key current external appointments

None

Debbie Klein

r

Independent non-executive director

Appointed: 1 March 2021

Skills and experience
Debbie Klein has extensive experience in consumer, commercial brand, marketing and people leadership. Until 2023, she was Sky's Group Chief Marketing, Corporate Affairs and People Officer. In this role she led Sky's 2030 net zero plan. Debbie's expertise in sustainability and corporate social responsibility aligns with Nationwide's Environmental, Social and Governance agenda. Her previous career included senior leadership roles at The Engine Group, Saatchi & Saatchi and Nielsen.

Key current external appointments

- Non-executive director of Guardian Media Group plc
- Non-executive director of Showmax Africa Holdings Limited
- Non-executive director of Xyon Health Inc

Sally Orton

a

Independent non-executive director

Appointed: 1 June 2023

Skills and experience
Sally Orton is a dual-qualified chartered accountant in Australia and the UK. Her career spans 30 years in financial and professional services and she brings to the Board expertise in audit, regulation, mergers and acquisitions, integration, sustainability and finance. Sally has previously held CFO positions at a range of financial services firms. She started her career at KPMG in Australia, moving to London in 1997 to join PwC and then EY.

Key current external appointments

- Member of ICAEW Financial Services Faculty Board
- Warden of Worshipful Company of Chartered Accountants in England and Wales

Tamara Rajah MBE

Independent non-executive director

Appointed: 1 September 2020

Skills and experience
Tamara Rajah is an entrepreneur and board director with deep expertise in consumer innovation, transformation and digital. Tamara currently serves as Group Managing Director of Healthcare at Tesco plc. Tamara previously served as CEO of Wellness Solutions and Chief Transformation Officer of Holland and Barrett. Starting her career at McKinsey & Company, Tamara went on to found and scale an award-winning, venture-capital backed global consumer healthcare platform.

Key current external appointments

- Trustee of parkrun Global Limited
- Group Managing Director of Healthcare at Tesco plc (Appointed 27 April 2026)

Gillian Riley

ri r

Independent non-executive director

Appointed: 1 April 2022

Skills and experience
Gillian Riley is a seasoned banker with an accomplished track record at Scotiabank, Canada's third largest financial institution, holding senior roles in retail, business banking and wealth management. From 2018 to 2024 she served as President and CEO of Tangerine Bank, Canada's leading digital bank. She is currently Chair of Roynat Capital and President of The Conference Board in Canada. Gillian champions diversity and community values and has been recognised twice as one of Canada's top 100 women for her leadership.

Key current external appointments

- Chair of Roynat Capital Incorporation
- Non-executive director of St Michael's Hospital Foundation in Canada
- Governor at Huron University
- President of The Conference Board (Appointed 6 April 2026)

Phil Rivett

a ng ri

Independent non-executive director

Appointed: 1 September 2019

Skills and experience
Phil Rivett is a chartered accountant with over 40 years' experience in accountancy and audit, with a focus on banks and insurance companies. He has a wealth of experience, advising major financial services providers in the UK and on a global basis. He has held various senior positions at PricewaterhouseCoopers LLP and was Chair of its Global Financial Services Group prior to retiring from the firm. Phil has an exceptional leadership track record, advocating a collaborative and inclusive approach.

Key current external appointments

- Senior Independent Director of Standard Chartered PLC
- Non-executive director of Standard Chartered Bank

Mike Rogers

Deputy Chair and independent non-executive director

Appointed: 1 April 2026

Skills and experience
Mike Rogers brings over 30 years' senior executive and board level experience in financial services and the mutual sector to Nationwide. He has been Chair of Experian PLC since 2019 and Chair of the Admiral Group PLC since 2023. His previous roles include Chair at Aegon UK PLC, non-executive director at NatWest Group plc, non-executive director of the Association of British Insurers and Chief Executive Officer of the mutual insurance organisation LV=. He also spent 20 years at Barclays in senior leadership roles.

Key current external appointments

- Chair of Experian PLC (will step down on 22 July 2026)
- Chair of Admiral Group PLC

Jason Wright

Group Society Secretary

Appointed: 17 March 2021

Skills and experience
Jason Wright is a Fellow of the Chartered Governance Institute with over 25 years' experience as a governance professional within financial services. He advises the Chairman and the Board on governance-related matters and helps the Board function effectively. Jason joined Nationwide in 2019, becoming Group Society Secretary in 2021. He previously held roles at Barclays Bank PLC, Santander UK plc and RBC Europe.

Governance at Nationwide

Our group structure

Nationwide Building Society is a mutual organisation governed by the Building Societies Act 1986 (the Act) and is the Group's parent undertaking. Nationwide acquired the Virgin Money group (including Clydesdale Bank PLC) on 1 October 2024 and is its sole shareholder. From 30 September 2025 the Boards of Nationwide Building Society, Virgin Money UK PLC (Virgin Money) and Clydesdale Bank PLC (Clydesdale) have operated a mirror board governance structure, which is explained below. The Mortgage Works (UK) PLC is a wholly owned operating entity of the Group and has its own board of directors, made up of members of the Group's Executive Committee.

Our corporate governance framework

The Board is the Group's ultimate decision-making body. A revised Group Governance Framework was approved by the Board in September 2025 and will continue to be reviewed annually.

From 30 September 2025, the Group adopted a mirror board structure whereby the directors of Nationwide Building Society, Virgin Money and Clydesdale are the same, covering their responsibilities in one set of meetings. The board committees operate in the same way. Although the boards and committees are aligned and meet concurrently, each entity retains its own legal and regulatory duties and responsibilities. This mirror board structure makes decision making more efficient and effective as the Board can oversee the work of the Group by receiving updates on Nationwide Building Society, Virgin Money and Clydesdale directly at one meeting, rather than through layers of governance.

The Group Governance Framework sets out clear procedures for identifying and managing any potential or actual conflicts of interest in the mirror board structure to ensure that Board directors act in each entity's best interests.

The role of the Board

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

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

The Board has standing committees in place, and each committee considers matters that fall within its respective remit of responsibility. Further information on the work of the Board's principal committees can be found on pages 58 to 89.

Board meetings in 2025/26

The Board held 11 scheduled meetings in the 2025/26 financial year. Board directors' attendance record at scheduled Board and committee meetings is set out below. The Board and its committees have authority to meet on an ad hoc basis, should a matter require consideration between scheduled meetings.

Board meetings are structured to ensure that the Board considers and discusses a range of matters relating to the Group's performance, operations and culture. The Chairman leads the process of agenda setting, assisted by the Group Chief Executive Officer and the Group Society Secretary. At the end of each Board meeting, the Board reviews and provides feedback on that cycle of meetings. This feedback supports continuous improvement in the quality of papers presented to the Board and its committees and helps ensure that the content of future meeting agendas remains appropriate. Included in the main items for consideration at Board meetings are reports from the Group Chief Executive Officer and, during 2025/26, regular updates on integration activities. During each Board cycle, the Chairman meets with his fellow non-executive directors, without executive directors present. Directors who are unable to attend a meeting are provided with the supporting papers in advance and can provide comments to the Chairman or to the relevant Committee Chair.

Board and Committee composition and attendance at scheduled meetings in 2025/26

Board member	Board	Audit Committee	Board Risk Committee	Remuneration Committee	Nomination and Governance Committee
Kevin Parry	11/11	-	-	-	6/6
Anand Aithal[1]	8/8	5/5	3/3	-	-
Guy Bainbridge[2]	2/2	1/1	1/1	-	-
David Bennett[3]	8/8	-	-	-	-
Tracey Graham	11/11	-	5/5	6/6	6/6
Albert Hitchcock[4]	5/5	-	2/2	3/3	-
Alan Keir	11/11	7/7	5/5	-	6/6
Debbie Klein	11/11	-	-	6/6	-
Sally Orton	11/11	7/7	-	-	-
Tamara Rajah	9/11	-	-	-	-
Gillian Riley	11/11	-	5/5	6/6	-
Phil Rivett	11/11	7/7	5/5	-	6/6
Debbie Crosbie	11/11	-	-	-	-
Muir Mathieson	11/11	-	-	-	-
Chris Rhodes[5]	6/6	-	-	-	-

How the Board spent its time in the year

[1] Anand Aithal stood down from the Board on 31 December 2025.
[2] Guy Bainbridge was appointed to the Board on 1 February 2026.
[3] David Bennett stood down from the Board on 31 December 2025.
[4] Albert Hitchcock stood down from the Board on 30 September 2025.
[5] Chris Rhodes was appointed to the Board on 30 September 2025.

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

Board leadership and organisational purpose

The Board sets the Group's strategic objectives within defined risk, control and governance parameters and oversees financial performance and risk management. It also considers the Group's strategic direction at its annual Strategy Conference. When making decisions, the Board considers the impact on key stakeholders – including members, customers, colleagues, suppliers, debt investors, regulators and wider communities.

The Board is responsible for ensuring that, as a collective body, it has the right mix of skills, knowledge and experience to fulfil its responsibilities effectively. It provides leadership on culture, values and ethics across the Group. To support their continual development, directors receive formal training throughout the year to keep up to date with technical, regulatory and statutory developments. Through the Closer to Customers programme, non-executive directors continued to gain deeper insight into our customers' needs, how customers are using our products, and developments which they may wish to see in the future. During the year, Board members attended customer focus groups where directors heard directly from customers on specific topics, made branch visits and listened to customer calls.

Culture

The Group's culture is an important focus of the Board to ensure it supports the Group's purpose and strategy. The Board received regular updates from the Group Chief People Officer to ensure it has a strong understanding of culture, as well as updates on progress made towards achieving and embedding its cultural goals.

During the year, Board members, executive directors and senior leaders engaged with colleagues through a programme of events designed to provide opportunities for colleagues to ask questions and share feedback. The Board has appointed a non-executive director with specific responsibility for championing the Employee Voice in the boardroom. This role is currently held by Tamara Rajah. Tamara reports to the Board annually on insights and observations she has gained. In addition, the non-executive directors held regular Townhall sessions with colleagues, during which they responded directly to questions. The Board continues to sponsor and monitor progress against the Group-wide Blueprint for a Modern Mutual, which sets out the Group's purpose.

Whistleblowing

The Group has arrangements in place for employees, contractors and temporary workers to raise concerns about possible misconduct, wrongdoing or unacceptable behaviour towards others by its employees and third parties. All whistleblowing cases are managed through the Group's whistleblowing team, ensuring a consistent and streamlined approach across the Group. The Board recognises that having effective and trusted, confidential whistleblowing arrangements is key to supporting an open and honest culture. All employees, contractors and temporary workers of the Group may raise concerns confidentially, including anonymously (if preferred) via various channels. Employees, contractors and temporary workers also receive annual training on our whistleblowing policies and procedures. The Board has appointed Phil Rivett as its Whistleblowers' Champion, who is responsible for ensuring and overseeing the integrity, independence and effectiveness of the policies and procedures relating to whistleblowing, including measures to protect whistleblowers from being victimised as a result of raising reportable concerns.

A recent survey showed that in aggregate 89% of colleagues would be happy to speak up if they witnessed or experienced unacceptable behaviour. The Board receives a report from the Whistleblowing Officer annually, and it has reviewed the adequacy and effectiveness of the arrangements in place for the proportionate and independent investigation of concerns raised, including any required follow-up action taken.

During the 12 months to 31 December 2025, a total of 235 concerns were raised with the Group's whistleblowing team, of which 98 concerns, comprising 178 allegations were formally investigated as whistleblowing (12 months to 31 December 2024, for the Group excluding Virgin Money: 251 concerns raised, of which 96 concerns, comprising 134 allegations, were investigated as whistleblowing). The remainder were managed utilising other internal channels.

Conflicts of interest

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

Board activity during the year

The following pages set out some of the key matters considered by the Board during the year, together with the stakeholder groups impacted, and principal risks presented, by each matter. Further information on how the Board has engaged with its key stakeholder groups is outlined on pages 15 to 20.

Board activity	Strategic driver	Stakeholder	Principal risk
Strategic development and performance • Oversaw work on the Part VII transfer of assets and liabilities of Virgin Money's main operating subsidiary, Clydesdale Bank PLC, into Nationwide Building Society. This is discussed in more detail in the Strategic report on page 19. • Received updates on, and oversaw progress of, the integration of Nationwide and Virgin Money. • Received business performance and strategic transformation updates, including operational resilience. • Discussed and approved recommendations regarding the future strategic growth of the Group. • Received an update on the Fairer Futures social impact strategy and the Group's key charitable partnerships. • Debated and considered the opportunities and challenges facing the Group due to the changing macro environment and agreed the propositional, financial, strategic and risk response.	R E M S	Members and customers Colleagues Suppliers Communities Regulators and policy makers Investors and rating agencies	P O E
Finance • Reviewed and approved Nationwide's full-year financial results and Annual Report and Accounts 2025 and Group interim results, prior to publication, with consideration given to business viability and the preparation of the accounts on a going concern basis. • Regularly assessed financial performance and the Group's capital and liquidity position via business performance reports from the Group Chief Financial Officer. • Approved the issuance of Nationwide securities and the buyback of Virgin Money securities. • Reviewed the Group's cost performance and outlook and discussed the opportunities to reduce costs over the five-year Group Financial Plan. • Discussed and challenged the five-year forecast of economic and market assumptions prior to review of the Group Financial Plan. • Approved the Group Financial Plan 2026-31.	R E S	Members and customers Colleagues Suppliers Regulators and policy makers Investors and rating agencies	P O E

Key:

R More rewarding relationships

E Simply brilliant experience

M Beacon for mutual good

S Simplify, integrate and grow

P Prudential risks (including credit, model, liquidity and funding, market, business, capital, and pension risk)

O Operational risks

E Enterprise risk management

Board activity	Strategic driver	Stakeholder	Principal risk
Risk and regulatory matters, including external outlook • Received regular reports from the Group Chief Risk Officer on the internal and external risk outlook, and regulatory matters. • Received updates on economic crime and oversaw the conclusion of the FCA's investigation into Nationwide's historical compliance with UK money laundering regulations. • Approved the Group Risk Appetite and supporting metrics. • Approved the expansion of Nationwide's higher loan-to-income lending (see Board Decisions on page 20). • Assessed the Group's overall risk profile and emerging risk themes.	R E S	Members and customers Colleagues Suppliers Regulators and policy makers Investors and rating agencies	P O E
Purpose, culture and values • Received updates from the Group Chief People Officer and the Employee Voice non-executive director. • Group Gender and Ethnicity Pay Gap reporting for 2025 was approved by the Remuneration Committee on behalf of the Board. • Reviewed the annual Culture Report, which analysed the results of the culture survey, and the progress made on the development and embedding of culture and behaviours. • Reviewed Nationwide's annual Whistleblowing Report 2025 and whistleblowing arrangements. • Approved the Group's Modern Slavery Statement for 2025.	R M S	Members and customers Colleagues Suppliers Communities Regulators and policy makers Investors and rating agencies	O E
Members and customers • Received regular updates on customer complaints, their themes and mitigation activity. • Received the Annual Consumer Duty Report. • Considered, and approved, the Fairer Share payment, made to members in 2025 following the approval of Nationwide's 2024/25 financial results. • Endorsed the decision to extend the Branch Promise to 2030. • Continued to engage with customers via the Customer Focus sessions.	R E M S	Members and customers Colleagues Suppliers Communities Regulators and policy makers Investors and rating agencies	P O E
Governance • Approved a revised Group Governance Framework to implement the mirror board structure detailed on page 46, and revised terms of reference for the Board and its committees. • Considered long-term succession planning for the Board and Group Executive Committee. • Approved the appointment of the Deputy Chair to succeed the Chairman in July 2026, and the appointment of a non-executive director to be the next chair of the Audit Committee. • Approved plans for the 2025 AGM, and the Notice of the 2026 AGM. • Received the 2025 Board performance review and discussed resulting actions. • Received regular reports from the Group General Counsel and Group Society Secretary. • Received and reviewed updates on Environmental, Social and Governance matters.	R E M S	Members and customers Colleagues Suppliers Communities Regulators and policy makers Investors and rating agencies	P O E

Key:

R More rewarding relationships

E Simply brilliant experience

M Beacon for mutual good

S Simplify, integrate and grow

P Prudential risks (including credit, model, liquidity and funding, market, business, capital, and pension risk)

O Operational risks

E Enterprise risk management

Division of responsibilities

Leadership structure

An overview of the Boards' composition and committee structure at 31 March 2026 is set out below:

The Board of Nationwide Building Society Nationwide Building Society, Virgin Money UK PLC and Clydesdale Bank PLC operate a mirror board structure as set out on page 46 and the structure below is the same for each of these boards.			
The Board delegates certain matters to its principal committees. Each Board committee considers Group matters that fall within its respective remit of responsibility.			
Audit Committee See the report on page 61.	**Board Risk Committee** See the report on page 66.	**Nomination and Governance Committee** See the report on page 58.	**Remuneration Committee** See the report on page 70.

Roles and responsibilities within the Board

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

Further information on how the Board has delegated the day-to-day management of the Group's business to the Group Chief Executive Officer can be found on page 53.

Division of responsibilities (continued)

Time commitment

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

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

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

During the year, the Board approved additional external appointments for several non-executive directors on the basis that these appointments were not considered to impair their ability to serve as a director of the Group. Details of current external appointments can be found in the directors' biographies on pages 42 to 45 of this report.

Director independence

In reaching its annual determination of non-executive director independence, the Nomination and Governance Committee considers factors including length of tenure, relationships and any circumstances which could influence, or appear to influence, a director's judgement. On the recommendation of that Committee, the Board has determined that all non-executive directors, excluding the Chairman who has been a member of the Board for more than 9 years, are independent and are free of relationships and other circumstances which could materially influence the exercise of their judgement. All eligible directors will be recommended to members for election or re-election at the 2026 AGM.

Information and advice

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

Induction, training, and development

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

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

Division of responsibilities (continued)

Group Executive Committee

There is a clear division of responsibilities between the Chairman and the Group Chief Executive Officer.

To the extent that matters are not reserved to the Board for decision, responsibility is delegated to the Group Chief Executive Officer, who is assisted by the Group Executive Committee, the members of which are set out below. The Group Society Secretary and Group Chief Internal Auditor are attendees of the Group Executive Committee.

Biographies for the executive directors and Group Society Secretary can be found on pages 42 to 45 and, for other Group Executive Committee members, at **nationwide.co.uk**

Dame Debbie Crosbie DBE
Group Chief Executive Officer

Catherine Kehoe
Group Chief Customer Officer

Chris Rhodes
Virgin Money Chief Executive Officer

Gavin Smyth
Group Chief Risk Officer

Hannah Bernard OBE
Group Director of Business Banking

Henry Jordan
Group Director of Mortgages

James Peirson
Group General Counsel

Jason Wright
Group Society Secretary (Attendee)

Lynn McManus
Group Chief People Officer

Mandy Beech
Group Director of Retail Services

Muir Mathieson
Group Chief Financial Officer

Raymond Pettitt
Group Director of Customer Operations

Stephen Noakes
Group Director of Retail

Steve Evenden
Group Chief Internal Auditor (Attendee)

Suresh Viswanathan
Group Chief Operating Officer

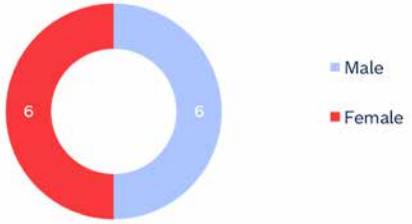
Tom Riley
Group Director of Retail Products

Composition, succession, and evaluation

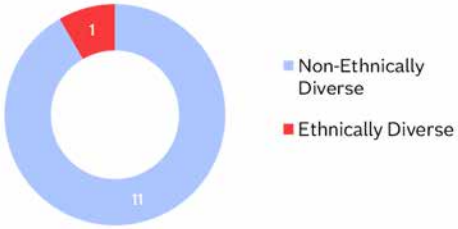
Board diversity

We are committed to maintaining a diverse and inclusive Board that sets the Group's strategy, tone and culture. The Board aims to achieve this by ensuring there is diversity of ethnicity, age, gender, disability and sexual orientation, as well as socio-economic, educational and professional backgrounds within its membership. This is a key determinant of any new Board appointments and is also taken into consideration in the development of a diverse pipeline for succession. Selecting the best candidate is paramount, and all appointments are based on merit and objective criteria with due regard for the benefits of diversity. The Board's Diversity Statement is set out in the Board Composition and Succession Policy which can be found at **nationwide.co.uk.** The Nomination and Governance Committee Report on pages 58 to 60 sets out the selection process for new directors appointed during the year. The gender and diversity data set out on this page is in the form prescribed by the FCA's UK Listing Rules. This data is collected from executive management and directors at the application and onboarding stages of their recruitment, and they are requested to attest to this information annually by way of questionnaire.

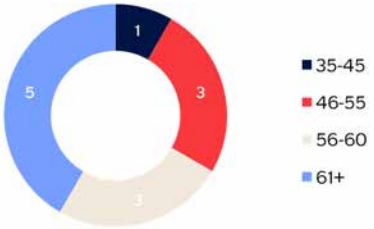
Gender diversity on the Board



Ethnic diversity on the Board



Age of directors on the Board



Gender representation as at 31 March 2026					
	Board members		Number of senior positions (note i)	Executive management (note ii)	
	Number	Percentage		Number	Percentage
Male	6	50%	2	10	67%
Female	6	50%	2	5	33%
Not specified/prefer not to say	-	-	-	-	-

Ethnicity representation as at 31 March 2026					
	Board members		Number of senior positions (note i)	Executive management (note ii)	
	Number	Percentage		Number	Percentage
White British or other White (including minority-white groups)	11	92%	4	14	93%
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/British Asian	1	8%	-	1	7%
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

Performance against FCA diversity targets as at 31 March 2026		
Target	**Outcome**	**Position**
At least 40% of Board directors are women	Met	50% of Board directors are women
At least one senior Board position is held by a woman	Met	Two senior Board positions are held by women
At least one director from a minority ethnic background	Met	One director is from a minority ethnic background

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

Composition, succession, and evaluation (continued)

Board tenure

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

Board composition

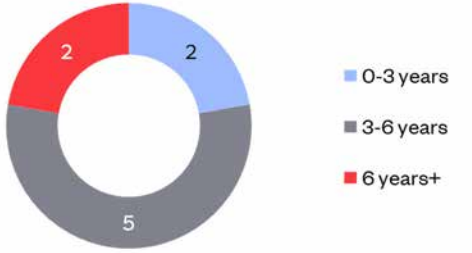
The Nomination and Governance Committee is responsible for reviewing Board composition, considering succession plans for both the Board and senior executives, selecting and appointing new directors and considering the results of the annual board performance review. More information on the work of this Committee can be found on pages 58 to 60.

To ensure that an appropriate balance of skills, experience and knowledge on the Board is maintained, the competencies of individual Board members are regularly reviewed. A balanced board is vital for constructive and open debate in the boardroom and, ultimately, effective board decisions. Individual director biographies, including their relevant skills and experience, can be found on pages 42 to 45.

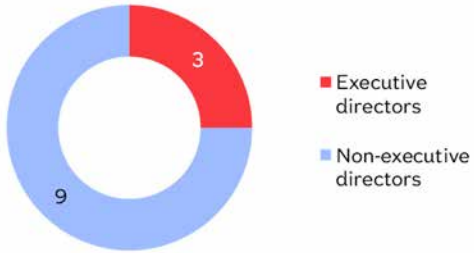
All directors are subject to conduct rules laid down by the Group's regulators and must satisfy requirements relating to their fitness and propriety. In addition, the Chairman, the SID and Committee Chairs are subject to all aspects of the Senior Managers and Certification Regime.

Executive directors' service contracts, as well as letters of appointment for the Chairman and non-executive directors, are available for inspection at Nationwide's principal office and will be available at the 2026 AGM.

Non-executive directors' tenure



Executive and non-executive directors



Chairman's performance, tenure and succession

The Chairman's performance review was led by the SID on behalf of the Board in May 2025. This review included peer feedback from the non-executive and executive directors. The review concluded that Kevin Parry continued to perform effectively, remained fit and proper to perform the role, upheld his regulatory responsibilities, and demonstrated commitment to his role. Considering this conclusion, the re-election of Kevin Parry was put to members at the 2025 AGM where he was re-elected as a director.

As disclosed in the Annual Report and Accounts 2025, Kevin Parry reached nine years' service on the Board in May 2025, having been appointed as an independent non-executive director in May 2016 and as Chairman in February 2022. In 2025, the SID led a review of the Chairman's tenure, having regard to the need for Board continuity following the acquisition of Virgin Money and to support longer-term succession planning. The review considered the Chairman's performance, independence, experience and contribution to the Board and strategy, and included consultation with the Prudential Regulation Authority and the Financial Conduct Authority. Following this review, and in the absence of the Chairman, the Board agreed a limited extension of his tenure. As previously reported, the process to identify a successor commenced after the 2025 AGM.

Tracey Graham, the SID, led the formal search process for the Chairman's succession supported by Russell Reynolds Associates and a sub-committee of the Nomination and Governance Committee. The sub-committee established key criteria for the search including: prior experience as a Chair as well as other senior board-level positions; retail banking experience (preferably obtained as an executive); and experience of scale and complexity, including large transformations. The sub-committee agreed an initial long list of eight candidates with whom they conducted initial interviews. A shortlist of four candidates then met with the Group Chief Executive Officer. Following further consultation, the sub-committee selected two candidates to be interviewed by two additional non-executive directors. The two candidates then met with the Chairman and with the Group Chief Executive Officer, after which the sub-committee agreed a preferred candidate to be recommended to the Board for appointment, subject to regulatory approval. Following this process the Board, with the Chairman recused, endorsed Mike Rogers as the preferred candidate, subject to regulatory approval. After receipt of regulatory approval, the Board approved the appointment of Mike Rogers and announced the decision publicly on 8 January 2026.

Mike Rogers joined the Board as a non-executive director and Deputy Chair on 1 April 2026 and will assume the role of Chair following the 2026 AGM, subject to his election by our members at the AGM. Mike is currently Chair of Experian PLC and Admiral Group PLC but will step down as Chair of Experian PLC with effect from 22 July 2026, whilst remaining as Chair of Admiral Group PLC. Prior to his appointment, the Board assessed any potential conflicts of interest and time commitments in line with standard procedures.

Composition, succession, and evaluation (continued)

Individual director performance

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

Board performance

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

2025 Board performance review

The Group undertakes an externally facilitated Board performance review every three years; the last one was conducted by Better Boards in 2024. The 2025 performance review was conducted internally by the Group Society Secretary. The review utilised Better Boards' platform and methodology to assess the overall effectiveness of the Board and its committees and benchmarked its findings against the 2024 Nationwide Board performance review and Better Boards data. The findings were informed by questionnaire responses, updated individual skills and experience assessments, and peer assessments completed by all directors. The key findings were presented to the Board in June 2025.

Overall, the 2025 review concluded that the Board and its committees continue to perform and operate effectively. The Board adopted the recommendations from the review findings and has developed a plan to implement the agreed actions. The Board will continue to make progress against the key findings of the review, with monitoring of progress made against these actions having been delegated to the Nomination and Governance Committee; an update on the actions taken is provided below.

2025 Board Performance Review	
Area of focus	**Action taken**
Ensure that the Board continues to focus on risks associated with the integration of Nationwide and Virgin Money.	An integration update from the Group Chief Operating Officer is given at every Board meeting, which covers an overview of all risks associated with the integration programme.
Ensure that the Board continues to receive customer, member and colleague level insights.	Feedback from customers, members and colleagues is provided directly via Closer to Customer sessions, updates on member insights, culture surveys and townhall sessions.
Ensure that the Board receives external perspectives.	The ongoing Board training schedule has been adjusted to include technical topics (for example, business banking, banknote issuance, credit cards) and invites external organisations and individuals to deliver insights on key topics including AI, the political environment, sustainability, digital opportunities and cyber security.

Composition, succession, and evaluation (continued)

2026 Board performance review

The 2026 performance review will again be led internally by the Group Society Secretary. The results of the review will be presented to the Board for discussion and will form the basis of an action plan for completion during 2026. A similar process will be followed for Board committees. Further information on the evaluation process, outcomes and actions identified will be presented in the 2027 Annual Report and Accounts.

Audit, risk and internal control

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

The Group has a robust Group Risk Management Framework (GRMF) in place, which defines how risks are managed within the Group and sets out the risk management responsibilities of colleagues within an industry-standard three lines of defence model. The GRMF also ensures that all risks are appropriately and consistently identified, assessed, managed, monitored, and reported, in accordance with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', published by the FRC. The GRMF is supplemented by Group-wide executive risk governance which supports the Board in ensuring risks are managed consistently and rigorously across the Group, with appropriate escalation routes in place for identifying, evaluating and managing principal and emerging risks. The GRMF is supported by a system of internal controls and processes. These systems and processes are designed to manage, not eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal control over financial reporting

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

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

The Annual Report and Accounts is scrutinised throughout the financial reporting process by relevant senior stakeholders and the principal Board committees, before being submitted to the Audit Committee for final review and then recommended to the Board for approval.

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

An explanation of how the Audit Committee monitored progress for the introduction of new internal control declaration requirements for Provision 29 of the 2024 UK Corporate Governance Code is presented on page 64.

More information on the Group's risk management and internal control systems can be found on pages 61 to 69 of the Governance report and on pages 94 to 97 of the Risk report.

Nomination and Governance Committee report

I am pleased to reflect on the work of the Nomination and Governance Committee during the year ended 31 March 2026, which was my final year as both Chairman and Chair of this Committee.

Throughout the year the Committee has remained focused on supporting the long-term sustainable success of the Group by ensuring that both the Board and the executive management team possess the right blend of skills, experience and leadership capability. In doing so, the Committee has challenged management to ensure that composition and succession planning, both at board and executive management levels, remain robust, forward-looking and sufficiently diverse to continue to support the interests of our members, customers and wider stakeholders.

The Group continues to monitor and disclose diversity data relating to both its Board and executive management, which can be found on page 54, and I am pleased to report that all diversity targets set by the FCA have once again been met.

Several governance changes have occurred during the year, notably the establishment of a mirror board and committee structure, as outlined on page 46. The transition to a mirror board structure included Chris Rhodes re-joining the Board as an executive director. We welcomed Guy Bainbridge as an independent non-executive director on 1 February 2026 and Mike Rogers as an independent non-executive director and Deputy Chair on 1 April 2026. We also announced that Chris Rhodes will step down from the Board on 21 May 2026, before retiring in September 2026. After the 2026 AGM, Mike Rogers will assume the role of Chairman of the Group, Guy Bainbridge will become Chair of the Audit Committee, and Phil Rivett will become Chair of the Board Risk Committee, subject to regulatory approval. Alan Keir will retire as non-executive director and Chair of the Board Risk Committee following the 2026 AGM. Details of the selection process for Guy is provided on page 60 of this report. Details of the selection and appointment process for my successor, which was led by a sub-committee of this Committee, can be found on page 55.

As part of its responsibilities for corporate governance, the Committee provides ongoing oversight of the Group's Governance Framework. Following changes to reflect the transition to a single, Group-wide executive management model, the Committee is satisfied that the framework continues to operate effectively and in alignment with best practice, thereby supporting the highest standards of governance across the Group.

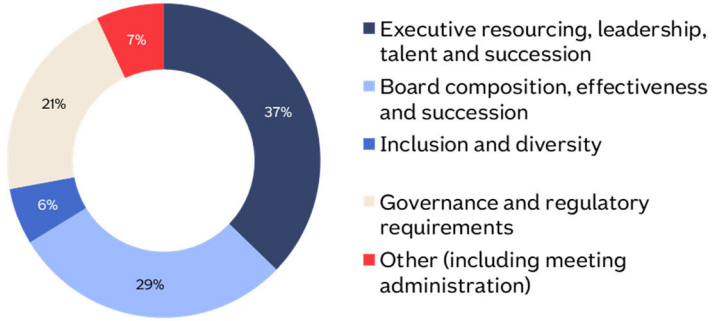
Looking ahead, my successor, Mike Rogers, will assume the role of Chair of this Committee in July 2026 and will ensure that the Committee continues to fulfil its responsibilities on behalf of our members.

Kevin Parry Chairman – Nomination and Governance Committee

Key activities of the Committee

- Reviewed and challenged board and executive management succession plans to ensure they remain robust and diverse.
- Assessed directors' independence, external engagements and time commitments.
- Reviewed the Group's governance arrangements.
- Oversaw the selection and appointment of directors to the Board.

How the Committee spent its time in the year



How the Committee works

Committee purpose and membership

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

Membership comprises the Chairman (who chairs the Committee except when his own succession is being considered) and at least three other non-executive directors, including the Senior Independent Director.

Committee meetings

The Committee held six scheduled and two ad hoc meetings during the year. The attendance record of Committee members is set out on page 47. In addition to the members, regular meeting attendees include the Group Chief Executive Officer, Group Chief People Officer, and the Group Society Secretary. Updates are provided to the Board by the Chair of the Committee after each Committee meeting.

Virgin Money oversight

Prior to the establishment of the mirror board and committee structure on 30 September 2025, the Committee received and considered written reports provided by the Chair of Virgin Money's Nomination and Governance Committee, which detailed all decisions taken and matters discussed at each of its meetings.

Committee performance, skills and expertise

The Committee's performance is reviewed annually, along with the Committee's terms of reference and its activities over the previous year. This review confirms whether the terms of reference align with the Committee's remit and purpose, and continue to reflect all applicable governance codes, guidelines, legislation and best practice. The 2025 Board performance review indicated that Committee members were satisfied with the performance and effectiveness of the Committee. An overview of the review is set out on pages 56 to 57.

What the Committee did in the year

Board succession

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

Executive resourcing, leadership, talent, and succession

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

Board composition and effectiveness

As part of its remit, the Committee assists the Chairman in the review of the composition of the Board and its committees. The purpose of this review is to identify the current and likely future needs of the Board and to lead the appointment process for nominations to the Board. The Board should comprise the right mix of knowledge, skills and experience for it to be effective in delivering its responsibilities to provide oversight and governance, and to safeguard the interests of the Group's members, customers and other stakeholders.

What the Committee did in the year (continued)

In determining the Board's needs, the Committee considers a range of factors, including the diversity of the Board, the Group's strategic aims, current and future challenges and opportunities, and the need to balance continuity and corporate knowledge with progressive changes to the Board and its committees. The recruitment process for directors is designed to meet these objectives. It also involves detailed referencing and other checks to establish the candidate's credentials, including suitability, fitness and propriety. Regulatory approval is required for certain Board roles which are subject to the Senior Managers and Certification Regime (SM&CR).

Selection process for new directors

One new non-executive director, Guy Bainbridge, was appointed to the Board during the financial year. Korn Ferry, an independent executive search firm, was engaged to support this appointment process. Korn Ferry has no connection with the Group or any of the directors, other than to assist with searches for executive and non-executive talent.

Phil Rivett will step down as Audit Committee Chair following the 2026 AGM. In light of this, the Committee reviewed succession plans for the role of Audit Committee Chair. Following a search process led by Korn Ferry, a shortlist of four candidates was agreed who then met with the Chairman, the Senior Independent Director, Audit Committee Chair, Group Chief Executive Officer and Group Chief Financial Officer. Following evaluation of the candidates against the needs of both the Board and the Audit Committee, Guy Bainbridge was selected to succeed to the role of Audit Committee Chair and become a member of the Board Risk Committee, recognising his financial expertise, his understanding of the Group's operations and risks, and his relevant knowledge and experience, including of the mutual sector. He was appointed to the Board as an independent non-executive director and as a member of both the Audit and Board Risk Committees with effect from 1 February 2026. He will assume the role of Audit Committee Chair following the 2026 AGM.

Mike Rogers was appointed to the Board on 1 April 2026 as Deputy Chair and will succeed Kevin Parry as Chair. The details of the selection and appointment process for the new Chair of the Group can be found on page 55.

Board performance review

In accordance with the Code and the FRC Guidance on Board Effectiveness, the Chairman leads an annual Board performance review, with an externally facilitated review undertaken every three years; the 2025 review was conducted internally with support from Better Boards. The Committee set the scope and brief for the review and worked with Secretariat to oversee the work undertaken. The review considered the overall performance of the Board and its committees. More information on the performance review can be found on pages 56 to 57.

Inclusion and diversity (I&D)

The Committee received updates on the pipeline of talent and progress made in achieving the Group's I&D ambitions to ensure continued robust, enduring and diverse leadership. More information on the I&D strategy, measures and progress made can be found on page 14 and in the Group's Environmental, Social and Governance Disclosures at **nationwide.co.uk**. Diversity data relating to the Board and executive management can be found on page 54.

Corporate governance

The Committee is responsible for the oversight of the Group's governance arrangements on behalf of the Board. The Committee spent time during the year ensuring that the Group's governance arrangements were clear, simple and sufficiently robust, including the approval of a revised Group Governance Framework to reflect the new Group executive management and mirror Board and committee structures. The Committee reviewed the corporate governance disclosures in the Group's Annual Report and Accounts for 2024/2025 and 2025/2026.

Individual accountability regimes

The SM&CR was introduced by the PRA and FCA to encourage senior managers working within UK financial services to take greater accountability for their actions. In addition, it enables those regulators to take action against individuals in cases where significant wrongdoing has been identified. The Committee approves the appointment of senior management and ensures that SM&CR responsibilities are allocated appropriately through the Group's established management responsibilities mapping processes.

Audit Committee report

I am pleased to report on how the Committee has carried out its work and focused its attention on the areas most critical to the Group during the year ended 31 March 2026, which is my final year as Chair of this Committee. Details of the selection and appointment process for my successor, Guy Bainbridge, can be found on page 60 of this report.

Throughout the year, the Committee scrutinised the Group's interim and full-year results, which included undertaking a thorough review of the significant financial reporting judgements and the accounting policies adopted, in particular in relation to expected credit losses and impairment provisions. In addition, the Committee reviewed and provided challenge to the Group's climate-related disclosures and ensured that appropriate scrutiny was applied in respect of its science-based emissions targets.

A key aspect of the Committee's responsibilities is the oversight of the Group's internal financial controls and internal control systems, which are essential to managing risk and keeping our members' and customers' money safe. This year, the Committee reviewed management reports on the effectiveness of the Group's financial control framework. In addition, the Committee received updates from management on the measures being implemented to ensure compliance with Provision 29 of the UK Corporate Governance Code 2024, ahead of these requirements taking effect for the Group in the year ending 31 March 2027.

The Committee oversees the Group's internal audit function through the monitoring and assessment of its performance, resourcing and independence, to ensure it remains well placed to provide objective and rigorous assurance across the Group.

The Committee has also continued its oversight of the Group's external auditor, Ernst & Young LLP (EY). As part of this, the Committee reviewed EY's effectiveness, independence and objectivity, assessing these against all applicable UK professional and regulatory requirements. As Chair of the Audit Committee, I support the re-election of EY by members at our 2026 AGM and I encourage members to refer to pages 174 to 185 for further detail on their work during the year.

I would like to thank my fellow Committee members for their input, insight and commitment, and management for their invaluable feedback and support during my tenure as Committee Chair. Whilst I will remain on the Board as a director, my successor, Guy Bainbridge, will assume the role of Audit Committee Chair following the 2026 AGM.

Phil Rivett
Chair – Audit Committee

Key activities of the Committee

- Assessed the integrity of the Group's interim and full-year external reporting.
- Oversaw both the work of the Group Internal Audit function and the relationship with the Group's external auditor, EY.
- Monitored the effectiveness of the Group's internal control environment.
- Reviewed the going concern assessment and viability statement for recommendation to the Board for approval.

How the Committee spent its time in the year

How the Committee works

Committee purpose and membership

The Committee oversees and provides advice to the Board on the matters listed in its terms of reference, available at **nationwide.co.uk**. Membership comprises at least three independent non-executive directors who possess a diverse range of experience in business, finance, auditing, risk and controls, and in the financial services sector.

Committee meetings

The Committee held seven scheduled meetings during the year. The attendance record of Committee members is set out on page 47. Regular attendees at Committee meetings included the Chairman, Group Chief Executive Officer, Group Chief Internal Auditor, Group Chief Financial Officer, Group Chief Risk Officer and representatives from EY. Subject matter experts were invited to meetings to present as required. The Chair of the Committee reported to the Board on the matters considered at each meeting. Additionally, the Committee held two joint meetings with the Board Risk Committee to consider matters of common interest and to provide input to the Remuneration Committee to assist that Committee in its assessment of possible risk impacts on variable remuneration. Updates on the steps being taken to support a more coordinated approach to working between the second and third lines of defence were also provided at these joint meetings.

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

Virgin Money oversight

Prior to the establishment of the mirror board and committee structure on 30 September 2025, the Committee received and considered written reports provided by the Chair of Virgin Money's Audit Committee, which detailed all decisions taken and matters discussed at each of its meetings.

Committee performance, skills and expertise

The Committee's performance is reviewed annually, along with the Committee's terms of reference and its activities over the previous year. This review confirms whether the terms of reference align with the Committee's remit and purpose, and continue to reflect all applicable governance codes, guidelines, legislation and best practice. The 2025 Board performance review indicated that Committee members were satisfied with the performance and effectiveness of the Committee. An overview of the review is set out on pages 56 to 57. A review of the qualifications and experience of each member of the Committee is also undertaken on a periodic basis as part of the Board and committee succession planning process, and the Board is satisfied that the Committee possesses recent and relevant financial experience and accounting competence, and that it is competent in the sector in which the Group operates.

What the Committee did in the year

In discharging its responsibilities during the year, the Committee has ensured compliance with the Financial Reporting Council's (FRC) Audit Committees and the External Audit: Minimum Standard. The activities undertaken during the year to support this compliance are described within this Committee report.

Financial reporting and non-financial reporting

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

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

What the Committee did in the year (continued)

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

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

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

Area of focus	Committee response
Impairment provisions for loan portfolios and related disclosures Information on credit risk and assumptions relating to expected credit losses is included in note 10 to the financial statements	The Committee reviewed the significant judgements made by management in modelling impairment provisions, and the resulting level of provision coverage against each of the Group's main products. The most significant judgements at the 2025/26 financial year end continue to relate to management's use of multiple economic scenarios and the impact of ongoing affordability risks to retail borrowers. Other risks such as property valuation risk, risks associated with credit card persistent debt, and business lending portfolio risks were also considered. The Committee was satisfied that the evidence available supported the judgements made by management, and that the economic scenarios used appropriately reflected economic conditions at 31 March 2026. The Committee noted management's continued embedding of SS1/23: Model risk management principles for banks, and received assurance that all IFRS 9 credit risk models remained fit for purpose, with modelling adjustments in place for any model limitations that had emerged through model governance activity over the year. The Committee noted management's plans to integrate IFRS 9 credit risk models in future years as part of the wider integration of the Virgin Money business into the Group. The Committee also received updates on management's continuing engagement with the PRA and peers to maintain high-quality practices for the estimation of expected credit losses.
Deferred tax asset recognition Information is included in note 11 to the financial statements	Following the acquisition of Virgin Money, the Group holds deferred tax assets relating to tax losses carried forward, primarily in relation to its subsidiary, Clydesdale Bank PLC. The Committee received updates on the judgements applied in determining an appropriate methodology to assess the recoverability of such deferred tax assets, taking into account the impacts of the Part VII transfer of Clydesdale Bank's business to the Society on 2 April 2026.
Provisions for liabilities and charges Information is included in notes 27 and 29 to the financial statements	The Committee received updates on several matters during the year and considered whether the provisions established were appropriate. This included conduct issues which may require customer redress, and legal and regulatory matters. To evaluate whether a provision or, alternatively, disclosure of a contingent liability is required, judgements are needed to assess the likelihood that these matters will crystallise as a liability. Judgement may also be required to assess whether contingent assets meet the criteria for recognition under accounting standards. For legal and regulatory matters, consideration was given to the appropriate recognition of provisions and disclosure of related contingent liabilities, as well as the disclosure of contingent assets relating to expected recoveries in litigation proceedings. The Committee reviewed the associated judgements and estimates, discussing with management the criteria for recognition of any new or released provisions, as well as the estimation of liabilities. The Committee concluded that the provisions held, and disclosures made in relation to contingent liabilities and contingent assets were appropriate.
Pension scheme accounting Information is included in note 30 to the financial statements	Defined benefit pension scheme assets and liabilities are material to the Group's financial statements, and the resulting surplus is sensitive to a number of key assumptions. During the year, the Committee reviewed management's assessment of the pension surplus, including the methodology and judgements applied under IAS 19 and the key assumptions used to value scheme liabilities and assets. The Committee was satisfied with the assumptions and judgements made.

What the Committee did in the year (continued)

Going concern and viability statement

The Committee considered whether the preparation of the financial statements on a going concern basis, and the Group's viability statement, remained appropriate. The Committee, together with the Board Risk Committee, undertook a forward-looking assessment of the Group's capital position and the levels of funding and liquidity available, together with outputs of stress testing and reverse stress testing exercises. The Committee considered risks arising from its business activities, technological developments and evolving customer needs, alongside ongoing macroeconomic factors, that may affect the Group's future development, performance and financial position. Following due consideration, the Committee concluded that the application of the going concern basis for the preparation of the financial statements remained appropriate and recommended the approval of the viability statement to the Board in May 2026 The going concern statement is included in the Directors' report on page 92 and the viability statement is included in the Strategic report on pages 29 to 30.

Alternative performance measures

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

Another performance measure considered by the Committee was a metric that estimates the benefit provided to members in the form of differentiated pricing and incentives, referred to as member financial benefit. This metric represents Nationwide's aggregate interest rate differential, lower fees and higher member incentives compared with market averages. The Committee was satisfied with the approach to the measurement of member financial benefit and the associated disclosure. Details of member financial benefit are shown on page 34.

Control environment

The Committee continued to monitor the overall effectiveness of the Group's internal control environment, including oversight of the continuing work undertaken by management to strengthen and enhance its control framework. The Committee was updated regularly on the status of important work to streamline the approach to control ownership, including biannual updates on the Group's control environment. The Committee reviewed management reporting on the effectiveness of the Group's financial control framework, including against enhanced internal control requirements under Provision 29 of the UK Corporate Governance Code 2024. From the next financial year, Provision 29 will require the Board to make an annual directors' declaration as at the balance sheet date in respect of the effectiveness of the Group's material internal controls. During the year, the Committee received regular updates from management on preparations for the introduction of Provision 29. These included how material controls would be defined, monitored and reviewed and preparations for a dry run of the new controls environment during the next financial year. In addition, management presented a deep dive on Provision 29 to the Committee at a joint meeting with the Board Risk Committee.

Group Internal Audit

Group Internal Audit provides independent, objective assurance over the Group's governance, risk management and internal controls through a risk-based audit plan approved by the Audit Committee. The Group Chief Internal Auditor, who reports to the Committee Chair, provides quarterly updates to the Committee on Group Internal Audit's work, including any material concerns and identified themes and findings from the Quality Assurance and Improvement Programme, which provides an assessment of the quality, impact and effectiveness of the Group Internal Audit function.

The Committee reviewed Group Internal Audit's resourcing and confirmed it remained appropriate, and concluded that it was satisfied with the independence, impact, and effectiveness of Group Internal Audit, based on regular reporting and update meetings held with the Group Chief Internal Auditor.

What the Committee did in the year (continued)

External Audit (EY's report can be found on pages 174 to 185)

The Committee oversees the relationship with the Group's external auditor, EY, ensuring compliance with regulatory, statutory and FRC requirements on audit rotation and tender. EY was appointed at the 2019 AGM and the current lead audit partner assumed responsibility from the 2024/25 financial year. EY will be required to be rotated after no more than 20 years, with an audit tender to be held after no more than 10 years. EY has confirmed its compliance with applicable requirements, and its objectivity is unimpaired. The Committee is satisfied that EY remained independent throughout the financial year.

The Committee received a report on the effectiveness of EY's audit of the 2024/25 Group financial statements, the findings of which were based on an assessment of EY's compliance with the Code and the FRC Revised Ethical Standard for Auditors, as well as feedback from Board and management questionnaires. The review concluded that EY continued to perform effectively and independently. The Committee also reviewed the FRC's annual report on EY.

The Committee approved, and kept under review, the audit's materiality level and the annual audit plan prior to, and throughout, the annual audit process. Materiality sets the threshold at which a misstatement is considered to compromise the truth and fairness of the Group's financial statements. For the year ended 31 March 2026, overall Group and Society materiality were set at £94 million and £86 million respectively (2024/25: £83 million for the Group and £61 million for the Society).

The Board's non-audit services policies, designed to ensure auditor independence and compliance with the FRC's Revised Ethical Standard for Auditors, are reviewed annually. Under these policies, the Committee approves all audit-related and permitted non-audit engagements after assessing the nature of the work, availability of alternative suppliers, and any independence implications for EY. The Committee approves EY's audit engagement terms, its audit fee and all non-audit fees in accordance with applicable Group policies. Non-audit service fees exceeding £150,000 require Committee approval, while those below this threshold may be approved by the Committee Chair and Group Chief Financial Officer, subject to subsequent Committee ratification. Where aggregate non-audit fees reach 50% of the three-year average statutory audit fee, all such non-audit work requires prior Committee approval.

During the year, the Committee reviewed management proposals to engage EY for non-audit services, ensuring alternative providers were considered and auditor independence maintained. The Group's annual non-audit fees are subject to a regulatory cap of 70% of the average statutory audit fee for the preceding three financial years. The Committee monitors the cumulative non-audit spend quarterly, to ensure ongoing compliance. Total fees paid to EY for the year ended 31 March 2026 were £12.8 million (2025: £20.4 million), of which £1.5 million (2025: £1.9 million) related to non-audit services. Non-audit services within scope of the 70% regulatory cap represented 13% (2025: 26%) of the average statutory audit fee for the previous three years. These fees are disclosed in note 8 to the financial statements.

During the year, the Committee approved EY to undertake engagements relating to: the provision of limited assurance of Nationwide's scope 1, 2 and 3 CO_2 emissions; audit-related services required by law or regulations; and other assurance services for treasury funding activity. Having reviewed both the quantum of the non-audit fees and the nature of the work undertaken by EY, the Committee concluded that the non-audit work undertaken did not impair EY's independence.

Other items considered by the Committee during the year included:

Model Risk Oversight: The Board Risk Committee retains responsibility for model risk oversight; however, at the request of that committee, the Audit Committee oversees steps taken by management in response to regulatory requirements relating to model risk management. The Committee continues to receive regular updates on the progress made against the Group's compliance with these requirements. Additionally, management delivered a topic-specific teach-in session on model risk management at a joint meeting of the Committee and the Board Risk Committee.

The Committee reviewed the affordability of making payments of distributions and interest to holders of Nationwide's core capital deferred shares (CCDS) and Nationwide's and Virgin Money's AT1 securities, as well as Fairer Share payments to eligible Nationwide members.

The Committee received an annual update on tax matters from the Director of Financial Reporting and Tax; this included the management of the Group's tax affairs, the management of tax risk in business activities, and a review of tax-related judgements in the financial statements.

Board Risk Committee report

I am pleased to report on the activities undertaken by the Committee during my final year as Committee Chair. As I reflect on the past year's work, the progress we have made reinforces the importance of strong oversight, collaboration and continuous challenge as we navigate a rapidly evolving external risk environment on behalf of our customers and members.

Throughout the year, we continued to monitor both current and emerging risks across the Group. We proactively oversee, manage and mitigate risks through the Group Risk Management Framework to ensure that our customers continue to benefit from the level of service and security they expect from Nationwide.

One of the Committee's key responsibilities is to monitor the management of risks impacting the Group's operations, as well as risks associated with change projects. The integration of Virgin Money has been an area of particular focus during 2025/26.

The Committee has continued to dedicate a significant portion of its time to the review and monitoring of the Group's non-financial risks. Particular focus has been given to the risks and opportunities presented to the Group by the ever-evolving technology landscape, including cyber security, operational resilience, artificial intelligence and cryptocurrency.

The Committee has reviewed and challenged biannual assessments of the Group's operational resilience which are shared with the Group's regulators. This is a fundamental assessment upon which we challenge management to ensure continuity of service for our customers in challenging scenarios. In addition, we received standing updates on economic crime and fraud-related risks alongside the annual report from the Money Laundering Reporting Officer, as well as deep dives on crypto-related risks and sanctions.

The Committee continues to monitor and review the Group's financial stress testing, modelling, and recovery and resolution frameworks. As in previous years, the Committee has worked closely with the Audit Committee on shared areas of interest, such as consolidated oversight of work undertaken by the Group's Risk and Internal Audit functions and discussions supporting the work of the Remuneration Committee.

Looking ahead, the evolving macroeconomic environment and technology landscape, and the implications of both for the Group, will remain a key focus for the Committee.

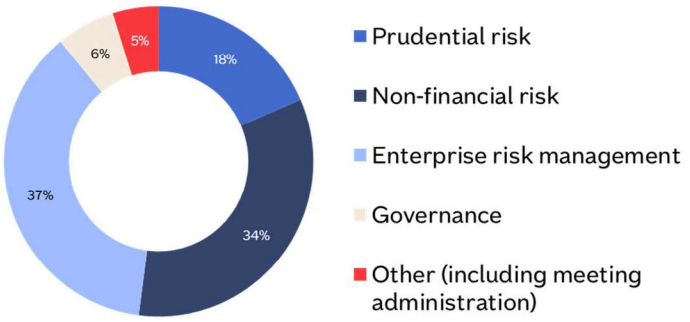
My successor, Phil Rivett, will assume the role of Committee Chair following the 2026 AGM, subject to regulatory approval. I appreciate the input, insight, and dedication of my fellow Board directors, as well as the valuable feedback and support from management throughout my time serving as both a non-executive director and Chair of this Committee.

Alan Keir Chair – Board Risk Committee

Key activities of the Committee:

- Challenged management to ensure that the risks impacting Group operations and change projects are managed appropriately.
- Assessed current and emerging risks, including non-financial risks.
- Reviewed the Group's financial stress testing, modelling, and recovery and resolution frameworks.
- Received regular updates on areas of particular focus, including operational resilience, cyber risk and cryptocurrency.

How the Committee spent its time in the year



How the Committee works

Committee purpose and membership

The Committee oversees and provides advice on risk-related matters, which includes the oversight and challenge of day-to-day IT and resilience risk, and the Group's control and oversight arrangements. More details on the duties and responsibilities of the Committee can be found within its terms of reference, available at **nationwide.co.uk**. Membership comprises at least three independent non-executive directors.

Committee meetings

The Committee held five scheduled meetings and two additional ad hoc meetings during the year. The attendance record of Committee members is set out on page 47. Regular meeting attendees include the Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Group Chief Risk Officer, Group Chief Internal Auditor, and a representative from the Group's external auditor. A specialist adviser to the Board is invited to Committee meetings to provide an independent view on matters relating to cyber and security risks. At each meeting, the Group Chief Risk Officer shares the Group's current and emerging risk profile. Updates are provided to the Board by the Chair of the Committee after each Committee meeting, which are supplemented by regular reports to the Board from the Group Chief Risk Officer. The Committee additionally held two joint meetings with the Audit Committee to consider matters of common interest, at which input on risk-adjustment matters was provided to the Remuneration Committee to assist that committee in its consideration of any potential adjustments to senior executives' variable remuneration. Updates on a coordinated approach to working between the second and third lines of defence were also provided at these joint meetings. The Committee also met privately throughout the course of the year with the Group Chief Risk Officer, without management present.

Virgin Money oversight

Prior to the establishment of the mirror board and committee structure on 30 September 2025, the Committee received and considered written reports provided by the chair of Virgin Money's Board Risk Committee, which detailed all decisions taken and matters discussed at each of its meetings.

Committee performance, skills and expertise

The Committee's performance is reviewed annually, along with the Committee's terms of reference and its activities over the previous year. This review confirms whether the terms of reference align with the Committee's remit and purpose, and continue to reflect all applicable governance codes, guidelines, legislation and best practice. The 2025 Board performance review indicated that Committee members were satisfied with the performance and effectiveness of the Committee. An overview of the review is set out on pages 56 to 57.

What the Committee did in the year

The principal purpose of the Committee is to provide oversight on behalf of, and advice to, the Board in relation to risk-related matters. This role is fulfilled through the provision of advice, oversight and challenge to enable management to promote, embed and maintain a strong awareness of risk throughout the Group. More detail on the Group's approach to the management of risk can be found in the Risk Report on pages 94 to 97.

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

Performance against the Virgin Money Risk Appetite Statements was monitored by the Virgin Money Board Risk Committee until the mirror board structure was implemented on 30 September 2025. After that date, the Committee assumed responsibility for the monitoring of Risk Appetite across the Group. In March 2026, the Committee recommended the Group's Risk Appetite Statements and supporting metrics to the Board for approval.

An outline of the key topics considered by the Committee during the year is set out below by risk category. Across all principal risks, the Committee continued to oversee and monitor the effectiveness of the Group's internal controls designed to manage and mitigate risk and challenged management on its work to further enhance the control environment.

What the Committee did in the year (continued)

Non-financial risk

Operational resilience, IT, cyber and security risk

The Group's operational resilience remains a key area of Committee focus. The Committee reviewed and challenged biannual assessments of the Group's operational resilience which are shared with the Group's regulators. In addition, the Committee received reports from the Group Chief Operating Officer on broader operational resilience matters, which included consideration of, among other things, how the Group would respond to a large-scale operational resilience incident in order to preserve continuity of service for our members and customers.

The Committee oversaw management's activities to maintain and develop the Group's cyber control capabilities. This included consideration of maturity assessments against industry standards, such as the NIST Cybersecurity Framework[1], as well as progress updates on enhancement actions arising from CBEST Threat Intelligence-Led Assessments undertaken on both Nationwide and Virgin Money.

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

Third parties and outsourcing

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

Economic crime and fraud-related risks

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

Consumer Duty

The Committee received a half-year report on the continued embedding of the FCA's Consumer Duty across the Group. The Committee continued to champion the Group's approach to customer service, ensuring that customers are treated fairly throughout the lifecycle of our products, by offering products and services that meet their needs and expectations, perform as represented and provide value for money. The Committee will continue to receive and monitor reports on customer outcomes.

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

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

During the year, the Committee reviewed a number of prudential risk matters as required by the Bank of England and the PRA. This included scrutiny of the Group Resolution Framework, the Group's capital and liquidity adequacy (as reported in the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), respectively), the Group's and Nationwide's Recovery Plans, as well as the results of the 2025 Bank Capital Stress Test and the 2025 Reverse Stress Test.

In March 2026, the Committee approved the Group's 2026 ICAAP assessment and the Group ILAAP, with the Committee agreeing that the Group continued to maintain sufficient liquidity. These were both subsequently submitted to the PRA.

[1] Cybersecurity Framework | NIST

What the Committee did in the year (continued)

The Committee monitored the impact of the current macroeconomic and political environment, including the UK housing market, the impacts of the geopolitical environment on swap rates and interest rates, and inflation. The Committee also considered the credit risk portfolio, which included deep dives into the Group's mortgage portfolios. The Committee recommended that the Board approve an increase to the Group's high loan-to-income lending Board Risk Appetite limit to enable the Group to extend its lending to more first-time buyers, including through Nationwide's Helping Hand proposition following the PRA increasing its high loan-to-income threshold. This is discussed in more detail in the Strategic report on page 20.

Whilst the Committee retains overall responsibility for model risk oversight, the Audit Committee has continued to monitor actions taken by management in compliance with regulatory requirements relating to model risk management, as described on page 65. In 2026/27 this oversight will be carried out directly by the Board Risk Committee.

Enterprise risk management

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

- The Committee considered and endorsed the Group's Risk Appetite Statements and supporting triggers and limits, which establish the amount and nature of risk that the Board is comfortable taking. This is to ensure that the Group remains sustainable in the long term for the benefit of its members, customers and other stakeholders. The Committee regularly reviewed the Group's risk performance against the applicable Board Risk Appetite to ensure that any appropriate action was being taken.
- The Committee approved the Group Risk Management Framework. This is the system of risk management and internal controls which the Group operates within.
- The Committee promotes a culture that considers both risk and reward in decision making. The Committee reviewed the Group's culture through a risk lens in the context of progress made against its strategy.
- The Committee discussed the longer-term risks that could impact the Group's strategy.

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

Report of the directors on remuneration For the year ended 31 March 2026

Key activities of the Committee:

- Oversaw the remuneration and performance framework for all colleagues within the Group.
- Oversaw the establishment of a combined Group approach to remuneration.
- Reviewed regulatory changes impacting our approach to remuneration.

How the Committee spent its time in the year

I am pleased to share the Remuneration Committee's report for the year ended 31 March 2026.

Our directors' remuneration report for the year ended 31 March 2025, as well as our directors' remuneration policy, received strong support at the 2025 Annual General Meeting (AGM) (with both receiving 95% of votes 'FOR'). I would like to thank our members for their ongoing support. For 2025/26, we operated in line with the approved remuneration policy, a summary of which is set out in this report.

Remuneration arrangements across the Group

As the integration of Virgin Money progressed, we remained focused on our approach to attracting and retaining high-performing and purpose-driven colleagues with a customer-first mindset.

During 2025/26, the Committee has overseen the establishment of a combined Group approach to remuneration, including a full alignment of our performance management and variable pay framework for 2026/27. Through a comprehensive review of colleague terms and conditions, we have taken a thoughtful approach to ensuring our proposition is fit for the future whilst providing protection and certainty around the terms that colleagues value most. We have invested in health and protection, ensuring all colleagues are eligible for Private Medical Insurance and Group Income Protection schemes. We also reviewed our pensions proposition, restructuring our approach to ensure greater access for colleagues to benefit from market-competitive options. Separately, an interim pay package for Virgin Money colleagues was applied to the six months from 1 January 2026, under which minimum salaries were increased, and eligible colleagues received a salary increase of the greater of 1.75% or £850 (full-time equivalent).

Under the 2026/27 pay proposal covering our whole workforce, effective from 1 July 2026, eligible colleagues will receive a salary increase of the greatest of 3% of current salary, £1,000 (full-time equivalent), or an increase up to the minimum of the salary range for their role. This equates to an average award of 3.8%. These changes reflect a significant investment in our people, recognising the contribution and commitment of those at the heart of serving our customers and delivering our strategy.

Director changes

Chris Rhodes stepped down from Nationwide's Board on 6 September 2024. Chris was subsequently re-appointed to the Board on 30 September 2025 in his role as Virgin Money UK Chief Executive Officer. Chris will retire from Nationwide in September 2026 and will therefore be treated as an eligible leaver for remuneration purposes, in line with the directors' remuneration policy. Details of his remuneration arrangements are set out in this report.

Performance and pay outcomes for 2025/26

Annual Performance Pay (APP)

Colleagues across the Group participated in the Annual Performance Pay (APP) plan during 2025/26. Separate performance measures applied for Nationwide and Virgin Money, reflecting the financial and strategic priorities of each business. Financial and risk gateways, which consider profit before tax, leverage ratio and conduct risk, also applied under the APP plan. Taking account of performance over the year, the Committee approved outcomes against both the applicable Nationwide and Virgin Money performance measures for 2025/26.

In addition to the performance measures that applied to all eligible colleagues, the 2025/26 APP awards for the executive directors were also assessed against the Executive Scorecard, which captures a wide range of Group financial and non-financial measures. Taking the Scorecard and their individual performance into account, the Committee agreed APP outcomes of 97.3% of maximum for the Group Chief Executive Officer, 90.7% of maximum for the Group Chief Financial Officer and 78.3% of maximum for the Virgin Money UK Chief Executive Officer. Details of the measures, individual performance assessments and the overall APP awards delivered to our executive directors are set out in this report.

During the year, Muir Mathieson became accountable for the combined Group Finance function, including Virgin Money. In recognition of his expanded role as Group Chief Financial Officer, the Committee set Muir's maximum APP opportunity at 150% of salary, effective from September 2025.

Long-Term Performance Pay (LTPP)

The 2023 LTPP awards, first granted in June 2023, had a three-year performance period ending 31 March 2026 and vested by reference to performance measures aligned to our longer-term financial and strategic priorities and members' interests. These awards were previously disclosed in the Annual Report and Accounts 2023 and were granted to the Society's incumbent executive directors at that time, Debbie Crosbie DBE and Chris Rhodes. The Committee agreed a vesting outcome for the 2023 LTPP awards of 94.5%. Given this is the first year in which awards made under the LTPP plan have vested, the single total figure of remuneration for the Group Chief Executive Officer has significantly increased year-on-year. The Committee is comfortable that remuneration outcomes reflect the Society's excellent performance.

Reflecting on performance during 2025/26, the Committee has determined to grant 2026 LTPP awards with a maximum opportunity of 300% of salary for the Group Chief Executive Officer and 250% of salary for the Group Chief Financial Officer. The increased award level for the Group Chief Financial Officer reflects his experience in role and expanded Group responsibilities, and ensures market-competitive positioning relative to our peers. These awards are subject to performance conditions over a three-year forward-looking period ending 31 March 2029. The Virgin Money UK Chief Executive Officer will not receive a 2026 LTPP award.

Malus adjustments

In light of the regulatory fine received in 2025 in relation to weaknesses in financial crime controls between October 2016 to July 2021, a thorough accountability review was performed. Following this review, the Committee determined that whilst no individual was found personally culpable, it would be appropriate to apply a malus adjustment to previous senior executives who were in relevant roles during that period. The Committee also determined further adjustments were appropriate in light of other risk matters. The total value of adjustments made by the Committee amounted to £192,000.

Regulatory changes

In October 2025, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) jointly published changes to their remuneration rules, seeking to simplify the UK regime. The Committee welcomed the changes, taking account of how the market has evolved since their announcement. The Committee has agreed changes to our approach that will impact awards of variable pay made to our executive directors in respect of 2025/26. The Committee has sought to implement an approach which goes above regulatory standards to meet the UK Corporate Governance Code and ensure appropriate levels of deferral. Further details are set out in this report.

Looking ahead to 2026/27

In the context of the base pay package agreed for the wider workforce, the Committee approved base salary increases of 2.9% for the Group Chief Executive Officer and 3.7% for the Group Chief Financial Officer, effective from 1 April 2026. The Group Chief Executive Officer and Group Chief Financial Officer's maximum APP opportunities for 2026/27 will remain at 150% of salary. The Committee will continue to monitor evolving market practice around executive pay.

As announced in my letter last year, this will be my last report as Chair of this Committee and I will hand over to Debbie Klein during the year, subject to regulatory approval. I would like to thank my fellow Committee members for their hard work and diligence during my tenure. I will remain on the Board as Senior Independent Director.

Member voting on remuneration

At the 2026 AGM there will be one advisory vote on the directors' remuneration report. Details are set out for your consideration on the following pages. On behalf of the Remuneration Committee, I would like to thank members for their continued support and encourage you to vote in favour of the resolution.

Tracey Graham Chair – Remuneration Committee

How the Committee works

Committee purpose and membership

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

Committee meetings

The Committee held six scheduled meetings and one ad hoc meeting during the year. The attendance record of Committee members is set out on page 47. Regular attendees at Committee meetings included the Chairman, Group Chief Executive Officer, Group Chief People Officer, the Director of People and Culture and a partner of Deloitte LLP (in their capacity as independent adviser to the Committee). In no case was any person present when their own remuneration was discussed. The Chair of the Committee reported to the Board on the matters considered at each meeting. The Committee is supported by the Board Risk and Audit committees on risk-related matters.

During the year, the Committee met privately with the Group Chief People Officer and a partner of Deloitte LLP. The Chair of the Committee met regularly with the Group Chief People Officer, the Director of People and Culture, and a partner of Deloitte LLP, and attended meetings with the PRA and FCA.

Virgin Money oversight

Prior to the establishment of the mirror board and committee structure on 30 September 2025, the Committee received and considered written reports provided by the Chair of Virgin Money's Remuneration Committee, which detailed all decisions taken and matters discussed at each of its meetings.

Committee performance, skills, and expertise

The performance of the Committee is reviewed annually, along with the Committee's terms of reference and its activities over the previous year. This review confirms whether the terms of reference align with the Committee's remit and purpose, and continue to reflect all applicable governance codes, guidelines, legislation and best practice. The 2025 Board performance review indicated that Committee members were satisfied with the performance and effectiveness of the Committee. An overview of the review is set out on pages 56 to 57.

Committee adviser

The Committee agreed to retain Deloitte LLP as independent adviser to the Committee after a review of their fees and the quality of service provided. The Committee reviews annually all other services provided by Deloitte to ensure they continue to be independent and objective. Deloitte is a founding member of the Remuneration Consultants Group and voluntarily operates under its code of conduct in relation to executive remuneration consulting in the UK. Deloitte's advisory team has no connection with any individual director of Nationwide. Their fees for advice provided to the Committee during 2025/26 were £192,500 (excluding VAT), typically charged on a time-and-materials basis. Deloitte also provided tax, risk, internal audit and consulting services to the Group during 2025/26.

What the Committee did in the year

Pay strategy and approach

The Committee has continued to dedicate significant attention to reviewing reward arrangements across the Group.

During the year, the Committee received updates on the review of colleague terms and conditions and the reward and grading framework that applies from April 2026. The Committee approved the transition to a fully aligned performance management and variable pay framework across the Group for 2026/27, to ensure it continues to support the Group's strategy and purpose, and consistently differentiates excellent colleague performance and customer service.

The Committee approved the performance measures that apply for the 2026/27 APP plan. The Committee also reviewed LTPP performance measures to ensure they are aligned with the strategy of the Group.

The Committee reviewed and approved the leaving terms for Chris Rhodes, ahead of his retirement in September 2026. Further details can be found on page 85.

The Committee also reviewed and approved the Chairman's fees effective from 1 April 2026. Further details can be found on page 83.

Performance award outcomes

The Committee approved the outcome of the 2025/26 APP plan, the vesting outcome of the 2023 LTPP awards and the grant of 2026 LTPP awards.

The Committee approved malus adjustments in light of the regulatory fine received in 2025 in relation to weaknesses in financial crime controls and other risk matters.

Oversight of remuneration across the Group

The Committee took account of information received on Nationwide's wider workforce pay practices and culture throughout the year in making executive pay decisions.

During the year, the Committee oversaw the establishment of a combined Group approach to remuneration, including a full alignment of Nationwide's performance management and variable pay framework for 2026/27.

Regulatory and reporting matters

Following the publication of the joint PRA and FCA Remuneration Reform in October 2025, the Committee agreed changes to Nationwide's approach for colleagues in scope of the PRA and FCA Remuneration Codes, including the executive directors.

The Committee reviewed and approved the report of the directors on remuneration for the year ended 31 March 2025. It also reviewed and approved all remuneration submissions made to the PRA and FCA over the course of the year.

Procedural matters

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

Alignment between wider workforce and executive directors' remuneration

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

All colleagues			**Senior colleagues**
Base salary and pension	**Benefits**	**Annual Performance Pay plan**	**Long Term Performance Pay plan**
Salaries are set to reflect the work colleagues do and the contribution they make, informed by external market benchmarking and the salaries of colleagues doing similar roles. Nationwide Building Society is a principal partner of the Living Wage Foundation. The Group's pensions offering for joiners from April 2026 was reviewed during 2025/26. The Group restructured its pension contribution approach to ensure greater access for colleagues to benefit from market-competitive options. We introduced a non-contributory option, meaning colleagues can join the pension scheme and receive a 10% employer contribution at no cost to the colleague, allowing more colleagues to start saving for their future. As part of the review, we protected the maximum employer's contribution of 16% for existing Nationwide colleagues employed before April 2026. The current executive directors' contributions are aligned to Nationwide colleagues employed before April 2026.	We are committed to providing a comprehensive and competitive benefits package that meets the needs of our colleagues. Our philosophy is to offer a range of core benefits, supplemented by flexible benefit options that can be tailored to individual circumstances. During 2025/26, the terms and conditions of existing and future colleagues were reviewed. With effect from 1 April 2026, we have invested in health and protection, ensuring all colleagues are eligible for Private Medical Insurance and Group Income Protection schemes. We have aligned our life assurance provisions with market practice, whilst providing significant protection of key terms for existing colleagues. We continue to provide a range of market-competitive core benefits including additional holiday and family-friendly policies. Our approach ensures appropriate alignment between the benefits offered to our executive directors and our wider workforce.	We aim to ensure our approach to variable pay is competitive and enables us to attract and retain high-calibre colleagues across all areas of the Group. While specific arrangements may vary, our overarching philosophy is to link a proportion of variable pay to performance against both Group and individual objectives. This fosters a culture of shared success and rewards colleagues for their contribution to the Group's overall performance.	Our most senior colleagues are invited to participate in the LTPP plan. This plan supports the delivery of sustainable customer value, with performance measures aligned to the achievement of our long term financial and strategic priorities, including our sustainability commitments. LTPP awards are deferred over the long-term and will only be paid subject to sustained satisfactory Group and individual performance.

Annual report on remuneration for 2025/26

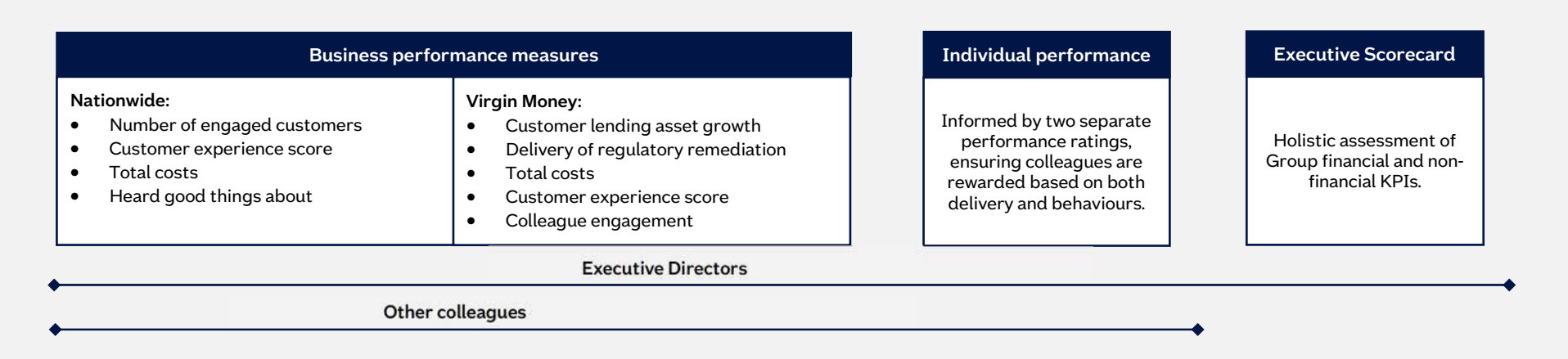
This section provides information on how the directors' remuneration policy, as approved by members at the 2025 AGM, was implemented during 2025/26. A summary of the policy can be found on pages 87 to 89.

Base salary and pension

The base salary in the year for D A Crosbie was £1,205,000, and for M J Mathieson was £675,000. The pension allowance for D A Crosbie and M J Mathieson was 16% of salary, which is the maximum benefit available to Nationwide colleagues who joined before April 2026. C S Rhodes received an annual salary of £930,000 in respect of his role as Virgin Money UK Chief Executive Officer, along with a pension allowance of 11.3%, consistent with other colleagues within Virgin Money who received a cash allowance in lieu of pension.

Annual Performance Pay (APP) for 2025/26

For D A Crosbie and M J Mathieson, APP awards were determined based on Nationwide performance measures set at the start of the financial year, as well as their individual contribution. For C S Rhodes, the APP award was determined based on Virgin Money performance measures set at the start of the financial year, as well as his individual contribution. In addition, the Executive Scorecard was assessed for all executive directors for 2025/26, capturing a wide range of Group financial and non-financial KPIs.



The maximum potential APP award level for 2025/26 was 150% of base salary for D A Crosbie. M J Mathieson's maximum potential APP award level increased from 100% to 150% of base salary with effect from his appointment into an expanded Group role in September 2025. C S Rhodes' maximum potential APP award level for 2025/26 was 100% of base salary. For all executive directors, including C S Rhodes in respect of the period he served on Nationwide's Board, 50% of the overall award was based on the relevant business performance measures, 30% based on Executive Scorecard performance and 20% based on individual performance. An illustration of the pay-out schedule of the executive directors' APP awards can be found on page 81. The Group has the ability to clawback APP awards for up to ten years after they were awarded in certain circumstances.

Outcomes for APP 2025/26

The Committee's determination of outcomes against the applicable business performance measures is set out below. Performance was assessed in relation to targets set at the beginning of the financial year. Financial and risk gateways, which consider profit before tax, leverage ratio and conduct risk, also apply under the APP plan and need to be passed before any payment is made. These gateways were passed in 2025/26. The Committee must also be satisfied that there are no significant conduct, risk, reputational, financial, operational or other reasons why awards should not be made, taking into account input from the Board Risk and Audit committees. Overall, the Committee was satisfied that the outcomes were a fair reflection of performance, and no discretionary adjustment was applied.

Measure	Performance target range: threshold, target and maximum, and performance outcome achieved for 2025/26	Performance pay achieved / maximum achievable (shown as % of maximum)		
		D A Crosbie	**M J Mathieson**	**C S Rhodes (note v)**
Number of engaged customers (note i)	**Outcome: 4.40m – Above maximum** 4.21m 4.31m 4.36m	12.5% / 12.5%	12.5% / 12.5%	31.3% / 50% *This element of C S Rhodes' APP outcome was determined by reference to Virgin Money performance measures, as stated on page 75, and financial and risk gateways.*
Customer experience score (note ii)	**Outcome: 89.9% – Above target** 88.2% 89.2% 90.2%	11.3% / 12.5%	11.3% / 12.5%	
Total costs (note iii)	**Outcome: £2,475m – Above maximum** £2,592m £2,542m £2,492m	12.5% / 12.5%	12.5% / 12.5%	
Heard good things about (note iv)	**Outcome: 1st within peer group – maximum** 3rd within peer group 2nd within peer group 1st within peer group	12.5% / 12.5%	12.5% / 12.5%	
Executive Scorecard element (see further detail on page 77)		28.5% / 30%	28.5% / 30%	28.5% / 30%
Individual performance element (see further detail on page 78)		20% / 20%	13.4% / 20%	18.5% / 20%
Remuneration Committee discretionary performance and risk assessment The Committee carefully considered the outcomes for the executive directors to ensure they were a fair reflection of performance. This took account of a broad range of factors, including performance against wider measures and risk factors. Overall, the Committee was satisfied that the outcomes were a fair reflection of performance, and no discretionary adjustment was applied.		0%	0%	0%
Total performance pay achieved		**97.3% / 100%**	**90.7%/ 100%**	**78.3% / 100%**

Notes:

i. The 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 personal current account, plus either at least £100 in Nationwide-branded personal savings, or a Nationwide-branded residential mortgage of at least £100.

ii. Our customer experience score measure is based on the 12 months ended 31 March 2026 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.

iii. As per the design of the APP plan, the total costs outcome for 2025/26 of £2,503 million was adjusted to £2,475 million for the purposes of determining the APP outcome, to exclude costs associated with strategic decisions made or supported by the Board, including staff costs associated with the overall APP outcome being above the target level. These costs exclude Virgin Money.

iv. 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 2026. Financial brands included are Nationwide, Barclays, Co-operative Bank, First Direct, Halifax, HSBC, Lloyds, Monzo, NatWest, Santander, Starling Bank and TSB.

v. Relates to the period from 30 September 2025, being the date at which C S Rhodes was appointed to the Nationwide Board. The Committee determined outcomes for the Virgin Money performance measures against targets set at the beginning of the financial year. Target performance was achieved or exceeded for the delivery of regulatory remediation, total costs, customer experience score and colleague engagement measures. Performance was below target for the customer lending asset growth measure.

Performance against the Executive Scorecard was based on an assessment of Group financial and non-financial measures. The table below provides an overview of the key achievements considered in determining the outcome of the Executive Scorecard for 2025/26.

Strategic driver	Performance commentary
Simply brilliant experience	• Achieved recognition for Nationwide as the best bank in the UK in Forbes' ranking of the World's Best Banks 2026, and secured gold in the Retail Banking Sector in Britain's Most Admired Companies 2025[2]. • Operated the UK's largest single-brand branch network, which was responsible for over half of the UK's branch-based product openings[3]. • Recognised for Best mortgage customer journey, as ranked by Which? across 21 lenders.
More rewarding relationships	• Delivered £1.8 billion in member value, including £1.4 billion from member financial benefit and £0.4 billion in Fairer Share payments. • Remained the UK's most switched-to provider[4] and increased the Group's market share of current account balances. • Doubled the Group's student current account openings compared to last year and achieved a 43% (2025: 27%) share of the market[5]. • Achieved market-leading[6] mortgage net lending, increasing the Group's market share of balances to 16.3%. • Achieved market-leading[7] growth in retail deposit balances, maintaining market share at 12.2%. • Grew business deposit balances to £22.8 billion, including a Virgin Money brand record of 56,000 business current account openings.
Beacon for mutual good	• Responsibly increased loan to value maximums on new builds, relaunched interest-only mortgages, and enabled more customers to borrow up to six times their income. • Helped 88,000 first time buyers[7] into a home of their own through the Helping Hands initiative. • Supported over 200,000 people through Nationwide Fairer Futures since launch in June 2024, including bookings for more than 6,000 free dementia clinics in the Group's branches. • Delivered support for school children, with financial education through a refreshed Money Lessons programme and the Make £5 Grow programme. • Established Nationwide as a funding partner of the Invest in Women Taskforce, committing to invest £25 million in female and mixed gender-led businesses.
Simplify, integrate and grow	• Delivered underlying profit before tax of £2,026 million, up 9% on the prior year. • Completed the legal transfer of the majority of Virgin Money's business to Nationwide on 2 April 2026, including the legal transfer of approximately 6.8 million customers and all employees. • Well positioned to progress the integration of Virgin Money's systems and processes, with preparations underway to commence customer migration to the Nationwide brand during 2026. • On track to launch a Nationwide-branded business banking proposition in the first half of 2027.
Weighting	30%
Outcome	28.5%

[2] Provided by Echo Research.
[3] Based on internal data sources and Curinos eBenchmarkers multi-channel analysis, April 2025 to February 2026. Includes sales of retail banking products including current accounts, savings, credit cards, unsecured loans and home insurance. Peer group includes Bank of Scotland, Barclays, First Direct, Halifax, HSBC, Lloyds, Metro Bank, NatWest, RBS, Santander and TSB.
[4] Pay.UK quarterly Current Account Switch Service data, 9 months to December 2025, based on the latest available data. Across Nationwide and Virgin Money, we had the highest gross and net gains in current account switches.
[5] Based on Curinos eBenchmarkers comparison of financial services providers and Nationwide analysis, April 2025 to February 2026.
[6] Peer group includes Barclays, HSBC, Lloyds Banking Group and NatWest Group.
[7] Our definition of a first time buyer is set out in the Glossary for the Annual Report and Accounts 2026, available at nationwide.co.uk

Individual performance was assessed by reference to two separate performance ratings, rewarding both delivery against goals set in the context of our strategic drivers and the display of customer first behaviours. For 2025/26, a number of the personal objectives were shared by the executive directors. The tables below provide an overview of performance achieved by the executive directors for 2025/26, based on their objectives.

Objectives for D A Crosbie, M J Mathieson and C S Rhodes			
	D A Crosbie	**M J Mathieson**	**C S Rhodes (note i)**
Shared objectives for executive directors			
• Ambitious and achievable strategy to grow the Society and deliver value for members.	• Number one for growth in our core business of mortgages and retail deposits, and remained the UK's most switched-to provider. • On track to launch our Nationwide-branded business banking proposition in the first half of 2027.		
• Recognised for service excellence.	• First for customer satisfaction among our peer group for the 14th consecutive year[8].		
• Strong and sustainable financial performance.	• Strong financial performance; underlying profit before tax increased by 9%, supported by a stronger and more diversified balance sheet. • Cost growth was below inflation on a like-for-like basis[9]. • Peer-leading core capital ratio.		
• Development of customer-focused integration plan for Virgin Money.	• Completed the Part VII legal transfer of the majority of Virgin Money's business to Nationwide on 2 April 2026, marking the largest banking business transfer scheme undertaken in the UK[10].		
Individual objectives			
• Inspiring team and leadership performance.	• Established group-wide Purpose, Strategic Drivers and Customer First behaviours and established new Group Executive Committee.	• Established Group Finance function to enable future integration and oversaw delivery of Treasury migration.	• Effective accountability for Virgin Money business within Group Executive Committee and drove strong colleague engagement in Virgin Money.
• Robust risk and control.	• Ensured Nationwide Group operated within overall risk appetite limits.	• Ensured all regulatory approvals in place for Part VII legal transfer.	• Managed effective Virgin Money relationships with all regulators.
• Effective governance and contribution to the Board.	• Delivered transition to single Group Boards and executive governance structure.	• Contributed to Board and Executive Committee discussions beyond financial matters.	• Managed transition from Virgin Money standalone Board and executive governance structure to new Group-wide arrangements.

Note:
i. Relates to the period from 30 September 2025, being the date at which C S Rhodes was appointed to the Nationwide Board.

Based on the performance above, D A Crosbie was awarded an APP outcome of 145.9% of salary, M J Mathieson was awarded 117.1% of salary and C S Rhodes was awarded 78.3% of salary for 2025/26.

Outcomes for 2023 LTPP awards

The first awards granted under the LTPP plan were made to D A Crosbie and C S Rhodes in June 2023, following the Committee's assessment of the applicable pre-grant conditions during 2022/23. The awards had a maximum value of 100% of base salary. M J Mathieson did not receive an LTPP award in June 2023.

The 2023 LTPP awards were subject to a three-year performance period which ended on 31 March 2026. The financial goals were adjusted during the performance period following the acquisition of Virgin Money, and were therefore re-calibrated to reflect Group-based targets. The Committee was comfortable that the Group targets were no less stretching to achieve than the original Nationwide-only targets set at the point the awards were granted. In determining the 2023 LTPP award vesting outcome, the Committee assessed performance against the scorecard below. When approving the outcome, the Committee considered the profit before tax, leverage ratio and conduct risk gateways that applied under the APP for 2025/26, and these were passed. The resulting 2023 LTPP outcome for both D A Crosbie and C S Rhodes is 94.5% of the maximum award, as shown below.

[8] Nationwide brand lead as at March 2026: 8.0%pts, significantly larger (based on a 95% confidence level) than the next best peer since March 2013. © Ipsos 2026, Financial Research Survey (FRS), for the 12 months ended 31 March 2013 to the 12 months ended 31 March 2026. The survey contacts 50,000 adults in Great Britain. Interviews were face to face, by phone and online, weighted to the profile of the population. The results are based on a sample of around 13,000 Nationwide customers and around 65,000 peer group customers with a main current account, mortgage or savings, and reflect the percentage of extremely and very satisfied customers minus any dissatisfied customers. The peer group consists of Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB. Prior to April 2017, Lloyds and TSB were combined as Lloyds TSB.
[9] Like-for-like costs compare the Group's costs on a consistent basis. It reflects a full 12 months of Group costs in both periods, with Virgin Money costs annualised in 2024/25 following acquisition on 1 October 2024. The prior period is also adjusted for the shorter accounting period of 361 days. Acquisition and integration-related costs are excluded.
[10] Excludes transfers related to the introduction of the UK ring-fencing regime.

2023 LTPP award scorecard		Threshold	Target	Maximum	Actual	Performance pay achieved / maximum achievable (shown as % of maximum)
Customer outcomes (financial goals)	Group return on equity employed (note i)	5.5%	6.1%	6.7%	7.3%	20% / 20%
	Adjusted Group profit before tax (note ii)	£3,697m	£4,108m	£4,519m	Adjusted Group profit before tax was £4,255m (note ii)	16% / 20%
Sustainability (note iv)	Financial Research Survey (FRS) satisfaction (note iii)	Within 1% point of 1st within peer group	1st within peer group	1st plus statistically significant lead over next competitor	1st + 8% lead over next competitor	10% / 10%
	Environmental, Social and Governance (ESG) objectives	This measure provided alignment with our emissions and diversity targets amongst our leadership population. The Committee applied its judgement when assessing performance for this measure, taking account of a range of factors including the level of progress towards our Mutual Good Commitments.			Emissions have continued to reduce in comparison to previous years, and we are currently ahead of our intermediate (by 2030) science-based targets. The Society continues to make progress against the original 2023 LTPP targets set for gender and ethnicity amongst our leadership population.	8.5% / 10%
	Risk and compliance – focus on delivery of substantial progress across key priorities	This measure captured substantial progress against key priorities linked to improving the internal control environment, member outcomes and the Consumer Duty.			Substantial progress has been made across all key priorities. Key highlights include: Financial crime transformation project materially completed; strong outcomes from regulatory engagement; improvements in member data quality; and strong performance against Consumer Duty obligations and priorities.	20% / 20%
Transformation (note iv)	'Basket' of measures aligned with strategic objectives	This measure captured performance against a range of objectives linked to our strategic drivers, including launching refreshed member financial rewards, current account service propositions, improvements to our digital frameworks and simplifying legacy estates.			All key strategic projects have been delivered on time and above expectations. Key highlights include: Material value delivered to members through Fairer Share; transformed current account service proposition by improving opening, onboarding and activation journeys; simplified and transformed our service communications; and materially enhanced the digital experience for customers.	20% / 20%
Remuneration Committee discretionary performance and risk assessment The Committee carefully considered the outcomes for the executive directors to ensure they were a fair reflection of performance. This took account of a broad range of factors, including performance against wider key performance indicators and risk factors. Overall, the Committee was satisfied that the outcomes were a fair reflection of performance, and no discretionary adjustment was applied.						0%
Total performance pay achieved						**94.5% / 100%**

Notes:

i. For the purposes of the above, return on equity employed is defined as the return (profit after tax excluding items in relation to the Virgin Money acquisition) as a percentage of the minimum amount of capital required to stay above Board Risk Appetite and regulatory requirements throughout a plausible severe macroeconomic stress scenario, while allowing for full distributions to be paid to core capital deferred shares (CCDS) and AT1 holders.

ii. Performance was measured on a cumulative basis over 2023/24 – 2025/26. The Group-based targets shown in the table above were re-calibrated by the Committee for 2025/26 (the first full financial year following the acquisition of Virgin Money). The adjustments reflect impacts of Bank rate changes, movement in member reward payments and impacts arising from the acquisition of Virgin Money. In determining the vesting outcome, the Committee also took account of performance during 2023/24 and 2024/25 against the original Nationwide-only targets set at the point the awards were granted.

iii. Nationwide brand lead as at March 2026: 8.0%pts, significantly larger (based on a 95% confidence level) than the next best peer since March 2013. © Ipsos 2026, Financial Research Survey (FRS), for the 12 months ended 31 March 2013 to the 12 months ended 31 March 2026. The survey contacts 50,000 adults in Great Britain. Interviews were face to face, by phone and online, weighted to the profile of the population. The results are based on a sample of around 13,000 Nationwide customers and around 65,000 peer group customers with a main current account, mortgage or savings, and reflect the percentage of extremely and very satisfied customers minus any dissatisfied customers. The peer group consists of Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB. Prior to April 2017, Lloyds and TSB were combined as Lloyds TSB.

iv. The Sustainability and Transformation measures were assessed on a Nationwide-only basis against the original targets set by the Committee at the point the awards were granted.

Long-Term Performance Pay (LTPP) awards in respect of 2025/26

LTPP awards in respect of 2025/26 will be granted in 2026. LTPP awards are discretionary and granted subject to a pre-grant performance assessment over the year prior to grant based on:

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

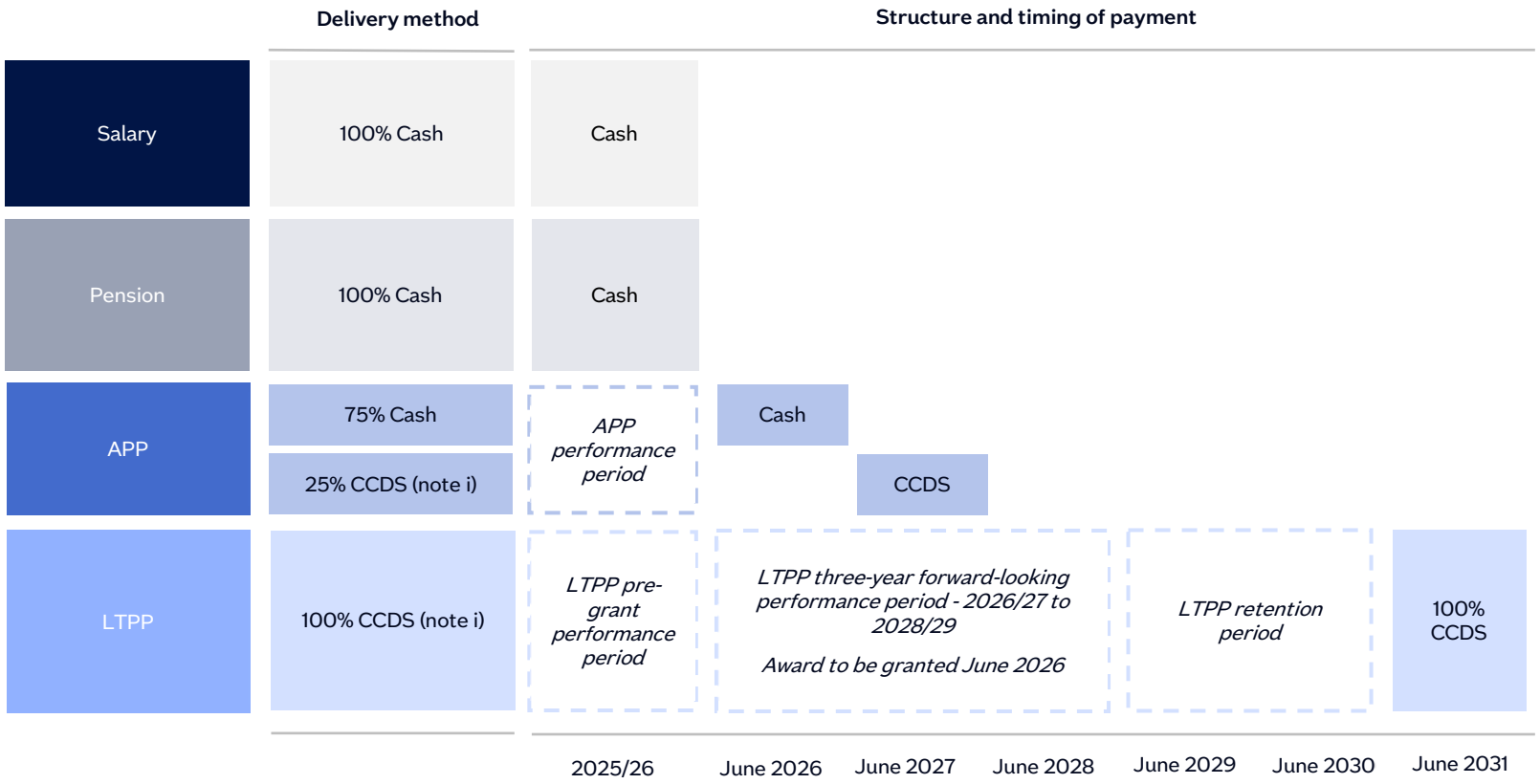
After taking into account performance over 2025/26, the Committee agreed to grant D A Crosbie and M J Mathieson LTPP awards of 300% and 250% of base salary, respectively. C S Rhodes will not be eligible to receive a 2026 LTPP award. The Committee is satisfied that the granting of these awards is sustainable according to the financial position of the Group and justified on the basis of individual performance, conduct and behaviours.

The 2026 LTPP awards will be subject to a three-year forward-looking performance period commencing 1 April 2026. During this period, performance will be assessed based on a scorecard aligned to the Group's longer-term priorities. The Committee intends to approve the details of the scorecard during 2026 and further information will be disclosed in the Annual Report and Accounts 2027.

How awards will be released to executive directors

Following the publication of the joint PRA and FCA Remuneration Reform in October 2025, new rules apply to how variable pay awards can be paid to executive directors. In this context, the Committee determined the following will apply:

- 25% of the APP awards for D A Crosbie and M J Mathieson in respect of 2025/26 will be deferred for one year, linked to the value of the Group's CCDS. This exceeds minimum regulatory requirements.
- LTPP awards granted in 2026 will be subject to a three-year performance period and, subject to the achievement of the forward-looking performance measures, will vest in two tranches: 75% after three years, subject to a two-year retention period, and 25% after four years, subject to a one-year retention period. LTPP payments will therefore be made five years after award. This exceeds minimum regulatory requirements, under which payments could be made in years three and four. This approach aligns with the principles of the UK Corporate Governance Code, which Nationwide adheres to on a voluntary basis. 100% of the LTPP awards will be linked to the value of the Group's CCDS.
- C S Rhodes will not be eligible to receive a 2026 LTPP award; over 40% of his 2025/26 APP award will be subject to deferral, linked to the value of CCDS and released in equal tranches over the next four years.



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

Executive directors' remuneration

Where indicated, the tables in the following sections have been audited. These disclosures are included in compliance with the Building Societies Act 1986 and other mandatory reporting regulations, as well as the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), which Nationwide has voluntarily adopted to the extent deemed appropriate. The table below shows the total remuneration for each executive director who served during the year ended 31 March 2026.

Amounts of variable remuneration shown below consist of the awards made under the APP and LTPP plans. LTPP awards are subject to the achievement of performance conditions over three years from grant and, to the extent the performance measures are met, details are included in the relevant directors' remuneration report. The table below includes the amounts delivered to the executive directors relating to the first LTPP awards granted in June 2023 in respect of the 2022/23 financial year.

Predominantly driven by the vesting of the first LTPP awards, the total pay packages reflected in the table below have increased year-on-year for D A Crosbie and C S Rhodes. The 2023 LTPP awards were subject to a three-year performance period ending 31 March 2026.

Single total figure of remuneration for each executive director (note i)

	D A Crosbie		M J Mathieson (note ii)		C S Rhodes (note iii)	
(Audited)	**2026 £'000**	2025 £'000	**2026 £'000**	2025 £'000	**2026 £'000**	2025 £'000
Salary	**1,205**	1,152	**675**	383	**469**	316
Pension allowance	**193**	184	**108**	61	**53**	51
Taxable benefits (note iv)	**50**	44	**99**	52	**70**	45
Total fixed remuneration	**1,448**	1,380	**882**	496	**592**	412
Annual performance pay	**1,758**	1,111	**790**	338	**364**	311
Long-term performance pay (note v)	**1,464**	-	**-**	-	**943**	-
Total variable remuneration (note vi)	**3,222**	1,111	**790**	338	**1,307**	311
Total pay package	**4,670**	2,491	**1,672**	834	**1,899**	723

Notes:

i. The year end date of Nationwide Building Society was changed to 31 March from 2024/25 onwards. The 2025 single total figure of remuneration for each executive director reflects the period from 5 April 2024 to 31 March 2025, as applicable for each executive director.

ii. M J Mathieson's 2025 single total figure relates to the period 6 September 2024 to 31 March 2025.

iii. C S Rhodes stepped down as Chief Financial Officer and from the Board on 6 September 2024; the 2025 single total figure relates to the period from 5 April 2024 to 6 September 2024. C S Rhodes was subsequently re-appointed to the Board on 30 September 2025 in his role as Virgin Money UK Chief Executive Officer. The 2026 single total figure relates to the period from 30 September 2025 to 31 March 2026.

iv. Taxable benefits include travel, accommodation and other business-related costs for directors, incurred in connection with the performance of their duties, including any tax due under HMRC regulations, as well as medical insurance, car allowance and security. These amounts are included as fixed remuneration for the calculation of the variable pay ratio in meeting our regulatory requirements.

v. A portion of the 2023 LTPP award shown above is linked to the value of the Group's CCDS, in accordance with the directors' remuneration policy under which the awards were granted. An average CCDS price over the period 25 March 2026 to 31 March 2026, adjusted in accordance with the directors' remuneration policy, has been used to indicate the value. The values shown above include amounts attributable to CCDS price appreciation.

vi. There was no application of malus and clawback provisions in the reporting period for current executive directors.

Chairman and non-executive directors' remuneration

The total fees paid to each non-executive director who served during the year ended 31 March 2026 are shown below.

Single total figure of remuneration for non-executive directors

	2026			2025 (note i)		
(Audited)	**Group Fees £'000**	**Taxable benefits (note ii) £'000**	**Total fees and taxable benefits £'000**	Group Fees £'000	Taxable benefits (note ii) £'000	Total fees and taxable benefits £'000
K A H Parry (Chairman)	**650**	**18**	**668**	581	16	597
T Graham (Senior Independent Director) (note iii)	**332**	**11**	**343**	263	11	274
A Aithal (note iv)	**120**	**10**	**130**	78	7	85
G Bainbridge (note v)	**27**	**-**	**27**	-	-	-
D Bennett (note vi)	**391**	**7**	**398**	200	7	207
A Hitchcock (note vii)	**125**	**11**	**136**	161	16	177
A M Keir	**218**	**13**	**231**	200	15	215
D Klein	**126**	**1**	**127**	121	2	123
S Orton	**126**	**7**	**133**	121	8	129
T Rajah	**106**	**1**	**107**	104	2	106
G Riley	**165**	**33**	**198**	161	26	187
P G Rivett	**222**	**4**	**226**	210	1	211
Total	**2,608**	**116**	**2,724**	2,200	111	2,311
Pension payments to past non-executive directors (note viii)			**193**			197

Notes:

i. The year end date of Nationwide Building Society was changed to 31 March from 2024/25 onwards. The 2025 single total figure of remuneration for each non-executive director reflects the period from 5 April 2024 to 31 March 2025, as applicable for each non-executive director.

ii. Taxable benefits for non-executive directors relate to travel, accommodation and other business-related costs in connection with their duties and attendance at Board and committee meetings. Where these expenses are deemed taxable, the Group settles the tax on behalf of the non-executive directors and this is included in the amounts shown. Where a non-UK director is not UK domiciled, their reimbursed cost of travel into and out of the UK is not a taxable benefit.

iii. Group fees for 2026 include £64,000 (2025: £19,000) in connection with Virgin Money Board services for the period 1 April 2025 to 30 September 2025 (2025: 23 January 2025 to 31 March 2025). From 1 October 2025 the membership of the Virgin Money Board was aligned with that of Nationwide, and fees in connection with Virgin Money Board services ceased to be paid.

iv. A Aithal joined the Board on 1 October 2024 and stepped down from the Board on 31 December 2025.

v. G Bainbridge joined the Board on 1 February 2026.

vi. D Bennett joined the Board on 13 November 2024 and stepped down from the Board on 31 December 2025. Group fees for 2026 include £322,000 (2025: £165,000) in connection with Virgin Money Board services for the period 1 April 2025 to 30 September 2025 (2025: 13 November 2024 to 31 March 2025). From 1 October 2025 the membership of the Virgin Money Board was aligned with that of Nationwide, and fees in connection with Virgin Money Board services ceased to be paid.

vii. A Hitchcock stepped down from the Board on 30 September 2025.

viii. Nationwide stopped granting pension rights to non-executive directors who joined the Board after January 1990.

Additional disclosures

CEO remuneration for the past ten years

The table below shows details of the remuneration of the Chief Executive Officer role for the previous ten years. The year-on-year increase in total remuneration for 2025/26 is predominantly driven by the vesting of the first awards granted under the LTPP plan in June 2023.

CEO remuneration for the past ten years			
Financial year	**Total Remuneration (£'000)**	**Annual performance pay earned as % of maximum available (%)**	**Long term performance pay earned as % of maximum available (note i) (%)**
2025/26	**4,670**	**97.3**	**94.5**
2024/25	2,491	94.9	-
2023/24	2,410	91.9	-
2022/23 (note ii)	3,455 / 301	77.2 / 42.6	-
2021/22	2,114	67.2	-
2020/21 (note iii)	1,236	72.3	-
2019/20	1,286	-	-
2018/19	2,372	75.1	-
2017/18	2,317	69.5	-
2016/17 (note iv)	3,386	71.9	-

Notes:

i. The first awards granted in June 2023 under the LTPP plan vested in April 2026.

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

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

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

Relative importance of spend on pay

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

Remuneration cost for all employees (note i)		
	2025/26	2024/25
	£m	£m
All-employee remuneration	**1,667**	1,291
Retained earnings (note ii)	**836**	2,117

Notes:
i. On 1 October 2024, the Group acquired Virgin Money. The results of Virgin Money are included in the Group's consolidated financial results for the period from 1 October 2024.
ii. Retained earnings represents profit attributable to members, less distributions to the holders of core capital deferred shares and Additional Tier 1 capital.

All-employee remuneration represents 40.08% (2025: 36.37%) of total administrative expenses. All-employee remuneration costs include wages and salaries, bonuses, social security costs and pension costs.

Payments for loss of office and payments to past directors

C S Rhodes will step down from the Board on 21 May 2026, before retiring from Nationwide in September 2026.

In line with our approved directors' remuneration policy, C S Rhodes will be treated as an eligible leaver for the purposes of his outstanding APP and LTPP awards made in respect of previous performance years, and will therefore remain entitled to receive the deferred and retained elements of his unvested awards in full. His 2024 and 2025 LTPP awards will remain subject to performance testing and will be pro-rated based on time served during the relevant performance period. Payments will be made on the normal payment dates and will remain subject to malus and clawback.

In line with the other executive directors, C S Rhodes has a 12-month notice period. In line with contractual obligations, C S Rhodes will receive a payment in lieu of notice of £465,000, equivalent to six months' salary.

C S Rhodes will be eligible to receive a pro-rated 2026/27 APP award in respect of time served during the year. Any such award will be subject to the achievement of performance conditions and will be disclosed in next year's Report of the directors on remuneration. C S Rhodes will not be eligible to receive a 2026 LTPP award.

C S Rhodes will receive a contribution towards legal fees of £5,000 in connection with his departure.

Pay gap reporting

The Group is fully committed to promoting a diverse and inclusive workplace. Pay gaps are the difference in average hourly pay, when comparing different groups of people within an organisation. Nationwide's latest pay gap report was published in March 2026 and can be found at **nationwide.co.uk**, together with an update of progress on our inclusion and diversity ambition, and Women in Finance Charter commitments. Within the report we have again voluntarily published Nationwide's ethnicity pay gap, comparing the pay of all employees who have identified as black, asian and minority ethnic (ethnically diverse), with the pay for white (non-ethnically diverse) employees.

CEO pay ratio reporting

The table below compares the total remuneration of the Group Chief Executive Officer against the total remuneration of the median employee and those who sit at the 25th and 75th percentiles (lower and upper quartiles). This reporting will build annually to cover a rolling ten-year period. For 2025/26, employee remuneration data covers all employees within the Group. Data prior to and including 2024/25 does not include Virgin Money employees.

The increase in CEO pay ratios for 2025/26 is predominantly driven by the vesting of the first awards granted under the LTPP plan in June 2023. Only our most senior colleagues are invited to participate in the LTPP plan, including the Group Chief Executive Officer, with any awards deferred over the long-term. If the 2023 LTPP award is excluded, the 2025/26 median pay ratio would be 75:1.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2025/26	**Option A**	**139:1**	**109:1**	**66:1**
2024/25	Option A	78:1	63:1	38:1
2023/24	Option A	78:1	64:1	38:1
2022/23	Option A	71:1	56:1	35:1
2021/22	Option A	80:1	54:1	35:1
2020/21	Option A	51:1	38:1	24:1
2019/20	Option A	53:1	41:1	26:1
2018/19	Option A	99:1	77:1	48:1

The total remuneration and salary values for the 25th, median and 75th percentile employees for 2025/26 are:

	25th percentile	Median	75th percentile
Total remuneration	**£33,497**	**£42,959**	**£71,081**
Salary	**£25,980**	**£34,004**	**£54,388**

Supplementary information on the tables above:

i. The calculation is based on Option A as set out in the regulations, which is considered to be the most statistically accurate methodology.
ii. Employee data includes full time equivalent total remuneration for all UK employees as at 1 March 2026. For each employee, remuneration was calculated based on all components of pay including base pay, performance pay for 2025/26, core benefits including medical insurance and car allowance, and pension payments.
iii. The CEO pay ratio for 2022/23 above excludes the one-off replacement awards granted to D A Crosbie upon her appointment as Group Chief Executive Officer.
iv. For 2018/19, 2019/20 and 2020/21, whilst most employees participated in a defined contribution scheme with a fixed maximum employer contribution, there were other pension arrangements in place for some employees, including a defined benefit pension scheme which has been closed to new participants since 2007. Although it would have been possible to recognise a higher value under the defined benefit scheme, in order to ensure accurate year-on-year comparative data, a fixed value equal to the maximum employer contribution available to the defined contribution scheme members was included for all defined benefit scheme members. From 2021/22 there is only one defined contribution scheme available; therefore, the actual employer contribution value has been used for all employees.
v. The Committee has considered the pay data for the three individuals identified for 2025/26 and confirms that the ratios reasonably represent the approach to pay and reward for employees taken as a whole.

Voting at AGM

Resolutions to approve the 2024/25 Report of the directors on remuneration and the current directors' remuneration policy were passed at the 2025 AGM. In each case votes were cast as follows:

Vote	Report of the directors on remuneration (2025 AGM)	Remuneration policy (2025 AGM)
For	632,500 (95.37%)	627,982 (94.79%)
Against	30,708 (4.63%)	34,492 (5.21%)
Withheld	8,656	9,390

Summary remuneration policy and implementation for 2026/27

The table below sets out a summary of our remuneration policy for executive and non-executive directors, as approved by members at the 2025 AGM, as well as its proposed implementation in 2026/27. The full text of the policy can be found in our Annual Report and Accounts 2025, available at **nationwide.co.uk**

Element	Operation and opportunity	Implementation in 2026/27
Base salary Supports the recruitment and retention of key talent. Base salaries are market-competitive and reflect the size and complexity of the role	Base salaries are normally reviewed on an annual basis. Any changes are normally effective from 1 April.	The Committee determined base salaries for 2026/27 with effect from 1 April 2026 as follows: • D A Crosbie £1,240,000 (increase of 2.9%) • M J Mathieson £700,000 (increase of 3.7%) • C S Rhodes £930,000 (no change)
Benefits Provide a market-competitive and cost-effective benefits package as part of fixed remuneration	Benefits may include a car allowance, access to drivers when required, security when required, healthcare and insurance benefits. Business-related expenses are also reimbursed, including any associated tax. Other benefits may be provided, including to enable recruitment, retention or relocation.	No change for 2026/27.
Pension Provides post-retirement benefits for participants in a cost-efficient manner	Executive directors may receive a cash allowance and/or contribution to a defined contribution pension scheme. Pension allowances are set as a percentage of base salary. The maximum allowance payable is aligned with the maximum pension benefit available to Nationwide colleagues, which is currently 16% of base salary.	No change for 2026/27.
Annual Performance Pay (APP) plan Rewards the achievement of stretching Group, team and individual targets for a single financial year	**Operation** APP awards are discretionary and determined by the Committee following the end of the one-year performance period, reflecting achievement against targets set. To ensure alignment of goals, a portion of the awards for executive directors is based on the same performance measures as all eligible colleagues. The executive directors may also have a portion of their awards based on the achievement of other strategic and / or individual objectives. Alongside awards under the LTPP plan, the payment and deferral of APP awards are determined at the time of award and in compliance with regulatory requirements. Awards are normally paid in cash, although a portion may be delivered in, or linked to the value of, the Group's CCDS. The Committee may reduce, freeze, suspend or cancel payments under the APP plan if it believes that outcomes are not representative of the overall performance of the Group. **Opportunity** The normal maximum APP opportunity for the executive directors is 150% of base salary. Maximum opportunities may vary by role. Actual award levels will be determined by the Committee. Normally, 67% of the maximum opportunity is payable for target performance and at the threshold level of performance, 33.5% of the maximum opportunity will be paid. No portion of the award will be paid where threshold performance is not achieved.	For awards made in respect of 2026/27, the target opportunity for D A Crosbie and M J Mathieson will be 100% of base salary with a maximum opportunity of 150%. For C S Rhodes, the target opportunity will be 67% of base salary with a maximum opportunity of 100%. **Performance measures** Awards made in respect of 2026/27 will be subject to the following Group-wide performance measures: • More rewarding relationships: Number of engaged customers (12.5%); • Simply brilliant experience: Customer experience score (12.5%); • Simplify, integrate and grow: Total costs (12.5%); • Beacon for mutual good: Heard good things about (12.5%); • Executive Scorecard: Performance against a comprehensive scorecard capturing a wide range of Group financial and non-financial measures (30%). The remaining 20% of the award will be based on individual contribution, behaviours and conduct. Gateway measures based on profit before tax, leverage ratio and conduct risk will also apply. Targets under the APP plan are commercially sensitive and so will be disclosed, along with performance achieved, in next year's report.

Long-Term Performance Pay (LTPP) plan Incentivises sustainable long-term performance and alignment with members' interests Awards are made annually and only pay out where challenging performance measures are met, normally measured over a three-year period	**Operation** LTPP awards are discretionary and normally granted subject to the achievement of satisfactory performance over the year prior to grant. Awards are then normally subject to a three-year forward-looking performance period from the start of the financial year in which the grant is made. Payment of the awards will not start until after the end of the three-year performance period and is subject to the achievement of the performance conditions. The payment of awards will be deferred in compliance with regulatory requirements. A portion of the awards is normally delivered in or linked to the value of the Group's CCDS. Participants will be entitled to the value of CCDS distributions (or equivalent) to the extent permitted by regulations. **Opportunity** LTPP awards may be granted up to a maximum value of 300% of base salary. Maximum opportunities may vary by role. Actual award levels will be determined by the Committee. Normally, 67% of the maximum opportunity is payable for target performance and at the threshold level of performance, 33.5% of the maximum opportunity will be paid. No portion of the award will be paid where threshold performance is not achieved.	LTPP awards in respect of 2026/27 will be made following the year, subject to the achievement of satisfactory Group performance and individual delivery, behaviours and conduct. The Committee intends to keep LTPP grant levels under review to ensure they remain appropriate. **Performance measures** Forward-looking performance will be measured against a long-term scorecard determined by the Committee on an annual basis and set to align with the long-term strategic objectives of the Group. Details of the performance measures for the 2026/27 LTPP (for the performance period 2027/28 to 2029/30) will be included in next year's remuneration report.
Chairman and non-executive director fees Provide a market-competitive fee level for the role at Nationwide	The Chairman's fee is normally reviewed and approved by the Remuneration Committee on an annual basis. Non-executive director fees are normally reviewed and approved by the executive directors and the Chairman on an annual basis. Any changes are typically effective from 1 April. Non-executive directors are paid a basic fee, with an additional supplement paid for additional roles or responsibilities, including in respect of the Senior Independent Director or Employee Voice role, or for serving on or chairing a Board Committee or committee of a subsidiary entity. Additional fees may be payable for additional time commitment or responsibilities. The Chairman and non-executive directors do not take part in any performance pay plans or in any pension arrangements. Benefits may be provided if considered appropriate including reimbursement of any reasonable expenses (together with any tax thereon where these are deemed to be taxable benefits).	The annual review of non-executive director fees for 2026/27 has been undertaken and fees adjusted with effect from 1 April 2026. Where appropriate, fees have been increased to ensure they continue to be competitively positioned against the market.

Chairman and non-executive director fees for 2026/27

	Fees effective 1 April 2026	Fees effective 1 April 2025
Chairman	**£670,000**	£650,000
Deputy Chair	**£160,000**	-
Basic fee for non-executive directors	**£95,000**	£92,000
Senior Independent Director	**£50,000**	£50,000
Chair of the Audit, Board Risk or Remuneration Committee	**£80,000**	£75,000
Member of the Audit, Board Risk or Remuneration Committee	**£36,000**	£34,000
Member of the Nomination and Governance Committee	**£16,700**	£16,500
Employee Voice	**£15,000**	£14,000

Discretion, risk adjustment and malus and clawback

In determining variable pay awards, the Committee has the ability to apply independent judgement to ensure that the outcome is a fair reflection of the performance of the Group and the individual over the relevant period. In applying this judgement, the Committee has scope to consider any such factors it deems relevant.

The Committee takes into account performance against a broad set of financial and non-financial performance measures and considers performance on a risk-adjusted basis, evaluating progress against defined measures within the context of our risk appetite, including conduct risk. This is a formal process which also includes input and feedback from the Audit and Board Risk committees. In this manner, the Committee has discretion to reduce an executive director's variable pay in relation to risk-related matters.

In certain circumstances, the Committee has the discretion to operate malus and clawback provisions under the APP and LTPP plans. Such circumstances may include, but are not limited to: participation in, or responsibility for, conduct that results in significant losses; failure to meet appropriate standards of fitness and propriety; employee misbehaviour or material error; a material downturn in financial performance; a material failure of risk management; as well as other circumstances required by regulatory obligations or deemed appropriate by the Committee. Clawback can be applied for a period of seven years from the date of award. This may be extended to ten years in the event of ongoing internal or regulatory investigation at the end of the seven-year period. This period is considered appropriate in light of regulatory requirements, the Group's business cycle and to allow sufficient time for any potential risks to crystallise.

Directors' report for the year ended 31 March 2026

This report contains the statutory disclosures required to be included by the Building Societies Act 1986 (the Act) and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority (DTR). Information for the 'Content' items listed in the table below can be found in the section of the Annual Report and Accounts as shown. These items are required and are incorporated into the Directors' report by cross-reference.

Content	Section	Pages
Business objectives and future plans	Strategic report	5 and 7-11
Key performance indicators	Strategic report	12
Group Chief Executive Officer review including performance updates	Strategic report	7-11
Employee involvement, engagement, development, inclusion and diversity	Strategic report	13-16
Viability statement	Strategic report	29-30
Environment, greenhouse gas emissions (GHG), energy consumption	Strategic report	23-25
Directors' remuneration	Governance report– Report of the directors on remuneration	70-89
Mortgage arrears	Risk report	115
Risk management	Risk report	94-97
Principal risks	Risk report	26-27 and 95
Top and emerging risks	Strategic report – Risk overview	27-28
Directors' share options	Annual business statement	278
CRD IV country-by-country reporting	Other information	279
Distributions on CCDS instruments	Financial statements – note 31	263-264
Business relationships	Strategic report – Engaging with our stakeholders	13-20
Financial instruments	Financial statements – note 15	236-238
Corporate Governance statement	Governance report – Statement of compliance with the UK Corporate Governance Code 2024	40

Board of directors

The names of the directors who were in office at the date of signing the financial statements, along with their biographies, are set out on pages 42 to 45.

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

- Albert Hitchcock stood down from the Board on 30 September 2025;
- Chris Rhodes was appointed to the Board on 30 September 2025;
- Anand Aithal and David Bennett stood down from the Board on 31 December 2025;
- Guy Bainbridge was appointed to the Board on 1 February 2026; and
- Mike Rogers was appointed to the Board on 1 April 2026.

The Board has agreed that, in accordance with the UK Corporate Governance Code 2024, all directors will stand for election or re-election on an annual basis.

Political donations

The Group does not make donations or pay subscriptions to any political party but may purchase tickets or passes for its representatives to attend political party conferences when appropriate, and may from time to time make payments to third parties to facilitate political party events related to matters of interest to the Group and its members. These engagements are opportunities for the Group to engage with politicians and policymakers and communicate its priorities on behalf of its members. These activities are not intended or considered to constitute political campaigning, activity or support.

Charitable donations

The Group paid charitable donations of £16.6 million (2025: £18.7 million) in the financial year ended 31 March 2026.

Participation in the unclaimed assets scheme

The Group participates in the Government-backed unclaimed assets scheme, under which savings accounts that have been inactive for 15 years, and where the account holder cannot be traced, are eligible to be transferred into a central reclaim fund. The central reclaim fund has the responsibility for retaining sufficient monies to meet the costs of future reclaims for any previously transferred dormant account balances, and to transfer any surplus to the Big Lottery Fund for the benefit of good causes which have a social or environmental purpose. During this financial year, the Group made a transfer of £12,144,607 to Reclaim Fund Ltd, the administrators of the unclaimed assets scheme. The total contributions for the Group from inception to 31 March 2026 are £132,532,426.

Creditor payment policy

The Group aims to agree terms of payment with suppliers at the start of trading, to ensure that suppliers are aware of the agreed terms and pay in accordance with contractual and other legal obligations. The Group operates this through policies which aim to settle a supplier's invoice for the complete provision of goods and services (unless there is an express provision for stage payments), when in full conformity with the terms and conditions of the purchase, within the agreed payment terms. The Group's creditor days, calculated based on year-end creditor balances and annualised total spend, were 9 days as of 31 March 2026 (2025: 6 days).

New activities

There were no new activities which the Group or any of its subsidiaries engaged in during the financial year which were of a different nature from those in which the Group or its subsidiaries have previously engaged in.

Research and development

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

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

The following statement, which should be read in conjunction with the independent auditor's report on pages 174 to 185, is made by the directors to explain their responsibilities in relation to the preparation of the Annual Report and Accounts, the directors' emoluments disclosures within the report of the directors on remuneration, the annual business statement and this Directors' report.

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

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

Building Societies Act 1986 (the Act)

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

In preparing the Annual Report and Accounts, the directors have:

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

In addition, as required by the Act, the directors have prepared an annual business statement that can be found on pages 276 to 278 which, together with this Directors' report, contains the prescribed information relating to the business of the Group and its connected undertakings.

UK Finance Code for Financial Reporting Disclosure

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

Going Concern

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

The directors have assessed the Group with reference to current and anticipated market conditions, including the current geopolitical environment. The Group's base case projections, scenario analysis and stress testing activities show that the Group will be able to operate at adequate levels of both liquidity and capital for at least the next 12 months. Furthermore, the Group's capital ratios and its total capital resources are comfortably in excess of Prudential Regulation Authority (PRA) requirements. This assessment has been considered as part of the viability assessment, which is considered across a three-year horizon; further detail of the assessment is included within the viability statement on pages 29 to 30.

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

Fair, balanced and understandable

The directors are satisfied that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for members and other stakeholders to assess the Group's position and performance, business model and strategy.

Taskforce on Climate-related Financial Disclosures (TCFD)

The TCFD recommendations are designed to enable financial firms to produce clear, comprehensive, high-quality disclosures on the impacts of climate change. Firms are required to publish disclosures aligned with the four categories of the TCFD (Strategy, Governance, Risk management, and Metrics and targets) and recommended disclosures, in line with the Financial Conduct Authority's Listing Rules (9.8.6R(8)). The Group publishes its TCFD-aligned Climate-related Financial Disclosures annually, alongside its Preliminary results and provides summary information consistent with the TCFD recommendations in the Strategic report within its Annual Report and Accounts, in its aim to voluntarily align to the Companies Act.

Enhanced Disclosure Task Force (EDTF) and Disclosures in Expected Credit Losses (DECL) Taskforce

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

Directors' statement pursuant to the disclosure guidance and transparency rules

In this report, the directors have included a fair review of the business and a description of the principal risks and uncertainties facing the Group. The directors confirm that, to the best of each director's knowledge and belief that:

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

Directors' responsibilities in respect of accounting records and internal control

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

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

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

The auditors

A resolution to re-appoint Ernst & Young LLP as external auditor will be proposed at the 2026 Annual General Meeting.

Kevin Parry OBE
Chairman
20 May 2026

Risk report

Principal risks and uncertainties 95

Credit risk 98
- Overview 98
- Residential mortgages 103
- Consumer lending 118
- Business lending 127
- Treasury assets 136

Liquidity and funding risk 140

Capital risk 154

Market risk 160

Pension risk 166

Business risk 168

Operational and conduct risk 169

Model risk 172

Introduction

Effective risk management helps to ensure that we keep customers' money safe and secure. This is critical to delivering our purpose: Banking - but fairer, more rewarding, and for the good of society. The Group adopts a prudent approach to risk management, taking only those risks which support our strategy and then managing them rigorously through a consistent approach.

How risk is managed across the Group

The Group operates a Group Risk Management Framework (GRMF) to manage risk consistently based upon the following core elements:

- Identifying the principal risks to which the Group and its subsidiaries are exposed.
- Establishing risk appetite, supported by more detailed metrics and indicators as appropriate.
- Implementing robust risk management, supported by appropriate risk and control monitoring, through an effective three lines of defence model.
- Reporting risks through a robust governance structure to the appropriate level within the Group.

The framework is underpinned by a comprehensive suite of processes, policies and standards which detail the precise activities which are undertaken to manage each individual risk faced by the Group, and which focus on the responsibilities of key executives and risk practitioners.

The design and operational effectiveness of the Group's approach to risk management and internal control is regularly reviewed and enhanced in response to changes in the internal and external risk profile, allowing tailored responses to be developed where improvements are considered appropriate.

Principal risks and uncertainties

The principal risks set out in the table below are the key risks which are relevant to the Group and the achievement of its strategic objectives. These principal risks are derived from the more detailed risk categories set out in the GRMF with each detailed risk category mapped to the corresponding principal risk.

Pages 27 to 28 explain the link between principal risks and top and emerging risks.

Principal risk	Definition	Reference
Credit risk	The risk of loss as a result of a customer or counterparty failing to meet their financial obligations.	Page 98
Liquidity and funding risk	Liquidity risk is the risk that the Group is unable to meet its liabilities as they fall due and maintain member and other stakeholder confidence. Funding risk is the risk that the Group is unable to maintain diverse funding sources in wholesale and retail markets and manage retail funding risk that can arise from excessive concentrations of higher risk deposits.	Page 140
Capital risk	The risk that the Group fails to maintain sufficient capital to absorb losses throughout a full economic cycle and sufficient to maintain the confidence of current and prospective investors, members, the Board, and regulators.	Page 154
Market risk	The risk that the net value of, or net income arising from, the Group's assets and liabilities is impacted as a result of market price or rate changes. The Group does not have a trading book; therefore market risk only arises in the banking book.	Page 160
Pension risk	The risk that the value of the pension schemes' assets will be insufficient to meet the estimated liabilities, creating a pension deficit.	Page 166
Business risk	The risk that volumes decline, margins shrink, or losses increase relative to the cost or capital base, affecting the sustainability of the business and the ability to deliver the strategy due to external factors (macroeconomic, geopolitical, industry, regulatory, technological, or other external events) or internal factors (including the development and execution of the strategy)	Page 168
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. This includes, but is not limited to technology risk, security risk (including cyber), data risk, economic crime risk and regulatory risk.	Page 169
Model risk	The risk of adverse consequences from model errors or the inappropriate use of modelled outputs to inform business decisions. Model outputs may be affected by the quality of data inputs, suitability of methodology, or the integrity of implementation. This could lead to adverse consequences including financial loss, poor business decision-making, detrimental impact on customers, or damage to the Group's reputation.	Page 172

Risk appetite

Risk appetite sets the level of risk which is acceptable in the delivery of the Group's strategy. The Board approves risk appetite, consisting of statements supported by metrics with appropriate limits and triggers for all key risks to which the Group is exposed, which are monitored and reported through the Group's governance structure.

Risk governance structure

The Board receives regular reports and assessments of the Group's risk management and control environment and recommendations from Board Risk Committee (BRC) on matters spanning all risk categories, including the appropriate level of risk appetite.

The Board Risk Committee and Audit Committee provide oversight and advice to the Board. Matters such as risk appetite breaches and associated actions are reported to the relevant management committee and these are escalated through this governance structure as appropriate. The Group Executive Risk Committee coordinates the management of all risks, and provides regular updates to the Board and Board Risk Committee on priority risk areas and key decisions.

[1] The Board and Board committees operate a mirror Board structure as described in the Governance report on page 46.

Three lines of defence

Risk management activities are structured across three lines of defence, tailored to reflect the Group's size, complexity and business model. Though everyone has a role to play in risk management, the overall responsibilities and accountabilities are outlined through the model set out below.

First line: Risk and control ownership

Responsibilities
Designing and running business operations, owning and operating most controls to manage risks and meet regulatory requirements.

Accountabilities

- Setting business objectives
- Defining risk appetite for Board approval
- Identifying, owning, and managing risks
- Defining, operating, and testing controls
- Identifying future threats and risks
- Implementing and maintaining regulatory compliance
- Adhering to the minimum standards for risk management and associated policies
- Testing controls
- Conducting outcomes testing
- Operating and reporting on the control framework

Second line: Oversight, support, and challenge

Responsibilities
Overseeing, through support, challenge and the provision of advice, the effectiveness of risk management by the first line.

Accountabilities

- Providing expert risk advice on business initiatives
- Providing advice on the setting of risk appetite
- Reporting aggregate, enterprise-level risks appropriately through the governance structure
- Providing independent and risk-based assurance
- Interpreting regulatory change
- Setting the minimum standards for risk management
- Identifying future threats and risks
- Design the Group Risk Management Framework

Third line: Assurance

Responsibilities
Providing assurance to the Board on the effectiveness of the control environment.

Accountabilities

- Performing independent audits of the effectiveness of first line risk management and control, and second line risk oversight, support and challenge
- Taking a risk-based approach to the programme of audit work
- Preparing an annual opinion of the risk management and controls framework to present to the Audit Committee

Credit risk – Overview

Credit risk is the risk of loss as a result of a customer or counterparty failing to meet their financial obligations. Credit risk encompasses:

- borrower/counterparty risk – the risk of loss arising from a borrower or counterparty failing to pay, or becoming increasingly likely not to pay the interest or principal on a loan, or on a financial product, or for a service, on time;
- security/collateral risk – the risk of loss arising from deteriorating security/collateral quality;
- concentration risk – the risk of loss arising from insufficient diversification of region, sector, counterparties or other significant factor; and
- refinance risk – the risk of loss arising when a repayment of a loan or other financial product occurs later than originally anticipated.

The Group manages credit risk for the following portfolios:

Portfolio	Definition
Residential mortgages	Loans secured on residential property
Consumer lending	Unsecured lending comprising current account overdrafts, personal loans and credit cards
Business lending	Lending to non-retail customers, including registered social landlords
Treasury	Treasury liquidity, derivatives and investment portfolios

Management of credit risk

The Group lends in a responsible, affordable and sustainable way to ensure safeguarding of customers and the financial strength of the Group throughout the credit cycle. To this end, the Board approves the level of risk appetite it is willing to take in pursuit of the Group's strategy, based on Board Risk Committee recommendations. This is articulated through Board risk appetite statements and underlying principles:

Safeguarding our customers and counterparties by lending responsibly:

- Only lending to customers or counterparties who demonstrate that they can afford to borrow.
- Supporting customers buying mortgageable properties of wide-ranging types and qualities.
- Working with customers and counterparties to recover their financial position should there be a delay, or risk of delay, in meeting their financial obligations.

Safeguarding the Group's financial performance, strength and reputation:

- Managing asset quality so that losses through an economic cycle will not undermine profitability, financial strength and our standing with external stakeholders.
- Ensuring that no material segment of our lending exposes the Group to excessive loss.
- Proactively managing credit risk and complying with regulations.

The Group operates with a commitment to responsible lending and a focus on championing good conduct and fair outcomes. In this respect, the Group formulates appropriate credit criteria and policies which are aimed at mitigating risk from individual transactions and ensuring that credit risk exposure remains within risk appetite. Under a governed delegated mandate structure, the Group Credit Committee, individual Material Risk Takers and relevant personnel holding lending mandates make credit decisions, based on a thorough credit risk assessment, to ensure that customers and counterparties are able to meet their obligations.

Credit risk is managed within the risk appetite approved by the Board. Performance against this appetite is measured across a range of metrics and is reported to Group Credit Committee each month. Corrective action is taken when metrics move towards or beyond defined thresholds to ensure performance remains or returns to appetite within an appropriate timescale.

The Group is committed to helping customers who may anticipate, or find themselves experiencing a period of financial difficulty, offering a range of forbearance options tailored to their individual circumstances. Accounts in arrears, or where the borrower is in financial difficulty, are managed by specialist teams within the Group or referred to debt charities to ensure an optimal outcome for our customers and the Group.

Forbearance

Forbearance occurs when concessions are made to the contractual terms of a loan when the customer is facing or about to face difficulties in meeting their financial commitments. A concession is where the customer receives assistance, which could be a modification to the previous terms and conditions of a facility or a total or partial refinancing of debt, either mid-term or at maturity. Requests for concessions are principally attributable to:

- temporary cash flow problems;
- breaches of financial covenants; or
- an inability to repay at contractual maturity.

Consistent with the European Banking Authority reporting definitions, loans are reported as forborne until they meet the regulatory forbearance exit criteria.

Impairment provisions

Impairment provisions on financial assets are calculated on an expected credit loss (ECL) basis for assets held at amortised cost and at fair value through other comprehensive income (FVOCI). ECL impairment provisions are based on an assessment of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), discounted to give a net present value. Provision calculations for retail portfolios are typically performed on a collective rather than individual loan basis. For collective assessments, whilst each loan has an associated ECL calculation, the calculation is based on cohort level data for assets with shared credit risk characteristics (e.g. origination date, origination loan to value, term).

Impairment provisions are calculated using a three-stage approach depending on changes in credit risk since original recognition of the assets:

- a loan which is not credit impaired on initial recognition and has not subsequently experienced a significant increase in credit risk is categorised as being within stage 1, with a provision equal to a 12-month ECL (losses arising on default events expected to occur within 12 months);
- where a loan's credit risk increases significantly, it is moved to stage 2. The provision recognised is equal to the lifetime ECL (losses on default events expected to occur at any point during the life of the asset);
- if a loan meets the definition for credit impairment, it is moved to stage 3 with a provision equal to its lifetime ECL.

In addition to the stage allocation outlined above, loans which have been purchased or originated with a credit-impaired (POCI) status are reported separately. At initial recognition, POCI assets do not carry an impairment provision; instead, gross balances are presented net of lifetime expected credit losses at acquisition. All changes in lifetime expected credit losses subsequent to acquisition are recognised as an impairment charge or release.

For loans and advances held at amortised cost, the stage distribution and the provision coverage ratios are shown in this report for each portfolio. The provision coverage ratio is calculated by dividing the provisions by the gross balances for each lending portfolio. Loans remain on the balance sheet, measured net of associated provisions, until they are repaid or deemed no longer recoverable, when such loans are written off.

Governance and oversight of impairment provisions

The models used in the calculation of impairment provisions are governed in accordance with the Group's model risk management framework as described in the Model risk section of this report. PD, EAD and LGD models are subject to regular monitoring and annual validation. Where necessary, adjustments are approved for risks not captured in model outputs, for example where insufficient historic data exists.

The Group's economic scenarios used in the calculation of impairment provisions and associated probability weightings are proposed by our Chief Economist and are governed through a quarterly meeting attended by the Group Chief Financial Officer. Details of these economic assumptions and material adjustments are included in note 10 to the financial statements.

Developments in the year

The UK economy remained subdued during the year, with businesses continuing to face persistent cost pressures. Bank rate decreased to 3.75%, although some borrowers continued to face increases in their mortgage rate when refinancing from historically low rates. The housing market remained resilient, with modest house price growth of 2.2% over the year to March 2026. The conflict in the Middle East towards the end of the year led to an increased level of economic uncertainty; however, no significant change in overall credit performance has been observed as at 31 March 2026.

Residential mortgages

Residential mortgage balances increased to £286.3 billion (2025: £275.9 billion), reflecting continued support for first time buyers, including an expansion of higher loan-to-income lending, alongside a focus on customer retention through highly competitive products. New lending had a broadly stable average LTV of 72% (2025: 73%). The impact of new lending on the stock average LTV was only partially offset by house price growth and capital repayments during the year, resulting in an increase to 58% (2025: 56%).

Residential mortgage arrears remained low and well below the industry average, with the arrears rate reducing slightly to 0.39% (2025: 0.43%).

Consumer lending

Consumer lending balances increased to £11.6 billion (2025: £11.1 billion) driven by growth in credit cards and personal loans. Credit card lending continues to represent 70% of total consumer lending. The overall credit risk profile has remained broadly stable, reflected in an arrears rate of 1.10% (2025: 1.11%).

Business lending

Business lending balances have decreased to £14.9 billion (2025: £15.1 billion), reflecting an increasingly competitive market. Registered social landlords remain the largest sector exposure, aligned with the Group's strategic purpose by helping improve access to affordable housing. Credit performance has remained resilient despite persistent cost pressures faced by the businesses we lend to.

Provisions

Provisions increased to £1,335 million (2025: £1,288 million), with retail provisions remaining stable. Business lending provisions increased, driven by additional judgemental provisions for portfolio risks, as well as increased provisions for impaired loans. Total provisions include £170 million (2025: £137 million) associated with significant judgements relating to affordability considerations, persistent credit card debt, property valuation risks, and business lending portfolio risks. The impairment charge for the year was £331 million (2025: £632 million, including £456 million of one-off acquisition related impacts).

Outlook

The Group's base case scenario was updated to reflect economic conditions at 31 March 2026, including the impact of the conflict in the Middle East, and assumes modest UK economic growth. Bank rate is expected to remain unchanged at 3.75% during 2026, while inflation is forecast to increase in the short term to 4% before returning to the Bank of England's 2% target in 2027. House prices are expected to remain resilient and are forecast to rise by 3.2% in 2026.

Recent developments in the Middle East have increased economic uncertainty, with the longer-term impact dependent on the duration of the shock to the global economy and the policy response of governments and central banks. The Group continues to apply four economic scenarios, which together reflect an appropriate range of potential economic outcomes for provisioning purposes. Further information on the economic scenarios used in calculating provisions is provided in note 10 to the financial statements.

The Group continues to monitor geopolitical and economic uncertainties and assess their impact on borrowers and credit risk across our lending portfolios. Where necessary, we will continue to take appropriate action to support borrowers facing financial difficulty. Borrowers have so far demonstrated resilience to affordability pressures, and arrears are expected to remain below the industry average.

Maximum exposure to credit risk

The Group's maximum exposure to credit risk at 31 March 2026 was £400 billion (2025: £383 billion).

Credit risk largely arises from loans and advances to customers, which account for 83% (2025: 84%) of the Group's credit risk exposure. Within this, the exposure relates primarily to residential mortgages, which account for 91% (2025: 90%) of loans and advances to customers and comprise high-quality assets with historically low occurrences of arrears and repossessions.

In addition to loans and advances to customers, the Group is exposed to credit risk on all other financial assets. For all financial assets recognised on the balance sheet, the maximum exposure to credit risk represents the balance sheet carrying value after allowance for impairment, plus off-balance sheet commitments. For off-balance sheet commitments, the maximum exposure is the maximum amount that the Group would have to pay if the commitments were to be called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities, the maximum exposure is the full amount of the committed facilities.

Maximum exposure to credit risk - Group

2026 *(Audited)*	Gross balances £m	Impairment provisions £m	Carrying value £m	Commitments (note i) £m	Maximum credit risk exposure £m	% of total credit risk exposure %
Amortised cost loans and advances to customers:						
Residential mortgages	286,298	(352)	285,946	15,603	301,549	75
Consumer lending	11,578	(829)	10,749	73	10,822	3
Business lending	14,668	(154)	14,514	5,361	19,875	5
Fair value adjustment for micro hedged risk (note ii)	204	-	204	-	204	-
	312,748	(1,335)	311,413	21,037	332,450	83
Fair value through profit or loss (FVTPL) loans and advances to customers:						
Residential mortgages (note iii)	32	-	32	-	32	-
Business lending (note iv)	38	-	38	-	38	-
	70	-	70	-	70	-
Other items:						
Cash and balances at central banks	38,411	-	38,411	-	38,411	10
Loans and advances to banks and similar institutions	1,758	-	1,758	-	1,758	-
Investment securities – FVOCI	25,900	-	25,900	-	25,900	6
Investment securities – FVTPL	5	-	5	30	35	-
Derivative financial instruments	3,341	-	3,341	-	3,341	1
Fair value adjustment for portfolio hedged risk (note ii)	(2,121)	-	(2,121)	-	(2,121)	-
	67,294	-	67,294	30	67,324	17
Total	380,112	(1,335)	378,777	21,067	399,844	100

Maximum exposure to credit risk - Group						
2025	Gross balances	Impairment provisions	Carrying value	Commitments (note i)	Maximum credit risk exposure	% of total credit risk exposure
(Audited)	£m	£m	£m	£m	£m	%
Amortised cost loans and advances to customers:						
Residential mortgages	275,890	(351)	275,539	13,765	289,304	76
Consumer lending	11,107	(824)	10,283	113	10,396	3
Business lending	14,818	(113)	14,705	5,580	20,285	5
Fair value adjustment for micro hedged risk (note ii)	277	-	277	-	277	-
	302,092	(1,288)	300,804	19,458	320,262	84
Fair value through profit or loss (FVTPL) loans and advances to customers:						
Residential mortgages (note iii)	36	-	36	-	36	-
Business lending (note iv)	49	-	49	-	49	-
	85	-	85	-	85	-
Other items:						
Cash and balances at central banks	29,483	-	29,483	-	29,483	8
Loans and advances to banks and similar institutions	1,810	-	1,810	-	1,810	1
Investment securities – FVOCI	28,658	-	28,658	-	28,658	7
Investment securities – FVTPL	5	-	5	5	10	-
Derivative financial instruments	4,742	-	4,742	-	4,742	1
Fair value adjustment for portfolio hedged risk (note ii)	(2,037)	-	(2,037)	-	(2,037)	(1)
	62,661	-	62,661	5	62,666	16
Total	364,838	(1,288)	363,550	19,463	383,013	100

Notes:
i. In addition to the amounts shown above, the Group has revocable commitments of £25,966 million (2025: £23,352 million) primarily in respect of credit card and overdraft facilities. These commitments represent agreements to lend in the future, subject to certain considerations. Such commitments are cancellable by the Group, subject to notice requirements, and given their nature are not expected to be drawn down to the full level of exposure.
ii. The fair value adjustment for portfolio hedged risk and the fair value adjustment for micro hedged risk (which relates to the business lending portfolio) represent hedge accounting adjustments.
iii. FVTPL residential mortgages include equity release and shared equity loans.
iv. Business lending was previously reported as business and commercial lending.

The Society's maximum exposure to credit risk at 31 March 2026, which excludes Virgin Money and subsidiary lending included in the Group numbers in the tables above, totals £304 billion (2025: £285 billion). This includes all financial assets recognised on the Society's balance sheet. Further information is included in notes 12, 14 and 29 to the financial statements.

Commitments

Irrevocable undrawn commitments to lend are within the scope of provision requirements. The commitments in the table above consist of overpayment reserves and separately identifiable irrevocable commitments for the pipeline of residential mortgages, personal loans, business lending and investment securities. These commitments are not recognised on the balance sheet; the associated provision of £3.8 million (2025: £4.6 million) is included within provisions for liabilities and charges. The majority of the off-balance sheet commitments are in stage 1, with a provision equal to a 12-month ECL.

Revocable commitments relating to overdrafts and credit cards are included in the calculation of impairment provisions, with the allowance for future drawdowns included in the estimate of the exposure at default.

Credit risk – Residential mortgages

Summary

The Group's residential mortgages comprise owner-occupied, buy to let and legacy loans. Owner-occupied residential mortgages are mainly advances made through the Nationwide, Virgin Money, Clydesdale and Yorkshire Bank brands. Buy to let lending is originated under The Mortgage Works (UK) plc (TMW) as well as Virgin Money, Clydesdale and Yorkshire Bank brands. Legacy mortgages are smaller owner-occupied portfolios in run-off.

Residential mortgage gross balances - Group		
	2026	2025
(Audited)	**£m**	£m
Owner-occupied	**224,856**	215,546
Buy to let and legacy:		
Buy to let	**60,637**	59,383
Legacy	**805**	961
	61,442	60,344
Amortised cost loans and advances to customers	**286,298**	275,890
FVTPL loans and advances to customers	**32**	36
Total residential mortgages	**286,330**	275,926

The increase in gross balances in the year reflects continued support for first time buyers, including an expansion of higher loan-to-income lending, alongside a focus on customer retention through highly competitive products.

Impairment charge/(release) and write-offs for the year - Group		
(Audited)	**2026**	2025
Impairment charge/(release)	**£m**	£m
Owner-occupied	**14**	25
Buy to let and legacy	**(6)**	8
Total	**8**	33
	£m	£m
Gross write-offs	**22**	12

The impairment charge reduced compared to the prior year, primarily due to the non-recurrence of £21 million of one-off charges recognised in the prior year in relation to the acquisition of Virgin Money. Write-offs have increased to £22 million (2025: £12 million) but remain low in absolute terms. Residential mortgage arrears have remained at low levels during the year, with the arrears rate reducing slightly to 0.39% (2025: 0.43%).

Residential mortgages staging analysis

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

Residential mortgages staging analysis - Group								
2026	Stage 1	Stage 2 total	Stage 2 Up to date	Stage 2 1 to 30 DPD (note i)	Stage 2 >30 DPD (note i)	Stage 3	POCI (notes ii)	Total
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m
Gross balances								
Owner-occupied	210,272	13,313	11,866	918	529	960	311	224,856
Buy to let and legacy	35,987	24,771	24,201	334	236	523	161	61,442
Total	246,259	38,084	36,067	1,252	765	1,483	472	286,298
Provisions								
Owner-occupied	13	63	45	7	11	51	2	129
Buy to let and legacy	33	134	106	14	14	53	3	223
Total	46	197	151	21	25	104	5	352
Provisions as a % of total balance	%	%	%	%	%	%	%	%
Owner-occupied	0.01	0.47	0.38	0.82	2.05	5.33	-	0.06
Buy to let and legacy	0.09	0.54	0.44	4.08	6.04	10.07	-	0.36
Total	0.02	0.52	0.42	1.69	3.28	7.00	-	0.12

Residential mortgages staging analysis - Group								
2025	Stage 1	Stage 2 total	Stage 2 Up to date	Stage 2 1 to 30 DPD (note i)	Stage 2 >30 DPD (note i)	Stage 3	POCI (note ii)	Total
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m
Gross balances								
Owner-occupied	200,586	13,740	12,434	841	465	833	387	215,546
Buy to let and legacy	35,822	23,821	23,261	344	216	504	197	60,344
Total	236,408	37,561	35,695	1,185	681	1,337	584	275,890
Provisions								
Owner-occupied	14	58	41	7	10	41	2	115
Buy to let and legacy	31	150	131	10	9	54	1	236
Total	45	208	172	17	19	95	3	351
Provisions as a % of total balance	%	%	%	%	%	%	%	%
Owner-occupied	0.01	0.42	0.33	0.82	2.05	4.99	-	0.05
Buy to let and legacy	0.09	0.63	0.56	2.84	4.49	10.62	-	0.39
Total	0.02	0.55	0.48	1.41	2.82	7.11	-	0.13

Notes:
i. Days past due (DPD) is a measure of arrears status.
ii. Purchased or originated credit-impaired (POCI) loans are those which were recognised on the balance sheet when the Derbyshire Building Society was acquired in 2008 and Virgin Money was acquired in 2024. The POCI balance of £472 million (2025: £584 million) is presented net of lifetime ECL of £16 million (2025: £21 million). The provision coverage for POCI loans is not presented in the table due to the gross balance being reported net of the lifetime ECL at the point of acquisition. The POCI provision represents the movement in lifetime ECL since acquisition.

Total balances have increased largely due to growth in the owner-occupied portfolio, resulting in an increase in stage 1 balances.

Stage 2 balances have increased slightly to £38.1 billion (2025: £37.6 billion). Of these, only 2% (2025: 2%) are in arrears by 30 days or more, with the majority of balances in stage 2 due to an increase in the probability of default (PD) since origination. Total stage 2 balances include £8.7 billion (2025: £9.2 billion) of loans where the PD has been uplifted to recognise the increased risk of default due to borrower affordability pressures.

Stage 3 and POCI balances make up 0.7% (2025: 0.7%) of total balances. Stage 3 balances increased to £1,483 million (2025: £1,337 million), primarily reflecting newly impaired loans during the year. This increase has been largely offset by a reduction in POCI balances to £472 million (2025: £584 million), as loans impaired at acquisition continue to redeem or be written off. Of the total stage 3 and POCI balances, £1,204 million (2025: £1,240 million) is in respect of loans which are more than 90 days past due, with the remainder being impaired due to other indicators of unlikeliness to pay such as certain types of forbearance.

Residential mortgage provisions have remained stable at £352 million (2025: £351 million) and include a modelled adjustment of £63 million (2025: £70 million) to reflect an increase to the PD to account for ongoing affordability risks, including those related to higher interest rates. Further information is included in note 10 to the financial statements.

The following table shows the Society's residential mortgage lending balances carried at amortised cost, the stage allocation of the loans, impairment provisions and the resulting provision coverage ratios. The Society's balances exclude both Virgin Money and other subsidiaries, including TMW.

Residential mortgages staging analysis - Society								
2026	**Stage 1**	**Stage 2 total**	**Stage 2 Up to date**	**Stage 2 1 to 30 DPD**	**Stage 2 >30 DPD**	**Stage 3**	**POCI**	**Total**
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Gross balances								
Owner-occupied	**172,070**	**11,335**	**10,203**	**823**	**309**	**772**	**-**	**184,177**
Buy to let and legacy	**53**	**107**	**101**	**4**	**2**	**10**	**-**	**170**
Total	**172,123**	**11,442**	**10,304**	**827**	**311**	**782**	**-**	**184,347**
Provisions								
Owner-occupied	**10**	**47**	**35**	**6**	**6**	**39**	**-**	**96**
Buy to let and legacy	**-**	**2**	**2**	**-**	**-**	**2**	**-**	**4**
Total	**10**	**49**	**37**	**6**	**6**	**41**	**-**	**100**
Provisions as a % of total balance	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Owner-occupied	**0.01**	**0.42**	**0.34**	**0.73**	**1.98**	**5.10**	**-**	**0.05**
Buy to let and legacy	**0.16**	**2.15**	**1.95**	**4.21**	**8.91**	**22.08**	**-**	**2.73**
Total	**0.01**	**0.43**	**0.36**	**0.75**	**2.02**	**5.32**	**-**	**0.05**

Residential mortgages staging analysis - Society								
2025	Stage 1	Stage 2 total	Stage 2 Up to date	Stage 2 1 to 30 DPD	Stage 2 >30 DPD	Stage 3	POCI	Total
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m
Gross balances								
Owner-occupied	161,412	12,150	11,064	759	327	736	-	174,298
Buy to let and legacy	129	71	65	3	3	11	-	211
Total	161,541	12,221	11,129	762	330	747	-	174,509
Provisions								
Owner-occupied	8	45	32	6	7	39	-	92
Buy to let and legacy	-	1	1	-	-	2	-	3
Total	8	46	33	6	7	41	-	95
Provisions as a % of total balance	%	%	%	%	%	%	%	%
Owner-occupied	0.00	0.38	0.30	0.76	2.03	5.31	-	0.05
Buy to let and legacy	0.18	2.32	2.28	3.14	2.43	15.55	-	1.72
Total	0.00	0.39	0.31	0.77	2.03	5.46	-	0.05

The table below summarises the movements in, and stage allocations of, the residential mortgages held at amortised cost, including the impact of ECL impairment provisions. The movements within the table compare the position at 31 March 2026 to that at the start of the reporting period.

Reconciliation of net movements in residential mortgage balances and impairment provisions - Group

	Non-credit impaired				Credit impaired (note i)			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3 and POCI			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m
At 31 March 2025	236,408	45	37,561	208	1,921	98	275,890	351
Stage transfers:								
Transfers from stage 1 to stage 2	(12,982)	(4)	12,982	4	-	-	-	-
Transfers to stage 3	(236)	-	(517)	(9)	753	9	-	-
Transfers from stage 2 to stage 1	11,367	42	(11,367)	(42)	-	-	-	-
Transfers from stage 3	54	1	242	9	(296)	(10)	-	-
Net remeasurement of ECL arising from transfer of stage	-	(39)	-	43	-	23	-	27
Net movement arising from transfer of stage	(1,797)	-	1,340	5	457	22	-	27
Change in exposure in the year (note ii)	11,648	5	(817)	4	(373)	(12)	10,458	(3)
Changes in risk parameters in relation to credit quality	-	(4)	-	(20)	-	21	-	(3)
Other items impacting the income statement (note iii)	-	-	-	-	-	(13)	-	(13)
Income statement charge for the year								8
Assets written off (note iii)	-	-	-	-	(50)	(21)	(50)	(21)
Other adjustments (note iv)	-	-	-	-	-	14	-	14
At 31 March 2026	246,259	46	38,084	197	1,955	109	286,298	352
Net carrying amount		246,213		37,887		1,846		285,946

Notes:
i. Gross balances of credit impaired loans include £472 million (2025: £584 million) of POCI loans, which are presented net of lifetime ECL at acquisition of £16 million (2025: £21 million).
ii. The change in exposure in the year includes; new assets originated, redemptions, further lending and repayments during the year.
iii. The movement in provisions for 'assets written off' are presented net of post-write off recoveries of £1 million. The income statement impact of these recoveries is included within 'other items impacting the income statement'.
iv. Other adjustments include the release of provisions related to POCI balances which have redeemed during the year.

Further information on movements in gross loans and advances to customers and impairment provisions, including the methodology applied in preparing the table, is included in note 14 to the financial statements.

Loans which are reported within stage 2 are those which have experienced a significant increase in credit risk since origination, determined through both quantitative and qualitative indicators. The table below summarises the Group's stage 2 balances and impairment provisions for these indicators.

Reason for residential mortgages being reported in stage 2 (note i) - Group

2026	Owner-occupied			Buy to let and legacy			Total		
	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance
	£m	£m	%	£m	£m	%	£m	£m	%
Quantitative criteria:									
Payment status (greater than 30 DPD)	**529**	**11**	**2.05**	**236**	**14**	**6.04**	**765**	**25**	**3.28**
Increase in PD since origination (less than 30 DPD)	**12,250**	**51**	**0.42**	**22,162**	**107**	**0.48**	**34,412**	**158**	**0.46**
Qualitative criteria:									
Forbearance (less than 30 DPD) (note ii)	**185**	**-**	**0.18**	**20**	**-**	**1.59**	**205**	**-**	**0.31**
Interest only – significant risk of inability to refinance at maturity (less than 30 DPD)	**-**	**-**	**-**	**2,237**	**13**	**0.57**	**2,237**	**13**	**0.57**
Other qualitative criteria	**349**	**1**	**0.19**	**116**	**-**	**0.31**	**465**	**1**	**0.22**
Total stage 2 gross balances	**13,313**	**63**	**0.47**	**24,771**	**134**	**0.54**	**38,084**	**197**	**0.52**

Reason for residential mortgages being reported in stage 2 (note i) - Group

2025	Owner-occupied			Buy to let and legacy			Total		
	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance
	£m	£m	%	£m	£m	%	£m	£m	%
Quantitative criteria:									
Payment status (greater than 30 DPD)	465	10	2.05	216	9	4.49	681	19	2.82
Increase in PD since origination (less than 30 DPD)	12,589	46	0.37	21,731	125	0.58	34,320	171	0.50
Qualitative criteria:									
Forbearance (less than 30 DPD) (note ii)	206	1	0.34	24	-	1.63	230	1	0.47
Interest only – significant risk of inability to refinance at maturity (less than 30 DPD)	-	-	-	1,709	15	0.85	1,709	15	0.85
Other qualitative criteria	480	1	0.29	141	1	0.46	621	2	0.33
Total stage 2 gross balances	13,740	58	0.42	23,821	150	0.63	37,561	208	0.55

Notes:

i. Where loans satisfy more than one of the criteria for determining a significant increase in credit risk, the corresponding balance has been assigned in the order in which the categories are presented above.

ii. Stage 2 forbearance relates to cases where full repayment of principal and interest is still anticipated.

At 31 March 2026, the Group's stage 2 balances were £38.1 billion (2025: £37.6 billion). Of these, only 2% (2025: 2%) are in arrears by 30 days or more, with the majority of balances in stage 2 due to an increase in PD since origination. This category includes £8.7 billion (2025: £9.2 billion) of loans where the PD has been uplifted to recognise the increased risk of default due to borrower affordability pressures. The impact of this uplift in PD has resulted in these loans breaching existing quantitative PD thresholds.

Stage 2 loans include all loans greater than 30 days past due (DPD), including those where the original reason for being classified as stage 2 was other than arrears greater than 30 DPD. The total value of loans in stage 2 due solely to payment status is less than 0.1% (2025: 0.1%) of total stage 2 balances.

The table below outlines the main criteria used to determine whether a significant increase in credit risk since origination has occurred.

Criteria	Detail
Quantitative	The primary quantitative indicators are the outputs of internal credit risk assessments. For residential mortgage exposures, PDs are derived using models, which use external information such as that from credit reference agencies, as well as internal information such as known instances of arrears or other financial difficulty. Current and historical data relating to an exposure are combined with forward-looking macroeconomic information to determine the likelihood of default. The 12-month and lifetime PDs are calculated for each loan. Similar quantitative staging principles are applied across Nationwide and Virgin Money portfolios. However, there are differences in the specific criteria, as outlined below. Nationwide portfolios: The 12-month and lifetime PDs are compared to pre-determined benchmarks at each reporting date to ascertain whether a relative or absolute increase in credit risk has occurred. The indicators for a significant increase in credit risk are: • Absolute measures: - The 12-month PD exceeds the 12-month PD threshold that is indicative, at the assessment date, of an account being in arrears. - The residual lifetime PD exceeds the residual lifetime PD threshold, set at inception, which represents the maximum credit risk that would have been accepted at that point. • Relative measure: - The residual lifetime PD has increased by at least 75 basis points and has at least doubled. Virgin Money portfolios: The residual lifetime PD is compared to a threshold which varies by portfolio and is based on the lifetime PD curves calculated at origination. The PD threshold curves were recalculated at acquisition, to reset the origination point to 1 October 2024, being the date when the Virgin Money business was acquired by the Group.
Qualitative	Qualitative indicators include the increased risk associated with interest only loans which may not be able to refinance at maturity, customer indebtedness markers and loans which have been in arrears during the past 12 months. Also included are forbearance events where full repayment of principal and interest is still anticipated, on a discounted basis.
Backstop	In addition to the primary criteria for stage allocation described above, accounts that are more than 30 days past due are also transferred to stage 2.

Credit quality

The residential mortgage portfolio comprises many small loans which are broadly homogenous, have low volatility of credit risk outcomes and are geographically diversified. The table below shows the Group's gross balances and provisions for residential mortgages held at amortised cost, by PD range.

Residential mortgage gross balances and provisions by PD - Group

2026	Gross balances				Provisions				
(Audited)	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Provision coverage
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to < 0.15%	**186,634**	**4,073**	**39**	**190,746**	**6**	**5**	**-**	**11**	**0.01**
0.15 to < 0.25%	**24,008**	**2,337**	**16**	**26,361**	**3**	**5**	**-**	**8**	**0.03**
0.25 to < 0.50%	**22,400**	**6,506**	**20**	**28,926**	**11**	**16**	**-**	**27**	**0.09**
0.50 to < 0.75%	**6,477**	**3,422**	**14**	**9,913**	**5**	**10**	**-**	**15**	**0.15**
0.75 to < 2.50%	**5,877**	**11,109**	**58**	**17,044**	**6**	**34**	**-**	**40**	**0.23**
2.50 to < 10.00%	**505**	**6,034**	**76**	**6,615**	**1**	**36**	**-**	**37**	**0.56**
10.00 to < 100%	**358**	**4,603**	**235**	**5,196**	**14**	**91**	**6**	**111**	**2.14**
100% (default)	**-**	**-**	**1,497**	**1,497**	**-**	**-**	**103**	**103**	**6.85**
Total	**246,259**	**38,084**	**1,955**	**286,298**	**46**	**197**	**109**	**352**	**0.12**

Residential mortgage gross balances and provisions by PD - Group

2025	Gross balances				Provisions				
(Audited)	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Provision coverage
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to < 0.15%	175,908	3,617	32	179,557	5	6	-	11	0.01
0.15 to < 0.25%	24,703	2,124	16	26,843	4	5	-	9	0.03
0.25 to < 0.50%	19,419	5,160	20	24,599	5	14	-	19	0.08
0.50 to < 0.75%	8,542	3,319	14	11,875	11	9	-	20	0.17
0.75 to < 2.50%	7,032	12,249	47	19,328	10	42	-	52	0.27
2.50 to < 10.00%	613	6,678	67	7,358	5	48	-	53	0.72
10.00 to < 100%	191	4,414	201	4,806	5	84	7	96	2.00
100% (default)	-	-	1,524	1,524	-	-	91	91	5.96
Total	236,408	37,561	1,921	275,890	45	208	98	351	0.13

Note:
i. Includes POCI loan balances of £472 million (2025: £584 million). The POCI provision represents the movement in lifetime ECL since acquisition.

At 31 March 2026, 95% (2025: 95%) of the portfolio had a 12-month IFRS 9 PD of less than 2.5%, reflecting the high quality of the residential mortgage portfolio.

The table below shows the Society's gross balances and provisions for residential mortgages held at amortised cost, by PD range. The Society's balances exclude both Virgin Money and other subsidiaries, including TMW.

Residential mortgage gross balances and provisions by PD - Society									
2026	**Gross balances**				**Provisions**				**Provision coverage**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	
12-month IFRS 9 PD range	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
0.00 to < 0.15%	**141,658**	**1,347**	**20**	**143,025**	**4**	**-**	**-**	**4**	**0.00**
0.15 to < 0.25%	**15,409**	**475**	**7**	**15,891**	**2**	**1**	**-**	**3**	**0.01**
0.25 to < 0.50%	**10,136**	**796**	**8**	**10,940**	**2**	**2**	**-**	**4**	**0.04**
0.50 to < 0.75%	**2,564**	**345**	**5**	**2,914**	**1**	**1**	**-**	**2**	**0.06**
0.75 to < 2.50%	**2,336**	**3,563**	**27**	**5,926**	**1**	**6**	**-**	**7**	**0.12**
2.50 to < 10.00%	**20**	**2,677**	**33**	**2,730**	**-**	**9**	**-**	**9**	**0.36**
10.00 to < 100%	**-**	**2,239**	**74**	**2,313**	**-**	**30**	**3**	**33**	**1.41**
100% (default)	**-**	**-**	**608**	**608**	**-**	**-**	**38**	**38**	**6.27**
Total	**172,123**	**11,442**	**782**	**184,347**	**10**	**49**	**41**	**100**	**0.05**

Residential mortgage gross balances and provisions by PD - Society									
2025	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to < 0.15%	132,568	1,801	20	134,389	3	1	-	4	0.00
0.15 to < 0.25%	14,570	622	7	15,199	1	1	-	2	0.01
0.25 to < 0.50%	9,833	983	6	10,822	2	1	-	3	0.03
0.50 to < 0.75%	2,656	442	4	3,102	1	1	-	2	0.05
0.75 to < 2.50%	1,912	3,879	20	5,811	1	7	-	8	0.14
2.50 to < 10.00%	2	2,486	33	2,521	-	9	-	9	0.37
10.00 to < 100%	-	2,008	80	2,088	-	26	4	30	1.45
100% (default)	-	-	577	577	-	-	37	37	6.41
Total	161,541	12,221	747	174,509	8	46	41	95	0.05

LTV and credit risk concentration

Loan to value (LTV) is calculated by weighting the borrower level LTV by the individual loan balance to arrive at an average LTV. This approach is considered to be the most appropriate method for reflecting the exposure at risk.

Average LTV of loan stock (by value) - Group (note i)		
	2026	2025
	%	%
Owner-occupied	**58**	56
Buy to let and legacy	**57**	56
Group	**58**	56

Average LTV of new business (by value) - Group (note ii)		
	2026	2025
	%	%
Owner-occupied	**73**	75
Buy to let	**66**	65
Group	**72**	73

Notes:
i. The average LTV of loan stock includes both amortised cost and FVTPL balances. There have been no new FVTPL advances during the year.
ii. The LTV of new business excludes further advances and product switches.

New lending had a broadly stable average LTV of 72% (2025: 73%). The impact of new lending on the stock average LTV was only partially offset by house price growth and capital repayments during the year, resulting in an increase to 58% (2025: 56%).

Residential mortgage balances by LTV

The following table shows the Group's residential mortgages, excluding FVTPL balances, by LTV across stages 1 and 2 (non-credit impaired) and stage 3 (credit impaired). The LTV is calculated using the latest indexed valuation.

Residential mortgage balances by LTV – Group

2026	**Gross balances**				**Provisions**				**Provision coverage**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3 and POCI (note i)**	**Total**	**Stage 1**	**Stage 2**	**Stage 3 and POCI (note i)**	**Total**	
LTV ratio:	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
Up to 50%	**85,174**	**11,170**	**847**	**97,191**	**4**	**30**	**19**	**53**	**0.05**
50% to 60%	**40,606**	**9,102**	**383**	**50,091**	**4**	**33**	**17**	**54**	**0.11**
60% to 70%	**41,365**	**9,346**	**315**	**51,026**	**9**	**44**	**19**	**72**	**0.14**
70% to 80%	**38,019**	**5,952**	**194**	**44,165**	**15**	**45**	**17**	**77**	**0.18**
80% to 90%	**33,288**	**2,034**	**123**	**35,445**	**11**	**29**	**14**	**54**	**0.15**
90% to 100%	**7,787**	**432**	**52**	**8,271**	**2**	**9**	**10**	**21**	**0.26**
Over 100%	**20**	**48**	**41**	**109**	**1**	**7**	**13**	**21**	**19.26**
Total	**246,259**	**38,084**	**1,955**	**286,298**	**46**	**197**	**109**	**352**	**0.12**

Residential mortgage balances by LTV – Group

2025	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	
LTV ratio:	£m	£m	£m	£m	£m	£m	£m	£m	%
Up to 50%	86,725	11,980	843	99,548	4	31	23	58	0.06
50% to 60%	41,051	9,588	399	51,038	5	37	15	57	0.11
60% to 70%	42,127	9,489	305	51,921	11	51	18	80	0.15
70% to 80%	33,735	4,886	193	38,814	15	49	13	77	0.20
80% to 90%	27,721	1,327	92	29,140	7	25	11	43	0.15
90% to 100%	5,023	242	48	5,313	2	8	8	18	0.33
Over 100%	26	49	41	116	1	7	10	18	15.36
Total	236,408	37,561	1,921	275,890	45	208	98	351	0.13

Note:
i. Includes POCI loans of £472 million (2025: £584 million) and provisions of £5 million (2025: £3 million).

The following table shows the Society's residential mortgages, excluding FVTPL balances, by LTV across stages 1 and 2 (non credit impaired) and stage 3 (credit impaired). The Society's balances exclude both Virgin Money and other subsidiaries, including TMW. The LTV is calculated using the latest indexed valuation.

Residential mortgage balances by LTV – Society

2026	**Gross balances**				**Provisions**				**Provision coverage**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	
LTV ratio:	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
Up to 50%	**60,148**	**3,977**	**344**	**64,469**	**2**	**6**	**10**	**18**	**0.03**
50% to 60%	**26,631**	**2,316**	**149**	**29,096**	**1**	**6**	**7**	**14**	**0.05**
60% to 70%	**26,369**	**2,139**	**126**	**28,634**	**1**	**8**	**7**	**16**	**0.06**
70% to 80%	**25,130**	**1,440**	**85**	**26,655**	**2**	**10**	**6**	**18**	**0.07**
80% to 90%	**28,279**	**1,346**	**55**	**29,680**	**3**	**15**	**5**	**23**	**0.08**
90% to 100%	**5,564**	**223**	**19**	**5,806**	**1**	**4**	**4**	**9**	**0.15**
Over 100%	**2**	**1**	**4**	**7**	**-**	**-**	**2**	**2**	**30.39**
Total	**172,123**	**11,442**	**782**	**184,347**	**10**	**49**	**41**	**100**	**0.05**

Residential mortgage balances by LTV – Society

2025	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
LTV ratio:	£m	£m	£m	£m	£m	£m	£m	£m	%
Up to 50%	60,094	4,634	341	65,069	2	6	11	19	0.03
50% to 60%	25,931	2,621	152	28,704	1	6	7	14	0.05
60% to 70%	26,602	2,504	121	29,227	1	9	8	18	0.06
70% to 80%	21,853	1,383	81	23,317	1	11	6	18	0.08
80% to 90%	23,434	934	37	24,405	2	12	5	19	0.08
90% to 100%	3,624	144	13	3,781	1	2	3	6	0.17
Over 100%	3	1	2	6	-	-	1	1	14.93
Total	161,541	12,221	747	174,509	8	46	41	95	0.05

Geographical distribution

During the year, the geographical distribution of the Group's residential mortgages across the UK has remained broadly stable. Lending in the Greater London and the South East regions continues to represent 46% (2025: 46%) of total residential mortgage balances.

Arrears

Residential mortgage lending continues to have a low risk profile as demonstrated by the low level of arrears compared to the industry average.

Number of cases more than 3 months in arrears as % of total book - Group		
	2026	2025
	%	%
Owner-occupied	**0.38**	0.40
Buy to let and legacy	**0.43**	0.51
Total	**0.39**	0.43
UK Finance (UKF) industry average	**0.77**	0.89

Residential mortgage arrears have remained at low levels during the year, with the arrears rate reducing and remaining well below the UK industry average. The buy to let and legacy portfolio arrears rate has reduced to 0.43% (2025: 0.51%). Within this portfolio, the performance of the open buy to let book originated under the TMW brand remains strong, with 0.20% (2025: 0.21%) of cases more than 3 months in arrears.

As at 31 March 2026, the mortgage portfolios include 2,527 (2025: 2,683) mortgage accounts, including those in possession, where payments were equal to or more than 12 months in arrears. The balance on these cases was £448 million (2025: £453 million), and the total value of arrears was £111 million (2025: £120 million).

Interest only mortgages

The following table shows the Group's interest only mortgages by term to maturity.

Interest only mortgages (gross balance) – term to maturity (note i) - Group							
	Term expired (still open)	**Due within one year**	**Due after one year and before two years**	**Due after two years and before five years**	**Due after more than five years**	**Total**	**% of book**
2026	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
Owner-occupied	**131**	**304**	**492**	**1,717**	**9,989**	**12,633**	**5.6**
Buy to let and legacy	**173**	**347**	**536**	**2,443**	**52,519**	**56,018**	**91.2**
Total	**304**	**651**	**1,028**	**4,160**	**62,508**	**68,651**	**24.0**
2025	£m	£m	£m	£m	£m	£m	%
Owner-occupied	126	282	445	1,860	10,470	13,183	6.1
Buy to let and legacy	172	308	536	2,169	51,787	54,972	91.1
Total	298	590	981	4,029	62,257	68,155	24.7

Note:
i. Balances subject to forbearance with agreed term extensions are presented based on the latest agreed contractual term.

At 31 March 2026, interest only balances of £12,633 million (2025: £13,183 million) account for 5.6% (2025: 6.1%) of the owner-occupied residential mortgage portfolios. Maturities of interest only mortgages are managed closely, with regular engagement with borrowers in advance of maturity, to ensure the loan is redeemed or to agree a strategy for repayment.

Of the buy to let and legacy portfolio, £56,018 million (2025: £54,972 million) relates to interest only balances, representing 91% (2025: 91%) of balances. Buy to let remains open to new interest only lending under standard terms.

There is a risk that a proportion of interest only mortgages will not be redeemed at their contractual maturity date, because a borrower does not have a means of capital repayment or has been unable to refinance the loan. Interest only loans which are judged to have a significantly increased risk of inability to refinance at maturity are transferred to stage 2. The ability of a borrower to refinance is calculated using current lending criteria which consider LTV and affordability assessments. The impact of recognising this risk is to increase provisions by £26 million (2025: £28 million).

Past term interest only loans are not considered to be past due where contractual interest payments continue to be met, pending renegotiation of the facility. These loans are, however, treated as credit impaired and categorised as stage 3 balances from three months after the maturity date.

Forbearance

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

The table below provides details of residential mortgages held at amortised cost subject to forbearance, including balances which are within stage 1 for provision purposes, but which continue to meet the EBA definition of forbearance. Accounts that are currently subject to a concession are assessed as either stage 2, or stage 3 (credit impaired) where full repayment of principal and interest is no longer anticipated.

Gross balances subject to forbearance - Group

	2026			2025		
	Owner-occupied	**Buy to let and legacy**	**Total**	Owner-occupied	Buy to let and legacy	Total
Group	**£m**	**£m**	**£m**	£m	£m	£m
Total forbearance	**1,029**	**382**	**1,411**	1,048	377	1,425
Of which stage 2	**359**	**106**	**465**	363	108	471
Of which stage 3 or POCI	**534**	**259**	**793**	537	252	789
	%	**%**	**%**	%	%	%
Total forbearance as a % of total gross balances	**0.5**	**0.6**	**0.5**	0.5	0.6	0.5
	£m	**£m**	**£m**	£m	£m	£m
Impairment provisions on forborne loans	**19**	**25**	**44**	16	24	40

Gross balances subject to forbearance represent 0.5% (2025: 0.5%) of total gross balances.

In addition to the amortised cost balances above, £1 million (2025: £2 million) of FVTPL balances are also forborne.

Credit risk – Consumer lending

Summary

The consumer lending portfolio comprises balances on unsecured retail banking products: credit cards, personal loans and overdrawn current accounts.

Consumer lending gross balances - Group		
	2026	2025
(Audited)	**£m**	£m
Credit cards	**8,107**	7,807
Personal loans	**3,101**	2,962
Overdrawn current accounts	**370**	338
Total consumer lending	**11,578**	11,107

The increase in gross balances in the year is driven by the credit card portfolio. Personal loans balances have increased, net of the impact of the Group's exit from the Salary Finance joint venture which reduced balances by £211 million over the year. The exit also resulted in a £45 million reduction in stage 3 provisions, comprising a write-off of £23 million and a provision release of £22 million. All consumer lending is classified and measured at amortised cost.

Impairment charge and write-offs for the year - Group		
(Audited)	**2026**	2025
Impairment charge	**£m**	£m
Credit cards	**212**	418
Personal loans	**29**	75
Overdrawn current accounts	**28**	21
Total	**269**	514
Gross write-offs	**£m**	£m
Credit cards	**243**	105
Personal loans	**70**	44
Overdrawn current accounts	**16**	17
Total	**329**	166

The impairment charge reduced compared to the prior year, primarily due to the non-recurrence of £376 million of one-off charges recognised in the prior year in relation to the acquisition of Virgin Money. The current year impairment charge reflects a full year of the expanded Group's credit card exposure.

Gross write-offs increased, primarily due to the inclusion of a full year of the expanded Group's credit card exposure.

Arrears levels have remained low during the year. Excluding charged off accounts, the proportion of balances more than 3 months in arrears has remained stable and represents 1.10% (2025: 1.11%) of the portfolio.

Consumer lending staging analysis

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

Consumer lending staging analysis - Group

	2026					2025				
	Stage 1	**Stage 2**	**Stage 3**	**POCI (note i)**	**Total**	Stage 1	Stage 2	Stage 3	POCI (note i)	Total
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Gross balances										
Credit cards	**6,291**	**1,563**	**244**	**9**	**8,107**	6,311	1,304	165	27	7,807
Personal loans	**2,346**	**620**	**135**	**-**	**3,101**	2,131	488	342	1	2,962
Overdrawn current accounts	**199**	**120**	**51**	**-**	**370**	179	115	44	-	338
Total	**8,836**	**2,303**	**430**	**9**	**11,578**	8,621	1,907	551	28	11,107
Provisions										
Credit cards	**126**	**295**	**151**	**(11)**	**561**	104	323	119	(4)	542
Personal loans	**18**	**53**	**120**	**-**	**191**	16	41	158	-	215
Overdrawn current accounts	**5**	**26**	**46**	**-**	**77**	5	22	40	-	67
Total	**149**	**374**	**317**	**(11)**	**829**	125	386	317	(4)	824
Provisions as a % of total balance	**%**	**%**	**%**	**%**	**%**	%	%	%	%	%
Credit cards	**2.01**	**18.84**	**61.96**	**-**	**6.92**	1.65	24.78	71.64	-	6.94
Personal loans	**0.78**	**8.64**	**88.67**	**-**	**6.17**	0.76	8.39	46.18	-	7.25
Overdrawn current accounts	**2.37**	**21.71**	**91.17**	**-**	**20.86**	2.77	19.39	90.17	-	19.74
Total	**1.69**	**16.24**	**73.82**	**-**	**7.17**	1.46	20.26	57.32	-	7.42

Note:

i. POCI loans are those which were credit-impaired on acquisition and were recognised on the balance sheet when Virgin Money was acquired in 2024. The POCI balance of £9 million (2025: £28 million) is presented net of lifetime ECL of £17 million (2025: £29 million). The provision coverage for POCI loans is not presented in the table due to the gross balance being reported net of the lifetime ECL at the point of acquisition. The POCI provision represents the movement in lifetime ECL since acquisition. The change in the year is largely due to a credit card model redevelopment.

Total balances have increased due to growth across all portfolios, resulting in an increase in both stage 1 and stage 2 balances.

Stage 2 balances have increased to £2,303 million (2025: £1,907 million). This includes £664 million (2025: £291 million) of loans where the PD has been uplifted to reflect an increased allowance for affordability risk and credit card persistent debt. Only 2% (2025: 3%) of stage 2 balances are in arrears by 30 days or more, with the majority of balances in stage 2 due to an increase in PD since origination.

Stage 3 and POCI balances make up 3.8% (2025: 5.2%) of total balances. The reduction during the year includes the impact of exiting the Salary Finance joint venture (2025: £211 million) which was reported within personal loans. The stage 3 gross balances and provisions include charged off balances. These are accounts which are closed to future transactions and may be held on the balance sheet for an extended period (up to 36 months) whilst recovery activities take place. The charged off balances are £187 million (2025: £178 million), and provisions held against these balances are £181 million (2025: £171 million).

Consumer lending provisions have remained broadly stable at £829 million (2025: £824 million) and include a modelled adjustment of £60 million (2025: £36 million) to reflect an increase to the PD to account for ongoing affordability risks and credit card persistent debt. The increase in modelled adjustment has been offset by the impact of exiting the Salary Finance joint venture (2025: £45 million). As a result of a redevelopment of credit card provision models, balances have moved from stage 2 into stage 1 where the provision reflects a 12-month ECL. This is turn has increased stage 1 provision coverage and reduced coverage in stage 2. Excluding charged off balances and related provisions, total provisions amount to 5.7% (2025: 6.0%) of total gross balances.

The following table shows the Society's consumer lending balances by stage, with the corresponding impairment provisions and resulting provision coverage ratios. The Society's balances exclude Virgin Money lending.

Consumer lending staging analysis - Society

	2026				2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
(Audited)	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Gross balances								
Credit cards	**1,471**	**277**	**85**	**1,833**	1,277	282	82	1,641
Personal loans	**2,167**	**614**	**134**	**2,915**	1,882	479	127	2,488
Overdrawn current accounts	**176**	**120**	**50**	**346**	154	115	43	312
Total	**3,814**	**1,011**	**269**	**5,094**	3,313	876	252	4,441
Provisions								
Credit cards	**14**	**63**	**73**	**150**	13	57	72	142
Personal loans	**17**	**52**	**119**	**188**	14	39	112	165
Overdrawn current accounts	**3**	**26**	**46**	**75**	4	22	39	65
Total	**34**	**141**	**238**	**413**	31	118	223	372
Provisions as a % of total balance	**%**	**%**	**%**	**%**	%	%	%	%
Credit cards	**0.95**	**22.74**	**85.88**	**8.18**	1.06	20.18	88.06	8.69
Personal loans	**0.78**	**8.47**	**88.81**	**6.45**	0.72	8.17	87.49	6.60
Overdrawn current accounts	**1.70**	**21.67**	**92.00**	**21.68**	2.47	19.28	90.20	20.72
Total	**0.89**	**13.95**	**88.48**	**8.11**	0.93	13.49	88.14	8.37

The table below summarises the movements in, and stage allocation of, the Group's consumer lending balances held at amortised cost, including the impact of ECL impairment provisions. The movements within the table compare the position at 31 March 2026 to that at the start of the reporting period.

Reconciliation of net movements in consumer lending balances and impairment provisions - Group

	Non-credit impaired				Credit impaired (note i)			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3 and POCI			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m
At 31 March 2025	8,621	125	1,907	386	579	313	11,107	824
Stage transfers:								
Transfers from stage 1 to stage 2	(1,037)	(24)	1,037	24	-	-	-	-
Transfers to stage 3	(140)	(5)	(201)	(73)	341	78	-	-
Transfers from stage 2 to stage 1	659	119	(659)	(119)	-	-	-	-
Transfers from stage 3	3	2	11	4	(14)	(6)	-	-
Net remeasurement of ECL arising from transfer of stage	-	(122)	-	158	-	101	-	137
Net movement arising from transfer of stage	(515)	(30)	188	(6)	327	173	-	137
Change in exposure in the year (note ii)	730	56	208	28	(138)	1	800	85
Changes in risk parameters in relation to credit quality	-	(2)	-	(34)	-	149	-	113
Other items impacting the income statement (note iii)	-	-	-	-	-	(66)	-	(66)
Income statement charge for the year								269
Assets written off (note iii)	-	-	-	-	(329)	(259)	(329)	(259)
Other adjustments (note iv)	-	-	-	-	-	(5)	-	(5)
At 31 March 2026	8,836	149	2,303	374	439	306	11,578	829
Net carrying amount		8,687		1,929		133		10,749

Notes:
i. Gross balances of credit impaired loans include £9 million (2025: £28 million) of POCI loans, which are presented net of lifetime ECL at acquisition of £17 million (2025: £29 million).
ii. The change in exposure in the year includes; new assets originated, redemptions, further lending and repayments during the year.
iii. The movement in provisions for 'assets written off' are presented net of post-write off recoveries of £70 million. The income statement impact of these recoveries is included within 'other items impacting the income statement'.
iv. Other adjustments include the release of provisions related to POCI balances which have redeemed during the year.

Further information on movements in total gross loans and advances to customers and impairment provisions, including the methodology applied in preparing the table, is included in note 14 to the financial statements.

Loans which are reported within stage 2 are those which have experienced a significant increase in credit risk since origination, determined through both quantitative and qualitative indicators. The table below summarises the stage 2 balances and impairment provisions for these indicators.

Reason for consumer lending being reported in stage 2 (note i) - Group

2026	Credit cards			Personal loans			Overdrawn current accounts			Total		
	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance
	£m	£m	%	£m	£m	%	£m	£m	%	£m	£m	%
Quantitative criteria:												
Payment status (greater than 30 DPD) (note ii)	**29**	**17**	**60**	**12**	**7**	**53**	**7**	**4**	**59**	**48**	**28**	**58**
Increase in PD since origination (less than 30 DPD)	**1,194**	**218**	**18**	**601**	**46**	**8**	**99**	**21**	**21**	**1,894**	**285**	**15**
Qualitative criteria:												
Forbearance (less than 30 DPD) (note iii)	**4**	**1**	**13**	**-**	**-**	**3**	**1**	**-**	**13**	**5**	**1**	**12**
Other qualitative criteria (less than 30 DPD)	**336**	**59**	**18**	**7**	**-**	**3**	**13**	**1**	**6**	**356**	**60**	**17**
Total stage 2 gross balances	**1,563**	**295**	**19**	**620**	**53**	**9**	**120**	**26**	**22**	**2,303**	**374**	**16**

Reason for consumer lending being reported in stage 2 (note i) - Group

2025	Credit cards			Personal loans			Overdrawn current accounts			Total		
	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance	Gross balances	Provisions	Provisions as a % of balance
	£m	£m	%	£m	£m	%	£m	£m	%	£m	£m	%
Quantitative criteria:												
Payment status (greater than 30 DPD) (note ii)	35	22	63	12	6	51	5	3	56	52	31	59
Increase in PD since origination (less than 30 DPD)	924	230	25	470	35	7	96	18	19	1,490	283	19
Qualitative criteria:												
Forbearance (less than 30 DPD) (note iii)	9	2	29	-	-	6	1	-	10	10	2	27
Other qualitative criteria (less than 30 DPD)	336	69	21	6	-	3	13	1	7	355	70	20
Total stage 2 gross balances	1,304	323	25	488	41	8	115	22	19	1,907	386	20

Notes:
i. Where loans satisfy more than one of the criteria for determining a significant increase in credit risk, the corresponding balance has been assigned in the order in which the categories are presented above.
ii. This category includes all loans greater than 30 DPD, including those whose original reason for being classified as stage 2 was not arrears greater than 30 DPD.
iii. Stage 2 forbearance relates to cases where full repayment of principal and interest is still anticipated.

Of the £2,303 million (2025: £1,907 million) stage 2 balances, 2% (2025: 3%) are in arrears by 30 days or more, with the majority of balances in stage 2 due to an increase in PD since origination. This category includes £410 million (2025: £66 million) of balances where the PD has been uplifted to recognise the increased risk of default due to borrower affordability pressures. The increase in the year reflects the further alignment of provisions for affordability risks across the Group, following credit card model changes in the year.

The other qualitative criteria category includes £254 million (2025: £225 million) of loans which have been moved to stage 2 in recognition of the risk related to borrowers in credit card persistent debt.

The table below outlines the main criteria used to determine whether a significant increase in credit risk since origination has occurred.

Criteria	Detail
Quantitative	The primary quantitative indicators are the outputs of internal credit risk assessments. For consumer lending exposures, PDs are derived using models, which use external information such as that from credit reference agencies, as well as internal information such as known instances of arrears or other financial difficulty. Current and historical data relating to an exposure are combined with forward-looking macroeconomic information to determine the likelihood of default. 12-month and lifetime PDs are calculated for each loan. Similar quantitative staging principles are applied across Nationwide and Virgin Money portfolios; however, there are differences in the specific criteria, as outlined below. Nationwide portfolios: The 12-month and lifetime PDs are compared to pre-determined benchmarks at each reporting date to ascertain whether a relative or absolute increase in credit risk has occurred. The indicators for a significant increase in credit risk are: • Absolute measures: - The 12-month PD exceeds the 12-month PD threshold that is indicative, at the assessment date, of an account being in arrears. - The residual lifetime PD exceeds the residual lifetime PD threshold, set at inception, which represents the maximum credit risk that would have been accepted at that point. • Relative measure: - The residual lifetime PD has increased by at least 75 basis points and has at least doubled. Virgin Money portfolios: The residual lifetime PD is compared to a threshold which varies by portfolio and is based on the lifetime PD curves calculated at origination. The PD threshold curves were recalculated at acquisition, to reset the origination point to 1 October 2024, being the date when the Virgin Money business was acquired by the Group.
Qualitative	Qualitative criteria include forbearance events, customer indebtedness markers, and, within the credit card portfolio, recognition of the risk related to borrowers in persistent debt.
Backstop	In addition to the primary criteria for stage allocation described above, accounts that are more than 30 days past due are also transferred to stage 2.

Credit quality

The following table shows gross balances and provisions for consumer lending balances held at amortised cost by PD range.

Consumer lending gross balances and provisions by PD - Group									
2026	**Gross balances**				**Provisions**				**Provision coverage**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3 and POCI (note i)**	**Total**	**Stage 1**	**Stage 2**	**Stage 3 and POCI (note i)**	**Total**	
12-month IFRS 9 PD range	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
0.00 to <0.15%	**991**	**26**	**-**	**1,017**	**2**	**2**	**-**	**4**	**0.38**
0.15 to < 0.25%	**612**	**23**	**-**	**635**	**2**	**1**	**-**	**3**	**0.48**
0.25 to < 0.50%	**1,125**	**97**	**-**	**1,222**	**9**	**4**	**-**	**13**	**1.01**
0.50 to < 0.75%	**887**	**88**	**-**	**975**	**17**	**4**	**-**	**21**	**2.00**
0.75 to < 2.50%	**3,271**	**421**	**5**	**3,697**	**48**	**29**	**(3)**	**74**	**1.99**
2.50 to < 10.00%	**1,884**	**874**	**8**	**2,766**	**62**	**106**	**(3)**	**165**	**5.97**
10.00 to < 20.00%	**52**	**438**	**3**	**493**	**5**	**90**	**(1)**	**94**	**19.13**
20.00 to < 100%	**14**	**336**	**6**	**356**	**4**	**138**	**1**	**143**	**40.52**
100% (default)	**-**	**-**	**417**	**417**	**-**	**-**	**312**	**312**	**75.20**
Total	**8,836**	**2,303**	**439**	**11,578**	**149**	**374**	**306**	**829**	**7.17**

Consumer lending gross balances and provisions by PD – Group									
2025	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	1,101	33	-	1,134	2	2	-	4	0.37
0.15 to < 0.25%	529	21	-	550	2	1	-	3	0.58
0.25 to < 0.50%	1,267	70	-	1,337	7	3	-	10	0.72
0.50 to < 0.75%	1,030	80	-	1,110	8	3	-	11	0.98
0.75 to < 2.50%	3,125	319	-	3,444	43	24	-	67	1.94
2.50 to < 10.00%	1,502	740	1	2,243	52	125	-	177	7.90
10.00 to <20.00%	45	363	1	409	5	96	-	101	24.78
20.00 to < 100%	22	281	2	305	6	132	1	139	45.71
100% (default)	-	-	575	575	-	-	312	312	54.21
Total	8,621	1,907	579	11,107	125	386	313	824	7.42

Note:
i. Includes POCI loan balances of £9 million (2025: £28 million). The POCI provision represents the movement in lifetime ECL since acquisition.

The credit quality of the consumer lending portfolio has remained strong. 89% (2025: 88%) of the portfolio has a 12-month IFRS 9 PD of less than 10%, reflecting the high quality of the portfolio.

The following table shows the Society's gross balances and provisions for consumer lending balances held at amortised cost by PD range. The Society's balances exclude Virgin Money and other subsidiary lending.

Consumer lending gross balances and provisions by PD - Society

2026	**Gross balances**				**Provisions**				**Provision**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**coverage**
12-month IFRS 9 PD range	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
0.00 to <0.15%	**820**	**26**	**-**	**846**	**2**	**1**	**-**	**3**	**0.40**
0.15 to < 0.25%	**492**	**23**	**-**	**515**	**1**	**1**	**-**	**2**	**0.46**
0.25 to < 0.50%	**756**	**96**	**-**	**852**	**2**	**4**	**-**	**6**	**0.69**
0.50 to < 0.75%	**376**	**82**	**-**	**458**	**2**	**3**	**-**	**5**	**1.11**
0.75 to < 2.50%	**928**	**272**	**1**	**1,201**	**10**	**17**	**-**	**27**	**2.27**
2.50 to < 10.00%	**427**	**265**	**1**	**693**	**13**	**35**	**-**	**48**	**6.88**
10.00 to < 20.00%	**6**	**120**	**1**	**127**	**1**	**24**	**-**	**25**	**19.46**
20.00 to < 100%	**9**	**127**	**3**	**139**	**3**	**56**	**1**	**60**	**43.46**
100% (default)	**-**	**-**	**263**	**263**	**-**	**-**	**237**	**237**	**89.79**
Total	**3,814**	**1,011**	**269**	**5,094**	**34**	**141**	**238**	**413**	**8.11**

Consumer lending gross balances and provisions by PD – Society

2025	Gross balances				Provisions				Provision
(Audited)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	coverage
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	879	34	-	913	2	2	-	4	0.40
0.15 to < 0.25%	384	21	-	405	1	1	-	2	0.54
0.25 to < 0.50%	585	67	-	652	2	3	-	5	0.71
0.50 to < 0.75%	330	70	-	400	2	3	-	5	1.14
0.75 to < 2.50%	749	229	-	978	9	16	-	25	2.50
2.50 to < 10.00%	374	235	1	610	12	29	-	41	6.89
10.00 to < 20.00%	6	109	1	116	1	21	-	22	18.73
20.00 to < 100%	6	111	2	119	2	43	1	46	39.51
100% (default)	-	-	248	248	-	-	222	222	89.31
Total	3,313	876	252	4,441	31	118	223	372	8.37

Forbearance

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

The table below provides details of consumer lending currently subject to forbearance. Accounts that are currently subject to a concession are assessed as either stage 2, or stage 3 (credit impaired) where full repayment of principal and interest is no longer anticipated.

Gross balances subject to forbearance - Group								
	2026				2025			
	Credit cards	**Personal loans**	**Overdrawn current accounts**	**Total**	Credit cards	Personal loans	Overdrawn current accounts	Total
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Total forbearance	**163**	**30**	**16**	**209**	149	27	15	191
Of which stage 2	**22**	**2**	**8**	**32**	46	2	5	53
Of which stage 3 or POCI	**136**	**27**	**7**	**170**	94	24	10	128
	%	**%**	**%**	**%**	%	%	%	%
Total forbearance as a % of total gross balances	**2.0**	**1.0**	**4.3**	**1.8**	1.9	0.9	4.4	1.7
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Impairment provisions on forborne loans	**51**	**22**	**10**	**83**	47	21	10	78

Gross balances subject to forbearance represent 1.8% (2025: 1.7%) of total gross balances.

Credit risk – Business lending

Summary

Business lending comprises lending to non-retail customers, including loans to registered social landlords. Lending is primarily to UK-domiciled corporate clients, some of which are owned by international companies and funds.

Business lending gross balances - Group		
	2026	2025
(Audited)	**£m**	£m
Business lending (excl. registered social landlords)	**9,563**	9,817
Registered social landlords	**5,105**	5,001
Business lending balances at amortised cost	**14,668**	14,818
Fair value adjustment for micro hedged risk	**204**	277
Business lending balances – FVTPL	**38**	49
Total	**14,910**	15,144

Gross balances have reduced slightly during the year, reflecting an increasingly competitive market. Registered social landlords is the largest sector exposure and supports the Group's strategic purpose by helping improve access to affordable housing. The remainder of the business lending portfolio is diversified across a range of sectors, the largest being agriculture, business services, and government, health and education.

Group impairment charge and write-offs for the year		
	2026	2025
(Audited)	**£m**	£m
Total impairment charge	**54**	85
	£m	£m
Total gross write-offs	**24**	5

The impairment charge reduced compared to the prior year, primarily due to the non-recurrence of £59 million of one-off charges recognised in the prior year in relation to the acquisition of Virgin Money. The current year impairment charge includes the full-year impact of the larger business lending portfolio.

Gross write-offs in the year were mainly due to a small number of exposures, with the prior year write-offs including only six months of Virgin Money activity.

The following table shows the business lending balances carried at amortised cost, the stage allocation of the loans, impairment provisions and the resulting provision coverage ratios.

Business lending staging analysis – Group

	2026					2025				
(Audited)	**Stage 1 £m**	**Stage 2 £m**	**Stage 3 £m**	**POCI (note i) £m**	**Total £m**	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI (note i) £m	Total £m
Gross balances										
Business lending (excl. registered social landlords)	**7,214**	**1,818**	**220**	**311**	**9,563**	7,991	1,354	137	335	9,817
Registered social landlords	**4,931**	**174**	**-**	**-**	**5,105**	4,731	270	-	-	5,001
Total	**12,145**	**1,992**	**220**	**311**	**14,668**	12,722	1,624	137	335	14,818
Provisions										
Business lending (excl. registered social landlords)	**28**	**66**	**50**	**9**	**153**	34	39	35	4	112
Registered social landlords	**1**	**-**	**-**	**-**	**1**	1	-	-	-	1
Total	**29**	**66**	**50**	**9**	**154**	35	39	35	4	113
Provisions as a % of total balance	**%**	**%**	**%**	**%**	**%**	%	%	%	%	%
Business lending (excl. registered social landlords)	**0.39**	**3.62**	**22.81**	**-**	**1.60**	0.42	2.87	25.42	-	1.14
Registered social landlords	**0.02**	**0.09**	**-**	**-**	**0.02**	0.02	0.13	-	-	0.02
Total	**0.24**	**3.32**	**22.81**	**-**	**1.05**	0.27	2.41	25.42	-	0.76

Note:

i. POCI loans are those which were credit impaired on acquisition and were recognised on the balance sheet when Virgin Money was acquired in 2024. The POCI balance of £311 million (2025: £335 million) is presented net of lifetime ECL of £31 million (2025: £50 million). The provision coverage for POCI loans is not presented in the table due to the gross balance being reported net of the lifetime ECL at the point of acquisition. The POCI provision represents the movement in lifetime ECL since acquisition.

Total gross balances have reduced slightly to £14.7 billion (2025: £14.8 billion) during the year.

Stage 2 balances increased to £1,992 million (2025: £1,624 million), of which 0.2% (2025: 0.7%) are in arrears by 30 days or more. This increase is primarily driven by the implementation of a new probability of default model during the year, which has increased sensitivity to economic scenarios and resulted in a transfer of balances from stage 1 to stage 2.

Stage 3 balances increased to £220 million (2025: £137 million), driven mainly by loans newly impaired during the year. This has been partially offset by a reduction in POCI balances to £311 million (2025: £335 million), as loans impaired at acquisition continue to redeem or be written off. As a result, stage 3 and POCI balances represent 3.6% (2025: 3.2%) of total balances.

During the year, total provisions increased to £154 million (2025: £113 million). This includes a judgemental adjustment to modelled provisions of £26 million (2025: £10 million) to reflect business lending portfolio risks that are not fully captured by the models. Further information is provided in note 10 to the financial statements. The remaining increase in provisions primarily relates to stage 3 and POCI balances. Stage 3 and POCI provisions have increased by £20 million over the year, due to newly impaired loans and increased provisions for existing impaired loans. There has been a broadly offsetting reduction in ECL relating to POCI loans; however, this is recognised primarily as a movement in gross balances, since for these loans, gross balances are presented net of the lifetime ECL at acquisition. The adjustment to gross balances for POCI loans has reduced by £19 million over the year to £31 million (2025: £50 million).

The following table shows the Society's business lending balances carried at amortised cost, the stage allocation of the loans, impairment provisions and the resulting provision coverage ratios. The Society's balances exclude both Virgin Money and other subsidiary lending.

Business lending staging analysis - Society

	2026				2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	Stage 1	Stage 2	Stage 3	Total
(Audited)	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Gross balances								
Business lending (excl. registered social landlords)	**402**	**74**	**66**	**542**	469	84	66	619
Registered social landlords	**4,597**	**141**	**-**	**4,738**	4,216	232	-	4,448
Total	**4,999**	**215**	**66**	**5,280**	4,685	316	66	5,067
Provisions								
Business lending (excl. registered social landlords)	**1**	**1**	**18**	**20**	-	2	19	21
Registered social landlords	**1**	**-**	**-**	**1**	1	-	-	1
Total	**2**	**1**	**18**	**21**	1	2	19	22
Provisions as a % of total balance	**%**	**%**	**%**	**%**	%	%	%	%
Business lending (excl. registered social landlords)	**0.15**	**1.55**	**27.71**	**3.71**	0.13	1.92	28.09	3.38
Registered social landlords	**0.01**	**0.10**	**-**	**0.02**	0.01	0.14	-	0.02
Total	**0.02**	**0.60**	**27.71**	**0.39**	0.02	0.62	28.09	0.43

The table below summarises the movements in, and stage allocation of, the business lending balances held at amortised cost, including the impact of ECL impairment provisions. The movements within the table compare the position at 31 March 2026 to that at the start of the reporting period.

Reconciliation of net movements in business lending balances and impairment provisions - Group

	Non-credit impaired				Credit impaired			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3 and POCI (note i)			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m
At 31 March 2025	12,722	35	1,624	39	472	39	14,818	113
Stage transfers:								
Transfers from stage 1 to stage 2	(889)	(4)	889	4	-	-	-	-
Transfers to stage 3	(59)	-	(48)	(2)	107	2	-	-
Transfers from stage 2 to stage 1	240	3	(240)	(3)	-	-	-	-
Transfers from stage 3	1	-	13	1	(14)	(1)	-	-
Net remeasurement of ECL arising from transfer of stage	-	(4)	-	11	-	19	-	26
Net movement arising from transfer of stage	(707)	(5)	614	11	93	20	-	26
Change in exposure in the year (note ii)	130	4	(246)	21	(11)	(4)	(127)	21
Changes in risk parameters in relation to credit quality	-	(5)	-	(5)	-	28	-	18
Other items impacting the income statement (note iii)	-	-	-	-	-	(11)	-	(11)
Income statement charge for the year								54
Assets written off (note iii)	-	-	-	-	(23)	(22)	(23)	(22)
Other adjustments (note iv)	-	-	-	-	-	9	-	9
At 31 March 2026	12,145	29	1,992	66	531	59	14,668	154
Net carrying amount		12,116		1,926		472		14,514

Notes:
i. Gross balances of credit impaired loans include £311 million (2025: £335 million) of POCI loans, which are presented net of lifetime ECL at acquisition of £31 million (2025: £50 million).
ii. The change in exposure in the year includes; new assets originated, redemptions, further lending and repayments during the year.
iii. The movement in provisions for 'assets written off' are presented net of post-write off recoveries of £2 million. The income statement impact of these recoveries is included within 'other items impacting the income statement'.
iv. Other adjustments include the release of provisions related to POCI balances which have redeemed during the year.

Further information on movements in gross loans and advances to customers and impairment provisions, including the methodology applied in preparing the table, is included in note 14 to the financial statements.

Loans which are reported within stage 2 are those which have experienced a significant increase in credit risk since origination, determined through both quantitative and qualitative indicators. The table below summarises the stage 2 balances and impairment provisions for these indicators.

Reason for business lending being reported in stage 2 (note i) - Group

	2026			2025		
	Gross balances	**Provisions**	**Provisions as a % of balance**	Gross balances	Provisions	Provisions as a % of balance
	£m	**£m**	**%**	£m	£m	%
Quantitative criteria:						
Payment status (greater than 30 DPD) (note ii)	**3**	**-**	**0.53**	11	-	0.29
Increase in PD since origination (less than 30 DPD)	**1,255**	**29**	**2.33**	703	15	2.22
Qualitative criteria:						
Watchlist/approaching financial difficulty	**585**	**31**	**5.32**	833	23	2.72
Forbearance (less than 30 DPD) (note iii)	**149**	**6**	**3.80**	77	1	1.08
Other qualitative criteria (less than 30 DPD)	**-**	**-**	**3.47**	-	-	4.14
Total stage 2 gross balances	**1,992**	**66**	**3.32**	1,624	39	2.41

Notes:
i. Where loans satisfy more than one of the criteria for determining a significant increase in credit risk, the corresponding balance has been assigned in the order in which the categories are presented above.
ii. This category includes all loans greater than 30 DPD, including those whose original reason for being classified as stage 2 was not arrears greater than 30 DPD.
iii. Stage 2 forbearance relates to cases where full repayment of principal and interest is still anticipated.

Stage 2 balances increased to £1,992 million (2025: £1,624 million) primarily due to the implementation of a new PD model which has increased the sensitivity to economic scenarios.

The table below outlines the main criteria used to determine whether a significant increase in credit risk since origination has occurred.

Criteria	Detail
Quantitative	The primary quantitative indicators are the outputs of internal credit risk assessments. For business lending exposures, internal risk grades are derived using models, which use both external and internal information, such as known instances of arrears or other financial difficulty. Current and historical data relating to an exposure are combined with forward-looking macroeconomic information to determine the likelihood of default. 12-month and lifetime PDs are calculated for each loan, based on internal risk grade and portfolio. The internal risk grades are compared to pre-determined benchmarks at each reporting date to ascertain whether an increase in credit risk has occurred.
Qualitative	Qualitative indicators include early warning indicators such as loans being added to internal watchlists or loans judged to be approaching financial difficulty. Also included are forbearance events where full repayment of principal and interest is still anticipated, on a discounted basis.
Backstop	In addition to the primary criteria for stage allocation described above, accounts that are more than 30 days past due are also transferred to stage 2.

Credit quality

The following table shows the gross balances and provisions for business lending balances held at amortised cost by PD range.

Business lending gross balances and provisions by PD - Group

2026	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	5,270	186	-	5,456	1	1	-	2	0.02
0.15 to < 0.25%	427	5	-	432	-	-	-	-	0.06
0.25 to < 0.50%	953	36	-	989	1	-	-	1	0.08
0.50 to < 0.75%	971	14	-	985	2	-	-	2	0.22
0.75 to < 2.50%	2,926	592	1	3,519	9	7	-	16	0.46
2.50 to < 10.00%	1,595	968	7	2,570	16	40	(1)	55	2.14
10.00 to <100%	3	191	29	223	-	18	(4)	14	6.69
100% (default)	-	-	494	494	-	-	64	64	12.79
Total	12,145	1,992	531	14,668	29	66	59	154	1.05

Business lending gross balances and provisions by PD - Group

2025	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	5,410	247	-	5,657	2	-	-	2	0.03
0.15 to < 0.25%	617	39	-	656	-	-	-	-	0.07
0.25 to < 0.50%	869	25	-	894	1	-	-	1	0.09
0.50 to < 0.75%	552	53	-	605	1	1	-	2	0.28
0.75 to < 2.50%	3,317	434	-	3,751	10	4	-	14	0.37
2.50 to < 10.00%	1,946	679	2	2,627	21	21	-	42	1.59
10.00 to < 100%	11	147	1	159	-	13	-	13	8.28
100% (default)	-	-	469	469	-	-	39	39	8.33
Total	12,722	1,624	472	14,818	35	39	39	113	0.76

Note:

i. Includes POCI loan balances of £311 million (2025: £335 million). The POCI provision represents the movement in lifetime ECL since acquisition.

The registered social landlord portfolio exposure is low risk and weighted towards the lowest PD banding range. The remaining business lending exposures are primarily within the 0.75% to 10.00% range, which account for approximately half of total provisions.

The following table shows the Society's gross balances and provisions for business lending balances held at amortised cost by PD range. The Society's balances exclude Virgin Money and other subsidiary lending.

Business lending gross balances and provisions by PD - Society

2026	**Gross balances**				**Provisions**				**Provision coverage**
(Audited)	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	
12-month IFRS 9 PD range	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**%**
0.00 to <0.15%	**4,916**	**153**	**-**	**5,069**	**2**	**-**	**-**	**2**	**0.02**
0.15 to < 0.25%	**12**	**1**	**-**	**13**	**-**	**-**	**-**	**-**	**0.08**
0.25 to < 0.50%	**1**	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**0.34**
0.50 to < 0.75%	**70**	**6**	**-**	**76**	**-**	**-**	**-**	**-**	**0.78**
0.75 to < 2.50%	**-**	**21**	**-**	**21**	**-**	**-**	**-**	**-**	**0.65**
2.50 to < 10.00%	**-**	**11**	**-**	**11**	**-**	**-**	**-**	**-**	**0.20**
10.00 to < 100%	**-**	**23**	**-**	**23**	**-**	**1**	**-**	**1**	**3.35**
100% (default)	**-**	**-**	**66**	**66**	**-**	**-**	**18**	**18**	**27.71**
Total	**4,999**	**215**	**66**	**5,280**	**2**	**1**	**18**	**21**	**0.39**

Business lending gross balances and provisions by PD - Society

2025	Gross balances				Provisions				Provision coverage
(Audited)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
12-month IFRS 9 PD range	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	4,648	210	-	4,858	1	-	-	1	0.02
0.15 to < 0.25%	12	35	-	47	-	-	-	-	0.33
0.25 to < 0.50%	10	-	-	10	-	-	-	-	0.17
0.50 to < 0.75%	15	28	-	43	-	1	-	1	2.19
0.75 to < 2.50%	-	2	-	2	-	-	-	-	0.40
2.50 to < 10.00%	-	35	-	35	-	-	-	-	0.56
10.00 to < 100%	-	6	-	6	-	1	-	1	9.65
100% (default)	-	-	66	66	-	-	19	19	28.09
Total	4,685	316	66	5,067	1	2	19	22	0.43

The following table shows the business lending balances held at amortised cost, impairment provisions and resulting provision coverage ratios by industry sector.

Business lending portfolio by sector - Group

	2026			2025		
	Gross balance	**Provision**	**Provisions as a % of total balance**	Gross balance	Provision	Provisions as a % of total balance
	£m	**£m**	**%**	£m	£m	%
Agriculture	**1,272**	**4**	**0.32**	1,246	3	0.22
Business services	**1,354**	**36**	**2.68**	1,286	18	1.42
Commercial real estate	**929**	**6**	**0.60**	842	6	0.67
Government, health and education	**1,412**	**12**	**0.88**	1,595	12	0.72
Hospitality	**1,028**	**7**	**0.63**	1,020	2	0.23
Manufacturing	**736**	**18**	**2.47**	659	17	2.52
PFI	**399**	**17**	**4.30**	440	17	3.98
Registered social landlords	**5,105**	**1**	**0.02**	5,001	1	0.02
Resources	**151**	**2**	**1.22**	169	1	0.80
Retail and wholesale trade	**770**	**26**	**3.38**	878	19	2.17
Transport and storage	**319**	**2**	**0.75**	391	1	0.26
Utilities, post and telecoms	**574**	**11**	**1.87**	578	7	1.13
Other	**619**	**12**	**1.89**	713	9	1.26
Total business lending	**14,668**	**154**	**1.05**	14,818	113	0.76

Registered social landlords is the largest sector exposure and supports the Group's strategic purpose. The remainder of the business lending portfolio is diversified across a range of sectors, the largest being agriculture, business services, and government, health and education.

Forbearance

The Group is committed to supporting borrowers facing financial difficulty by working with them to find a solution through proactive arrears management and forbearance. The Group applies the European Banking Authority definition of forbearance. The main types of forbearance are associated with covenants and deferrals of interest or capital repayments.

The table below provides details of business lending that is currently subject to forbearance. Accounts that are currently subject to a concession are assessed as either stage 2, or stage 3 (credit impaired) where full repayment of principal and interest is no longer anticipated.

Gross balances subject to forbearance (note i) - Group		
	2026	2025
	£m	£m
Total forbearance	**536**	659
Of which stage 2	**278**	382
Of which stage 3 or POCI	**258**	277
Total forbearance as a % of total gross balances	**3.6**	4.4
Total impairment provision on forborne loans	**57**	42

Note:
i. Balances include the fair value adjustment for micro hedged risk.

Gross balances subject to forbearance (excluding FVTPL) represent 3.6% (2025: 4.4%) of total gross balances.

Credit risk – Treasury assets

Summary

The treasury portfolio is held primarily for operational purposes, liquidity management and, in the case of derivatives, for market risk management. As at 31 March 2026, treasury assets represented 18.2% (2025: 17.6%) of total assets. Treasury asset balances are set out below.

Treasury asset balances – Group			
		2026	2025
(Audited)	**Classification**	**£m**	£m
Cash and balances at central banks	Amortised cost	**38,411**	29,483
Loans and advances to banks and similar institutions	Amortised cost	**1,758**	1,810
Investment securities (note i)	FVOCI	**25,899**	28,658
Investment securities (note i)	FVTPL	**6**	5
Liquidity and investment portfolio		**66,074**	59,956
Derivative instruments (note ii)	FVTPL	**3,341**	4,742
Treasury assets		**69,415**	64,698

Notes:
i. Investment securities at FVOCI include £75 million (2025: £60 million) and investment securities at FVTPL include £6 million (2025: £5 million) which relate to investments not included within the Group's liquidity portfolio. These investments primarily relate to investments made in Fintech companies which are being held for strategic purposes.
ii. Derivatives are classified as assets where their fair value is positive and liabilities where their fair value is negative.

Cash levels are maintained above risk appetite thresholds, with the timing of wholesale issuance and overall liquidity composition both being factors in the absolute value of balances held. Investment securities remain focused on high-quality liquid assets, which include assets eligible for central bank operations. Derivatives are used to economically hedge financial risks inherent in core lending and funding activities and are not used for trading or speculative purposes.

Treasury credit risk

Credit risk exposure within the treasury portfolio predominantly arises from the government and supranational bonds held to meet liquidity requirements. In addition, counterparty credit risk arises from the use of derivatives to reduce exposure to market risks; these are only transacted with highly-rated institutions and are collateralised using standard documentation. Standardised derivatives are cleared through a central clearing counterparty (CCP).

There were no impairment losses for the year ended 31 March 2026 (2025: £nil). All treasury assets within the Group's liquidity portfolio are classified as stage 1 according to the requirements of IFRS 9, reflecting the strong and stable credit quality of the Group's treasury assets.

Liquidity and investment portfolio

The tables below show the breakdown of the Group and Society liquidity and investment portfolios.

Liquidity and investment portfolio – Group										
2026		**By credit rating (note i)**				**By geographical region**				
		AAA	**AA**	**A**	**Below A**	**UK**	**US & Canada**	**Europe**	**Japan**	**Other**
(Audited)	**£m**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Liquid assets:										
Cash and balances at central banks	**38,411**	**-**	**100**	**-**	**-**	**100**	**-**	**-**	**-**	**-**
Government bonds (note ii)	**17,998**	**10**	**75**	**15**	**-**	**45**	**35**	**15**	**5**	**-**
Supranational bonds	**3,270**	**67**	**33**	**-**	**-**	**-**	**-**	**-**	**-**	**100**
Covered bonds	**3,325**	**100**	**-**	**-**	**-**	**61**	**17**	**13**	**-**	**9**
Residential mortgage-backed securities (RMBS)	**781**	**100**	**-**	**-**	**-**	**41**	**-**	**59**	**-**	**-**
Other asset-backed securities	**195**	**100**	**-**	**-**	**-**	**100**	**-**	**-**	**-**	**-**
Liquid assets total	**63,980**	**13**	**83**	**4**	**-**	**77**	**11**	**6**	**1**	**5**
Other securities (note iii):										
RMBS FVOCI	**255**	**100**	**-**	**-**	**-**	**100**	**-**	**-**	**-**	**-**
Other investments (note iv)	**81**	**-**	**-**	**-**	**100**	**87**	**-**	**13**	**-**	**-**
Other securities total	**336**	**76**	**-**	**-**	**24**	**97**	**-**	**3**	**-**	**-**
Loans and advances to banks and similar institutions	**1,758**	**-**	**46**	**54**	**-**	**63**	**31**	**6**	**-**	**-**
Total	**66,074**	**13**	**81**	**5**	**1**	**77**	**11**	**6**	**1**	**5**

Liquidity and investment portfolio – Group										
2025		By credit rating (note i)				By geographical region				
		AAA	AA	A	Below A	UK	US & Canada	Europe	Japan	Other
(Audited)	£m	%	%	%	%	%	%	%	%	%
Liquid assets:										
Cash and balances at central banks	29,483	-	100	-	-	100	-	-	-	-
Government bonds (note ii)	18,324	8	82	10	-	45	29	16	10	-
Supranational bonds	4,653	64	36	-	-	-	-	-	-	100
Covered bonds	4,343	100	-	-	-	50	32	12	-	6
Residential mortgage-backed securities (RMBS)	721	100	-	-	-	54	-	46	-	-
Other asset-backed securities	157	100	-	-	-	100	-	-	-	-
Liquid assets total	57,681	16	81	3	-	70	12	7	3	8
Other securities (note iii):										
RMBS FVOCI	400	100	-	-	-	100	-	-	-	-
Other investments (note iv)	65	-	-	-	100	99	-	1	-	-
Other securities total	465	86	-	-	14	100	-	-	-	-
Loans and advances to banks and similar institutions	1,810	-	50	50	-	71	21	8	-	-
Total	59,956	16	79	5	-	70	12	7	3	8

Liquidity and investment portfolio – Society										
2026		**By credit rating (note i)**				**By geographical region**				
		AAA	**AA**	**A**	**Below A**	**UK**	**US & Canada**	**Europe**	**Japan**	**Other**
(Audited)	**£m**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**
Liquid assets:										
Cash and balances at central banks	**22,254**	**-**	**100**	**-**	**-**	**100**	**-**	**-**	**-**	**-**
Government bonds (note ii)	**16,277**	**10**	**74**	**16**	**-**	**41**	**38**	**16**	**5**	**-**
Supranational bonds	**2,208**	**51**	**49**	**-**	**-**	**-**	**-**	**-**	**-**	**100**
Covered bonds	**2,275**	**100**	**-**	**-**	**-**	**54**	**18**	**19**	**-**	**9**
Residential mortgage-backed securities (RMBS)	**780**	**100**	**-**	**-**	**-**	**41**	**-**	**59**	**-**	**-**
Other asset-backed securities	**194**	**100**	**-**	**-**	**-**	**100**	**-**	**-**	**-**	**-**
Liquid assets total	**43,988**	**14**	**80**	**6**	**-**	**70**	**15**	**8**	**2**	**5**
Other securities (note iii):										
RMBS FVOCI	**255**	**100**	**-**	**-**	**-**	**100**	**-**	**-**	**-**	**-**
Other investments (note iv)	**1**	**-**	**-**	**-**	**100**	**100**	**-**	**-**	**-**	**-**
Other securities total	**256**	**100**	**-**	**-**	**-**	**100**	**-**	**-**	**-**	**-**
Loans and advances to banks and similar institutions	**1,204**	**-**	**63**	**37**	**-**	**47**	**45**	**8**	**-**	**-**
Total	**45,448**	**14**	**79**	**7**	**-**	**69**	**16**	**8**	**2**	**5**

Liquidity and investment portfolio – Society										
2025		By credit rating (note i)				By geographical region				
		AAA	AA	A	Below A	UK	US & Canada	Europe	Japan	Other
(Audited)	£m	%	%	%	%	%	%	%	%	%
Liquid assets:										
Cash and balances at central banks	18,601	-	100	-	-	100	-	-	-	-
Government bonds (note ii)	15,388	7	81	12	-	35	35	18	12	-
Supranational bonds	2,929	46	54	-	-	-	-	-	-	100
Covered bonds	2,807	100	-	-	-	44	33	18	-	5
Residential mortgage-backed securities (RMBS)	721	100	-	-	-	54	-	46	-	-
Other asset-backed securities	156	100	-	-	-	100	-	-	-	-
Liquid assets total	40,602	15	80	5	-	63	16	9	4	8
Other securities (note iii):										
RMBS FVOCI	400	100	-	-	-	100	-	-	-	-
Other investments (note iv)	1	-	-	-	100	100	-	-	-	-
Other securities total	401	100	-	-	-	100	-	-	-	-
Loans and advances to banks and similar institutions	1,339	-	46	54	-	62	28	10	-	-
Total	42,342	16	78	6	-	64	16	9	4	7

Notes:
i. Ratings used are obtained from S&P Global, Moody's or Fitch.
ii. Balances classified as government bonds include government guaranteed, agency and government sponsored bonds.
iii. Includes RMBS (UK buy to let and UK non-conforming) not eligible for the Liquidity Coverage Ratio (LCR).
iv. Includes investment securities of £75 million (2025: £60 million) at FVOCI and £6 million (2025: £5 million) at FVTPL for the Group, and £1 million (2025: £1 million) at FVTPL for the Society.

Derivative financial instruments

Derivatives are used for market risk management, and not for trading or speculative purposes, although the application of accounting rules can create volatility in the income statement in an individual financial year. The fair value of derivative assets at 31 March 2026 was £3.3 billion (2025: £4.7 billion) and the fair value of derivative liabilities was £1.2 billion (2025: £1.5 billion).

Derivatives are transacted with counterparties under an International Swaps and Derivatives Association (ISDA) Master Agreement with a Credit Support Annex (CSA) always executed in conjunction. The legal agreements grant the legal right of set-off and allow the netting of positions and exchange of collateral between counterparties, which can reduce net derivative credit exposure.

The table below shows the exposure to counterparty credit risk for derivative contracts after netting benefits and collateral. The £3 million (2025: £13 million) of unrated derivative exposure relates to Virgin Money's business banking activities.

Derivative credit exposure by credit rating – Group

	2026				2025			
	AA	**A**	**Unrated**	**Total**	AA	A	Unrated	Total
(Audited)	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Derivative assets as per balance sheet	**928**	**2,410**	**3**	**3,341**	1,209	3,520	13	4,742
Netting benefits	**(259)**	**(770)**	**-**	**(1,029)**	(408)	(828)	-	(1,236)
Net current credit exposure	**669**	**1,640**	**3**	**2,312**	801	2,692	13	3,506
Collateral (cash)	**(636)**	**(1,601)**	**-**	**(2,237)**	(796)	(2,671)	-	(3,467)
Net derivative credit exposure	**33**	**39**	**3**	**75**	5	21	13	39

Liquidity and funding risk

Summary

Liquidity risk is the risk that the Group is unable to meet its liabilities as they fall due and maintain member and other stakeholder confidence. Funding risk is the risk that the Group is unable to maintain diverse funding sources in wholesale and retail markets and manage retail funding risk that can arise from excessive concentrations of higher risk deposits.

Liquidity and funding risks are managed within a comprehensive risk framework which includes policies, strategy, limit setting and monitoring, stress testing and robust governance controls. This framework ensures that the Group maintains stable and diverse funding sources and a sufficient holding of high-quality liquid assets such that regulatory requirements are met at a Group and individual entity level and that there is no significant risk that liabilities cannot be met as they fall due.

The Group's Liquidity Coverage Ratio (LCR), which averaged 169% over the 12 months ended 31 March 2026 (2025: 174%), demonstrates that sufficient high-quality liquid assets are held to survive a short-term severe but plausible liquidity stress. The Group continues to manage liquidity against internal risk appetite which is more prudent than regulatory requirements.

The position against the longer-term funding metric, the Net Stable Funding Ratio (NSFR), is also monitored. The Group's average NSFR for the four quarters ended 31 March 2026 was 143% (2025: 147%), well in excess of the 100% minimum regulatory requirement.

Managing liquidity and funding risk

The Board is responsible for setting the Group's risk appetite with respect to liquidity and funding risk, which is articulated through its risk appetite statements and translated into a set of quantitative risk appetite metrics.

The Group's liquidity and funding risk framework aims to ensure that there are sufficient liquid assets at all times, in both amount and quality, to:

- cover cash flow mismatches and fluctuations in funding;
- retain public confidence; and
- meet financial obligations as they fall due, even during episodes of stress.

The framework also ensures the Group maintains a prudent funding mix and maturity profile, and appropriate encumbrance levels.

The Group's liquidity and funding risk framework is reviewed by the Board as part of the annual Internal Liquidity Adequacy Assessment Process (ILAAP). Nationwide's Group Assets and Liabilities Committee (Group ALCO) is responsible for managing the Group's balance sheet structure and risk, within limits defined by Group risk appetite. Cash flow forecasts are maintained and reviewed weekly to support the Group in monitoring key risk metrics.

A Group Liquidity Contingency Plan (LCP), which is part of the wider liquidity management and recovery plan framework, sets out early warning indicators for identifying an emerging liquidity or funding stress, as well as escalation procedures and a range of actions that could be taken in response to ensure sufficient liquidity is maintained. The LCP is tested regularly to ensure it remains robust. The Group Recovery Plan describes potential actions that could be utilised in a more extreme stress.

Outlook

The Group's internal liquidity risk appetite is expected to remain more prudent than regulatory requirements. The Group's funding strategy is to remain predominantly funded by deposits from individuals but includes a continued presence in wholesale funding markets.

The approach to liquidity and funding risk management will continue to reflect evolving prudential rules which are currently under review as part of the PRA's consultation, CP5/26 - Modernising the liquidity policy framework, published on 17 March 2026.

The post balance sheet event regarding the Part VII transfer of assets and liabilities of Virgin Money's main operating subsidiary, Clydesdale Bank PLC, to Nationwide Building Society does not materially impact the Group's liquidity and funding position.

Liquidity risk

Liquidity strategy

The Group's risk appetite defines the minimum size and mix of the liquid asset buffer. Sufficient liquid assets, both in terms of amount and quality, are held to meet daily cash flow needs as well as simulated stressed requirements driven by the Group's risk appetite and regulatory assessments at the Group and individual entity level. This includes prudent management of the currency mix of liquid assets to ensure there are no undue mismatches between the currency of assets and stressed outflows.

Liquid assets are held and managed by the Group Treasury function. A high-quality liquidity portfolio is maintained, predominantly comprising reserves held at central banks and highly-rated debt securities issued by a restricted range of governments, central banks and supranationals. The Group also holds high-quality covered bonds, residential mortgage-backed securities (RMBS) and asset-backed securities (ABS).

The Group undertakes securities financing transactions in the form of repo agreements. This demonstrates the liquid nature of the assets held in its liquid asset buffers as well as satisfying regulatory requirements.

For contingency purposes, unencumbered mortgage assets are pre-positioned at the Bank of England and can be used in the Bank of England's liquidity operations in the event of severe disruption to market liquidity or a sudden or extreme stress.

The Group continues to meet its most recent Environmental, Social and Governance (ESG) asset investment target of £2 billion. Nationwide's internal definition of ESG assets remains restricted to bonds issued by multilateral development banks, and green, social or sustainable-labelled bonds issued by selected governments.

Liquidity stress testing

To mitigate liquidity and funding risks generated by its business activities, the Group aims to maintain a liquid asset buffer of at least 100% of the anticipated outflows seen under internal stress test scenarios and the regulatory-prescribed LCR.

Potential contractual and behavioural stressed outflows are assessed across a range of liquidity risk drivers over 30 calendar days, with the key assumptions shown in the table below. Internal stress assumptions are reviewed regularly, with changes approved by Group ALCO, and approved annually by the Board Risk Committee as part of the ILAAP. Assessments over other stress horizons are also performed and assessed against contingent liquidity resources.

Liquidity risk driver	Modelling assumptions used
Deposit funding	Significant unexpected outflows are experienced with no new deposits received.
Wholesale funding	Following a credit rating downgrade: • zero rollover of maturing long-term wholesale funding; • zero rollover of maturing short-term funding received from financial counterparties and partial roll-over from non-financial counterparties; and • no new wholesale funding received.
Off-balance sheet	Contractual outflows occur in relation to secured funding programmes and central derivatives clearing due to credit rating downgrades. Lending commitments continue to be met. Collateral outflows arise due to adverse movements in market rates. Expected inflows from mortgages, consumer, business and commercial loans are recognised.
Intra-day	Liquidity is needed to pre-fund outgoing payments.
Liquid assets	Asset values are reduced in recognition of the stressed conditions assumed.

Liquid assets

The tables below set out the sterling equivalent carrying value of the Group's liquid asset buffer, by asset class and by issuing currency. The liquid asset buffer includes off-balance sheet liquidity, such as securities received through reverse repo agreements, and excludes securities encumbered through repo agreements and for other purposes. Changes in the size and composition of the liquid asset buffer reflect movements in the underlying balance sheet and active management of the mix between cash and investment assets.

LCR eligible assets – Group

	2026			2025		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
	£bn	**£bn**	**£bn**	£bn	£bn	£bn
Cash and balances at central banks	**35.1**	**-**	**35.1**	25.9	-	25.9
Government and supranational bonds (note i)	**18.2**	**1.1**	**19.3**	17.0	2.0	19.0
Covered bonds	**1.7**	**1.6**	**3.3**	2.3	2.4	4.7
RMBS and ABS	**-**	**1.0**	**1.0**	-	0.9	0.9
Total LCR eligible assets	**55.0**	**3.7**	**58.7**	45.2	5.3	50.5

LCR eligible assets by currency – Group

	2026					2025				
	GBP	**EUR**	**USD**	**Other (note ii)**	**Total**	GBP	EUR	USD	Other (note ii)	Total
	£bn	**£bn**	**£bn**	**£bn**	**£bn**	£bn	£bn	£bn	£bn	£bn
Total LCR eligible assets	**45.6**	**6.8**	**4.5**	**1.8**	**58.7**	36.9	7.2	4.3	2.1	50.5

Notes:
i. Government bonds include regional government, government guaranteed, agency and government sponsored bonds. Supranational bonds are issued by multilateral development banks and international organisations.
ii. Other currencies primarily consist of Canadian dollars and Japanese yen.

The weighted value of the Group's liquid asset buffer averaged £55.7 billion over the 12 months ended 31 March 2026 (2025: £54.5 billion). Further details can be found in the Group's Pillar 3 Disclosure 2026 at **nationwide.co.uk**

Funding risk

Funding strategy

Nationwide's funding strategy is to be predominantly funded by deposits from individuals, as set out below.

Funding profile – Group					
Assets	**2026**	2025	**Members' interests, equity and liabilities**	**2026**	2025
(note i)	**£bn**	£bn		**£bn**	£bn
Residential mortgages	**286.0**	275.6	Customer deposits – individuals	**270.8**	260.7
Treasury assets (including liquidity portfolio)	**66.1**	60.0	Customer deposits – business	**22.8**	21.1
Business lending	**14.8**	15.0	Wholesale funding (note ii)	**60.4**	57.4
Consumer lending	**10.7**	10.3	Other liabilities	**4.0**	5.6
Other assets	**4.7**	7.0	Capital and reserves (note iii)	**24.3**	23.1
Total	**382.3**	367.9	**Total**	**382.3**	367.9

Notes:
i. Figures are stated net of impairment provisions where applicable.
ii. Includes debt securities in issue, deposits from banks and other wholesale counterparties.
iii. Includes all subordinated liabilities and subscribed capital.

At 31 March 2026, the Group's loan to deposit ratio, which represents loans and advances to customers divided by customer deposits, was 106.0% (2025: 106.7%)

Nationwide's position against the Building Societies Act Funding Limit (which limits the proportion of funding that can come from sources other than Nationwide member deposits to a maximum of 50%) at 31 March 2026 was 37.5% (2025: 37.2%).[1]

Wholesale funding

The wholesale funding portfolio comprises a range of secured and unsecured instruments to ensure that a stable and diversified funding base is maintained across a range of instruments, currencies, maturities, and investor types. Part of the Group's wholesale funding strategy is to remain active in core markets and currencies. A funding risk limit framework also ensures that a prudent funding mix and maturity concentration profile is maintained and limits the level of encumbrance to ensure enough contingent funding capacity is retained in the event of a stress.

Wholesale funding increased by £3.0 billion to £60.4 billion during the period, with changes to composition reflecting increased issuance partly offset by maturities, and the impact of a Virgin Money liability management exercise which commenced in June 2025. Drawings from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) remain at £0.9 billion.

[1] Funding from sources other than Nationwide member deposits includes deposits from Virgin Money customers, deposits from businesses other than SMEs and certain on-balance sheet wholesale funding items.

The table below sets out the Group's wholesale funding and subordinated liabilities by currency.

Currency composition of wholesale funding and subordinated liabilities - Group

	2026					2025				
	GBP	**EUR**	**USD**	**Other**	**Total**	GBP	EUR	USD	Other	Total
	£bn	**£bn**	**£bn**	**£bn**	**£bn**	£bn	£bn	£bn	£bn	£bn
Repos	**2.0**	**-**	**0.1**	**-**	**2.1**	1.2	0.2	0.1	-	1.5
Deposits	**2.6**	**-**	**-**	**-**	**2.6**	3.8	-	-	-	3.8
Certificates of deposit	**0.9**	**-**	**0.1**	**-**	**1.0**	1.8	-	-	-	1.8
Commercial paper	**-**	**-**	**0.7**	**-**	**0.7**	0.1	-	0.6	-	0.7
Covered bonds	**9.9**	**11.9**	**1.1**	**0.9**	**23.8**	9.1	9.6	1.2	1.3	21.2
Securitisations	**5.0**	**-**	**-**	**-**	**5.0**	5.0	-	-	-	5.0
Senior preferred	**1.9**	**5.8**	**2.9**	**1.2**	**11.8**	3.1	7.0	3.6	1.2	14.9
Senior non-preferred	**2.6**	**5.7**	**4.7**	**0.4**	**13.4**	1.8	2.7	3.2	0.5	8.2
TFSME	**0.9**	**-**	**-**	**-**	**0.9**	0.9	-	-	-	0.9
Other (note i)	**-**	**(0.8)**	**(0.1)**	**-**	**(0.9)**	-	(0.5)	(0.1)	-	(0.6)
Total of wholesale funding	**25.8**	**22.6**	**9.5**	**2.5**	**60.4**	26.8	19.0	8.6	3.0	57.4
Subordinated liabilities (note ii)	**0.7**	**1.0**	**1.2**	**-**	**2.9**	0.8	0.4	1.2	-	2.4

Notes:
i. The figure shown for Other consists of fair value adjustments to debt securities in issue for micro hedged risks.
ii. Subordinated liabilities include fair value hedge accounting adjustments.

The following table sets out the Group's residual maturity of wholesale funding, on a contractual maturity basis.

At 31 March 2026, cash, government bonds and supranational bonds included in the liquid asset buffer represented 342% (2025: 316%) of wholesale funding maturing in less than one year, assuming no rollovers.

Wholesale funding – residual maturity - Group								
2026	**Not more than one month**	**Over one month but not more than three months**	**Over three months but not more than six months**	**Over six months but not more than one year**	**Subtotal less than one year**	**Over one year but not more than two years**	**Over two years**	**Total**
	£bn	**£bn**	**£bn**	**£bn**	**£bn**	**£bn**	**£bn**	**£bn**
Repos	**1.1**	**1.0**	**-**	**-**	**2.1**	**-**	**-**	**2.1**
Deposits	**2.6**	**-**	**-**	**-**	**2.6**	**-**	**-**	**2.6**
Certificates of deposit	**0.7**	**0.3**	**-**	**-**	**1.0**	**-**	**-**	**1.0**
Commercial paper	**-**	**0.7**	**-**	**-**	**0.7**	**-**	**-**	**0.7**
Covered bonds	**1.5**	**0.8**	**0.7**	**2.4**	**5.4**	**2.5**	**15.9**	**23.8**
Securitisations	**0.1**	**0.1**	**0.2**	**0.5**	**0.9**	**1.9**	**2.2**	**5.0**
Senior preferred	**-**	**0.3**	**0.2**	**1.9**	**2.4**	**2.7**	**6.7**	**11.8**
Senior non-preferred	**-**	**-**	**0.1**	**0.1**	**0.2**	**3.6**	**9.6**	**13.4**
TFSME	**-**	**-**	**-**	**0.6**	**0.6**	**-**	**0.3**	**0.9**
Other (note i)	**-**	**-**	**-**	**-**	**-**	**-**	**(0.9)**	**(0.9)**
Total of wholesale funding	**6.0**	**3.2**	**1.2**	**5.5**	**15.9**	**10.7**	**33.8**	**60.4**
Of which secured	**2.7**	**1.9**	**0.9**	**3.5**	**9.0**	**4.4**	**17.8**	**31.2**
Of which unsecured	**3.3**	**1.3**	**0.3**	**2.0**	**6.9**	**6.3**	**16.0**	**29.2**
% of total	**9.9**	**5.3**	**2.0**	**9.1**	**26.3**	**17.7**	**56.0**	**100.0**

Wholesale funding – residual maturity – Group								
2025	Not more than one month	Over one month but not more than three months	Over three months but not more than six months	Over six months but not more than one year	Subtotal less than one year	Over one year but not more than two years	Over two years	Total
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Repos	1.5	-	-	-	1.5	-	-	1.5
Deposits	3.7	0.1	-	-	3.8	-	-	3.8
Certificates of deposit	1.5	0.2	0.1	-	1.8	-	-	1.8
Commercial paper	-	0.7	-	-	0.7	-	-	0.7
Covered bonds	-	0.1	0.2	2.1	2.4	5.2	13.6	21.2
Securitisations	0.1	0.1	0.1	0.2	0.5	0.9	3.6	5.0
Senior preferred	0.1	0.4	2.5	0.4	3.4	3.1	8.4	14.9
Senior non-preferred	0.1	-	-	-	0.1	4.3	3.8	8.2
TFSME	-	-	-	-	-	0.9	-	0.9
Other (note i)	-	-	-	-	-	-	(0.6)	(0.6)
Total of wholesale funding	7.0	1.6	2.9	2.7	14.2	14.4	28.8	57.4
Of which secured	1.6	0.2	0.3	2.3	4.4	7.0	16.8	28.2
Of which unsecured	5.4	1.4	2.6	0.4	9.8	7.4	12.0	29.2
% of total	12.2	2.8	5.1	4.6	24.7	25.1	50.2	100.0

Note:
i. The figure shown for Other consists of fair value adjustments to debt securities in issue for micro hedged risks.

Residual maturity of financial assets and liabilities

The table below segments the carrying value of financial assets and financial liabilities into relevant maturity groupings based on the final contractual maturity date (residual maturity). This gives rise to funding mismatches on the balance sheet. In practice, customer behaviours mean that liabilities are often retained for longer than their contractual maturities and assets are repaid earlier. The balance sheet structure and risks are managed and monitored by Group ALCO within Group risk appetite. Judgement and past behavioural performance of each asset and liability class are used to forecast likely cash flow requirements.

Residual maturity (note i) – Group									
2026 *(Audited)*	Due less than one month (note ii) £m	Due between one and three months £m	Due between three and six months £m	Due between six and nine months £m	Due between nine and twelve months £m	Due between one and two years £m	Due between two and five years £m	Due after more than five years £m	Total £m
Financial assets									
Cash and balances at central banks	38,411	-	-	-	-	-	-	-	38,411
Loans and advances to banks and similar institutions	1,614	-	-	-	-	-	-	144	1,758
Investment securities	43	220	388	492	633	2,864	9,077	12,188	25,905
Derivative financial instruments	66	203	231	111	175	316	1,067	1,172	3,341
Fair value adjustment for portfolio hedged risk	(17)	(59)	(146)	(196)	(191)	(591)	(626)	(295)	(2,121)
Loans and advances to customers (note iii)	2,476	9,679	2,705	2,751	3,001	11,176	32,478	247,217	311,483
Total financial assets	42,593	10,043	3,178	3,158	3,618	13,765	41,996	260,426	378,777
Financial liabilities									
Shares	156,280	8,061	11,123	15,422	10,798	9,507	5,153	708	217,052
Deposits from banks and similar institutions	3,537	1,016	-	600	-	-	300	-	5,453
Of which repo	1,093	1,016	-	-	-	-	-	-	2,109
Of which TFSME	8	-	-	600	-	-	300	-	908
Other deposits	54,803	5,221	7,833	3,850	4,405	560	94	-	76,766
Fair value adjustment for portfolio hedged risk	(15)	(18)	(21)	(33)	(13)	(6)	-	-	(106)
Secured funding (note iv)	1,675	907	862	1,451	1,489	4,417	11,285	6,082	28,168
Unsecured funding (notes iv and vi)	827	1,250	304	1,960	33	6,274	9,838	6,167	26,653
Of which MREL resources	34	1	63	106	28	3,599	4,788	5,147	13,766
Derivative financial instruments	21	3	39	181	15	191	394	334	1,178
Subordinated liabilities (notes iv and vi)	35	(1)	854	-	-	-	-	2,043	2,931
Subscribed capital (notes v and vi)	-	-	-	-	-	-	-	46	46
Total financial liabilities	217,163	16,439	20,994	23,431	16,727	20,943	27,064	15,380	358,141
Off-balance sheet commitments (note vii)									
Financial guarantees	1	6	6	12	7	6	10	35	83
Other commitments	20,984	-	-	-	-	-	-	-	20,984
Net liquidity difference	(195,555)	(6,402)	(17,822)	(20,285)	(13,116)	(7,184)	14,922	245,011	(431)
Cumulative liquidity difference	(195,555)	(201,957)	(219,779)	(240,064)	(253,180)	(260,364)	(245,442)	(431)	-

Residual maturity (note i) – Group									
2025 *(Audited)*	Due less than one month (note ii) £m	Due between one and three months £m	Due between three and six months £m	Due between six and nine months £m	Due between nine and twelve months £m	Due between one and two years £m	Due between two and five years £m	Due after more than five years £m	Total £m
Financial assets									
Cash and balances at central banks	29,483	-	-	-	-	-	-	-	29,483
Loans and advances to banks and similar institutions	1,676	-	-	-	-	-	-	134	1,810
Investment securities	207	411	515	381	966	2,237	9,117	14,829	28,663
Derivative financial instruments	13	95	611	172	265	1,153	727	1,706	4,742
Fair value adjustment for portfolio hedged risk	(19)	(17)	(90)	(57)	(108)	(703)	(819)	(224)	(2,037)
Loans and advances to customers (note iii)	2,578	9,291	2,759	2,838	2,885	11,161	32,413	236,964	300,889
Total financial assets	33,938	9,780	3,795	3,334	4,008	13,848	41,438	253,409	363,550
Financial liabilities									
Shares	151,469	9,128	15,934	16,369	10,294	2,611	811	812	207,428
Deposits from banks and similar institutions	5,143	-	10	-	-	900	-	-	6,053
Of which repo	1,535	-	10	-	-	-	-	-	1,545
Of which TFSME	10	-	-	-	-	900	-	-	910
Other deposits	52,358	3,858	8,952	4,131	3,985	1,252	131	-	74,667
Fair value adjustment for portfolio hedged risk	-	4	8	7	7	1	-	-	27
Secured funding (note iv)	111	175	353	403	1,932	6,057	11,180	5,632	25,843
Unsecured funding (notes iv and vi)	1,569	1,337	2,561	377	39	3,320	12,127	3,936	25,266
Of which MREL resources	45	1	41	23	19	1,079	5,910	3,632	10,750
Derivative financial instruments	13	16	98	24	29	296	545	526	1,547
Subordinated liabilities (notes iv and vi)	25	7	2	-	-	843	-	1,567	2,444
Subscribed capital (notes v and vi)	-	-	1	-	-	-	-	128	129
Total financial liabilities	210,688	14,525	27,919	21,311	16,286	15,280	24,794	12,601	343,404
Off-balance sheet commitments (note vii)									
Financial guarantees	5	7	14	7	12	13	5	37	100
Other commitments	19,363	-	-	-	-	-	-	-	19,363
Net liquidity difference	(196,118)	(4,752)	(24,138)	(17,984)	(12,290)	(1,445)	16,639	240,771	683
Cumulative liquidity difference	(196,118)	(200,870)	(225,008)	(242,992)	(255,282)	(256,727)	(240,088)	683	-

Notes:

i. The analysis excludes certain financial assets and liabilities relating to accruals, trade receivables, trade payables and settlement balances which are generally short-term in nature, and lease liabilities. Further information on lease liabilities is shown in note 28 to the financial statements.
ii. Due less than one month includes amounts repayable on demand.
iii. Comparatives have been restated to reclassify certain business term lending amounts with revolving credit facilities between maturity categories, to align to contractual maturity dates, irrespective of earlier rollover dates.
iv. The balance sheet amount for debt securities in issue is split into secured funding and unsecured funding in this table.
v. The principal amount for undated subscribed capital is included within the due after more than five years column.
vi. Unsecured funding, subordinated liabilities and subscribed capital may include early redemption features.
vii. Off-balance sheet commitments include amounts payable on demand for undrawn loan commitments, customer overpayments on residential mortgages where the borrower can draw down the amount overpaid, and commitments to acquire financial assets. Further information on commitments is shown in note 29 to the financial statements.

Financial liabilities – gross undiscounted contractual cash flows

The tables below provide an analysis of gross contractual cash flows on both a Group and Society basis. The totals differ from the analysis of residual maturity as they include estimated future interest payments calculated using balances outstanding at the balance sheet date, contractual maturities, and appropriate forward-looking interest rates.

Amounts are allocated to the relevant maturity band based on the timing of individual contractual cash flows.

Gross contractual cash flows (note i) – Group									
2026	**Due less than one month (note ii)**	**Due between one and three months**	**Due between three and six months**	**Due between six and nine months**	**Due between nine and twelve months**	**Due between one and two years**	**Due between two and five years**	**Due after more than five years**	**Total**
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Shares	**156,280**	**8,625**	**11,592**	**15,760**	**11,005**	**9,929**	**5,537**	**708**	**219,436**
Deposits from banks and similar institutions	**3,537**	**1,021**	**9**	**614**	**3**	**13**	**336**	**-**	**5,533**
Other deposits	**54,828**	**5,286**	**8,044**	**3,906**	**4,478**	**568**	**96**	**-**	**77,206**
Secured funding (note iii)	**1,694**	**963**	**1,015**	**1,682**	**1,737**	**5,175**	**12,527**	**7,342**	**32,135**
Unsecured funding (notes iii and iv)	**835**	**1,264**	**489**	**2,118**	**405**	**7,233**	**11,490**	**7,250**	**31,084**
Subordinated liabilities (note iv)	**27**	**2**	**896**	**8**	**21**	**100**	**319**	**2,479**	**3,852**
Subscribed capital (notes iv and v)	**-**	**-**	**2**	**-**	**2**	**3**	**15**	**56**	**78**
Total non-derivative financial liabilities	**217,201**	**17,161**	**22,047**	**24,088**	**17,651**	**23,021**	**30,320**	**17,835**	**369,324**
Derivative financial liabilities:									
Gross settled derivative outflows	**640**	**179**	**1,082**	**4,060**	**421**	**3,554**	**8,141**	**5,737**	**23,814**
Gross settled derivative inflows	**(634)**	**(159)**	**(1,034)**	**(3,885)**	**(404)**	**(3,438)**	**(7,903)**	**(5,612)**	**(23,069)**
Gross settled derivatives – net flows	**6**	**20**	**48**	**175**	**17**	**116**	**238**	**125**	**745**
Net settled derivative liabilities (note vi)	**11**	**(3)**	**(1)**	**31**	**(7)**	**79**	**276**	**163**	**549**
Total derivative financial liabilities	**17**	**17**	**47**	**206**	**10**	**195**	**514**	**288**	**1,294**
Total financial liabilities	**217,218**	**17,178**	**22,094**	**24,294**	**17,661**	**23,216**	**30,834**	**18,123**	**370,618**
Off-balance sheet commitments (note vii)									
Financial guarantees	**1**	**6**	**6**	**12**	**7**	**6**	**10**	**35**	**83**
Other commitments	**20,984**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**20,984**
Total financial liabilities including off-balance sheet commitments	**238,203**	**17,184**	**22,100**	**24,306**	**17,668**	**23,222**	**30,844**	**18,158**	**391,685**

Gross contractual cash flows (note i) – Group									
2025	Due less than one month (note ii)	Due between one and three months	Due between three and six months	Due between six and nine months	Due between nine and twelve months	Due between one and two years	Due between two and five years	Due after more than five years	Total
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m	£m
Shares	151,470	9,684	16,354	16,616	10,397	2,738	958	812	209,029
Deposits from banks and similar institutions	5,142	-	20	10	9	933	-	-	6,114
Other deposits	52,406	3,917	9,189	4,200	4,052	1,289	133	-	75,186
Secured funding (note iii)	134	244	520	611	2,178	6,848	12,316	6,647	29,498
Unsecured funding (notes iii and iv)	1,579	1,352	2,745	497	307	4,115	13,535	4,644	28,774
Subordinated liabilities (note iv)	26	12	21	20	21	974	312	1,813	3,199
Subscribed capital (notes iv and v)	-	-	4	-	4	8	25	127	168
Total non-derivative financial liabilities	210,757	15,209	28,853	21,954	16,968	16,905	27,279	14,043	351,968
Derivative financial liabilities:									
Gross settled derivative outflows	296	635	1,508	826	755	6,351	12,454	8,433	31,258
Gross settled derivative inflows	(242)	(572)	(1,342)	(708)	(642)	(5,836)	(12,023)	(8,735)	(30,100)
Gross settled derivatives – net flows	54	63	166	118	113	515	431	(302)	1,158
Net settled derivative liabilities (note vi)	20	3	28	31	(21)	17	176	246	500
Total derivative financial liabilities	74	66	194	149	92	532	607	(56)	1,658
Total financial liabilities	210,831	15,275	29,047	22,103	17,060	17,437	27,886	13,987	353,626
Off-balance sheet commitments (note vii)									
Financial guarantees	5	7	14	7	12	13	5	37	100
Other commitments	19,363	-	-	-	-	-	-	-	19,363
Total financial liabilities including off-balance sheet commitments	230,199	15,282	29,061	22,110	17,072	17,450	27,891	14,024	373,089

Gross contractual cash flows (note i) – Society									
2026	**Due less than one month (note ii)**	**Due between one and three months**	**Due between three and six months**	**Due between six and nine months**	**Due between nine and twelve months**	**Due between one and two years**	**Due between two and five years**	**Due after more than five years**	**Total**
(Audited)	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Shares	**156,280**	**8,625**	**11,592**	**15,760**	**11,005**	**9,929**	**5,537**	**708**	**219,436**
Deposits from banks and similar institutions	**3,433**	**1,021**	**-**	**-**	**-**	**-**	**-**	**-**	**4,454**
Other deposits	**1,521**	**1,100**	**1,200**	**111**	**141**	**8**	**-**	**-**	**4,081**
Amounts due to group undertakings	**333**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**333**
Secured funding (note iii)	**1,549**	**110**	**217**	**1,421**	**710**	**2,052**	**9,325**	**7,342**	**22,726**
Unsecured funding (notes iii and iv)	**835**	**1,264**	**478**	**2,118**	**394**	**7,210**	**11,156**	**7,250**	**30,705**
Subordinated liabilities (note iv)	**27**	**2**	**896**	**8**	**21**	**100**	**319**	**2,479**	**3,852**
Subscribed capital (notes iv and v)	**-**	**-**	**2**	**-**	**2**	**3**	**15**	**56**	**78**
Total non-derivative financial liabilities	**163,978**	**12,122**	**14,385**	**19,418**	**12,273**	**19,302**	**26,352**	**17,835**	**285,665**
Derivative financial liabilities:									
Gross settled derivative outflows	**635**	**167**	**531**	**4,047**	**406**	**3,496**	**7,612**	**5,267**	**22,161**
Gross settled derivative inflows	**(634)**	**(153)**	**(503)**	**(3,876)**	**(394)**	**(3,398)**	**(7,385)**	**(5,115)**	**(21,458)**
Gross settled derivatives – net flows	**1**	**14**	**28**	**171**	**12**	**98**	**227**	**152**	**703**
Net settled derivative liabilities (note vi)	**9**	**-**	**(9)**	**21**	**(16)**	**56**	**243**	**151**	**455**
Total derivative financial liabilities	**10**	**14**	**19**	**192**	**(4)**	**154**	**470**	**303**	**1,158**
Total financial liabilities	**163,988**	**12,136**	**14,404**	**19,610**	**12,269**	**19,456**	**26,822**	**18,138**	**286,823**
Off-balance sheet commitments (note vii)									
Financial guarantees	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other commitments	**14,067**	**-**	**-**	**600**	**-**	**-**	**300**	**-**	**14,967**
Total financial liabilities including off-balance sheet commitments	**178,055**	**12,136**	**14,404**	**20,210**	**12,269**	**19,456**	**27,122**	**18,138**	**301,790**

Gross contractual cash flows (note i) – Society									
2025	Due less than one month (note ii)	Due between one and three months	Due between three and six months	Due between six and nine months	Due between nine and twelve months	Due between one and two years	Due between two and five years	Due after more than five years	Total
(Audited)	£m	£m	£m	£m	£m	£m	£m	£m	£m
Shares	151,470	9,684	16,354	16,616	10,397	2,738	958	812	209,029
Deposits from banks and similar institutions	5,096	-	-	-	-	-	-	-	5,096
Other deposits (note viii)	1,320	1,376	1,394	76	128	17	6	-	4,317
Amounts due to group undertakings (note viii)	242	-	-	-	-	-	-	-	242
Secured funding (note iii)	48	112	304	415	1,209	3,847	6,546	6,647	19,128
Unsecured funding (notes iii and iv)	1,567	1,352	2,716	478	245	3,136	11,661	4,644	25,799
Subordinated liabilities (note iv)	26	-	17	8	17	915	117	963	2,063
Subscribed capital (notes iv and v)	-	-	4	-	4	8	25	127	168
Total non-derivative financial liabilities	159,769	12,524	20,789	17,593	12,000	10,661	19,313	13,193	265,842
Derivative financial liabilities:									
Gross settled derivative outflows	233	583	1,421	738	682	5,020	11,017	7,943	27,637
Gross settled derivative inflows	(188)	(519)	(1,274)	(648)	(597)	(4,609)	(10,659)	(8,232)	(26,726)
Gross settled derivatives – net flows	45	64	147	90	85	411	358	(289)	911
Net settled derivative liabilities (note vi)	19	4	20	23	(28)	2	140	226	406
Total derivative financial liabilities	64	68	167	113	57	413	498	(63)	1,317
Total financial liabilities	159,833	12,592	20,956	17,706	12,057	11,074	19,811	13,130	267,159
Off-balance sheet commitments (note vii)									
Financial guarantees	-	-	-	-	-	-	-	-	-
Other commitments	11,754	-	-	-	-	900	-	-	12,654
Total financial liabilities including off-balance sheet commitments	171,587	12,592	20,956	17,706	12,057	11,974	19,811	13,130	279,813

Notes:

i. The analysis excludes certain financial liabilities relating to trade payables and settlement balances which are generally short-term in nature, and lease liabilities. Further information on lease liabilities is shown in note 28 to the financial statements.
ii. Due less than one month includes amounts repayable on demand.
iii. The balance sheet amount for debt securities in issue is split into secured funding and unsecured funding in these tables.
iv. Unsecured funding, subordinated liabilities and subscribed capital may include early redemption features.
v. The principal amount for undated subscribed capital is included within the due after more than five years column.
vi. Cashflows from derivative assets and liabilities, and corresponding collateral balances which meet the criteria for offset in the balance sheet, are included on a net basis, with only the residual cash flows payable reflected. Also included in this line are the residual cash flows from net settled derivatives that do not have an unconditional right of offset. Further information is detailed in note 24 to the financial statements.
vii. Off-balance sheet commitments include amounts payable on demand for undrawn loan commitments, customer overpayments on residential mortgages where the borrower can draw down the amount overpaid, and commitments to acquire financial assets.
viii. Comparatives have been restated to reflect changes to the Society's financial statements to present amounts due to Group undertakings separately from other line items. Further information is detailed in note 1 to the financial statements.

Asset encumbrance

Encumbrance arises where assets are pledged as collateral against secured funding and other obligations and therefore cannot be used for other purposes. An analysis of the Group's encumbered and unencumbered on-balance sheet assets is set out below.

Asset encumbrance – Group

2026	Assets encumbered as a result of transactions with counterparties other than central banks				Other assets (comprising assets encumbered at the central bank and unencumbered assets)					Total
						Assets not positioned at the central bank				
	As a result of covered bonds	As a result of securitisations	Other	Total	Assets positioned at the central bank (i.e. prepositioned plus encumbered)	Readily available for encumbrance	Other assets that are capable of being encumbered	Cannot be encumbered	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash and balances at central banks	534	466	-	1,000	3,616	33,572	-	223	37,411	38,411
Loans and advances to banks and similar institutions	-	-	929	929	-	110	-	719	829	1,758
Investment securities (note i)	-	-	2,730	2,730	-	23,096	-	79	23,175	25,905
Derivative financial instruments	-	-	-	-	-	-	-	3,341	3,341	3,341
Loans and advances to customers (note ii)	44,507	14,878	-	59,385	91,057	73,066	87,733	242	252,098	311,483
Non-financial assets	-	-	-	-	-	-	-	3,551	3,551	3,551
Fair value adjustment for portfolio hedged risk	-	-	-	-	-	-	-	(2,121)	(2,121)	(2,121)
Total	45,041	15,344	3,659	64,044	94,673	129,844	87,733	6,034	318,284	382,328
2025	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Cash	480	463	-	943	3,753	24,585	-	202	28,540	29,483
Loans and advances to banks and similar institutions	-	242	471	713	-	89	-	1,008	1,097	1,810
Investment securities (note i)	-	-	4,463	4,463	-	24,136	-	64	24,200	28,663
Derivative financial instruments	-	-	-	-	-	-	-	4,742	4,742	4,742
Loans and advances to customers (note ii)	32,739	19,353	-	52,092	96,928	62,369	89,106	394	248,797	300,889
Non-financial assets	-	-	-	-	-	-	-	4,327	4,327	4,327
Fair value adjustment for portfolio hedged risk	-	-	-	-	-	-	-	(2,037)	(2,037)	(2,037)
Total	33,219	20,058	4,934	58,211	100,681	111,179	89,106	8,700	309,666	367,877

Notes:
i. Encumbered investment securities relate to repo transactions, collateral pledged for derivatives and assets ring-fenced for regulatory requirements.
ii. Loans and advances to customers 'readily available for encumbrance' are expected to be immediately eligible to use in existing secured funding programmes or at the central bank. Any fair value micro hedge balance is reported as 'cannot be encumbered'. Mortgages pledged include £21.7 billion (2025: £15.2 billion) in the covered bond and securitisation programmes that are in excess of the amount contractually required to support notes in issue.

The majority of asset encumbrance arises from the use of residential mortgage pools to collateralise the covered bond and securitisation programmes. Further information is included in note 14 to the financial statements.

Certain unencumbered assets are readily available to secure funding or meet collateral requirements. These include cash and securities held in the liquid asset buffer and residential mortgages eligible for use in existing secured funding programmes or at the central bank. Other unencumbered assets, such as other residential mortgages, business lending and consumer lending, are capable of being encumbered with a degree of further management action. Assets which do not fall into either of these categories are classified as not being capable of being encumbered.

External credit ratings

Nationwide's long-term and short-term credit ratings are shown in the table below.

Credit ratings

	Long-term	Short-term	Date of last rating action / confirmation	Outlook
S&P Global	**A+**	**A-1**	**September 2025**	**Stable**
Moody's	**A1**	**P-1**	**March 2026**	**Stable**
Fitch	**AA-**	**F1+**	**May 2026**	**Stable**

Collateral sensitivity

The amount of additional collateral the Group would need to provide in the event of a one notch and two notch downgrade by external credit rating agencies would be £0.4 billion (2025: £0.6 billion) and £1.4 billion (2025: £1.0 billion) respectively.

Capital risk

Capital risk is the risk that the Group fails to maintain sufficient capital to absorb losses throughout a full economic cycle and sufficient to maintain the confidence of current and prospective investors, members, the Board, and regulators. Capital is held to protect customers, cover inherent risks, provide a buffer for stress events and support the business strategy. In assessing the adequacy of capital resources, risk appetite is considered in the context of the material risks to which the Group is exposed and the appropriate strategies required to manage those risks.

Managing capital risk

The Board is responsible for setting the Group's risk appetite with respect to capital risk, which is articulated through its risk appetite statements, and it defines minimum levels of capital surplus above regulatory requirements that it is willing to operate with. These are translated into specific Group risk metrics, which are monitored by the Board Risk Committee (BRC), Group Executive Risk Committee (Group ERC), Group Assets and Liabilities Committee (Group ALCO) and other internal management reviews.

The capital structure is managed across the Group through the governance arrangements outlined above, to ensure that the minimum regulatory requirements and the expectations of other key stakeholders continue to be met on a Group and individual consolidation basis. As part of the risk appetite framework, strong capital ratios are targeted relative to both regulatory requirements and major banking peers. Any planned changes to the balance sheet, potential regulatory developments and other factors (such as trading outlook, movements in the fair value through other comprehensive income reserve and defined benefit pension deficit) are all considered.

The capital strategy is to manage capital ratios through retained earnings, supplemented by external capital where appropriate. Since general reserves form the majority of capital resources, profitability is an important factor when considering the ability to meet capital requirements. A framework is in place to ensure that overall capital requirements are appropriately allocated, to ensure regulatory requirements are met at the applicable individual levels of consolidation, and to carry out performance monitoring activity for individual product segments.

In line with the Group's capital management practices, opportunities are assessed and may be taken to reduce excess capital resources through liability management exercises, and the use of open market repurchases of core capital deferred shares (CCDS).

The Group's capital structure has been materially simplified through a liability management exercise which commenced in June 2025 and the routine call of certain Virgin Money instruments. The sub-consolidation Direction applied to Virgin Money UK PLC was revoked in December 2025, with the effect that the outstanding Virgin Money Additional Tier 1 Instruments ceased to be eligible as Group own funds from that point. However, these instruments, together with Virgin Money's outstanding externally held eligible liabilities instrument, continue to be eligible to meet the Group's minimum requirement for own funds and eligible liabilities (MREL) requirements until 31 December 2028, in line with the discretion applied by the Bank of England at the time of the Virgin Money acquisition.

Capital is held to meet Pillar 1 requirements for credit, counterparty credit and operational risks. In addition, the Prudential Regulation Authority (PRA) requires firms to hold capital to meet Pillar 2A requirements which are firm-specific. This is a point-in-time estimate, set by the PRA on an annual basis, based on the submission of the results of the annual Internal Capital Adequacy Assessment Process (ICAAP). This process confirms the amount of capital required to be held to meet risks partly covered by Pillar 1 such as operational risk, and risks not covered by Pillar 1 such as pension and interest rate risks. The combination of Pillar 1 and Pillar 2A requirements form the Group's Total Capital Requirement (TCR).

The Group's latest Pillar 2A requirements were effective from September 2025 and were equivalent to 4.0% of risk weighted assets (RWAs) at 31 March 2026 (2025: 4.7% of RWAs). This is equal to a capital requirement of £3.5 billion, of which at least £2.0 billion must be met by CET1 capital. The Pillar 2A percentage is above some of our banking peers due to the low average RWA density of the Group's balance sheet, given that 82% (2025: 81%) of total assets, excluding central bank reserves, are in the form of secured residential mortgages.

To protect against the risk of falling below Pillar 1 and Pillar 2A requirements (thereby breaching TCR), firms are subject to regulatory capital buffers which are set out in the PRA Rulebook. The PRA may set an additional firm-specific PRA buffer based upon supervisory judgement informed by the results of the Bank of England's stress testing scenarios. This Bank of England assessment considers the impacts of the stress scenarios on a firm's capital requirements and resources, and other factors including leverage, systemic importance and any weaknesses in firms' risk management and governance procedures. The ICAAP also considers appropriate internal capital buffers to ensure that the impact of a severe but plausible stress can be absorbed.

Stress testing

The Group uses stress testing as a key risk management tool to gain a better understanding of its risk profile and its resilience to internal and external shocks. An assessment of potential vulnerabilities and available management actions is undertaken by considering a range of severe but plausible stressed scenarios for the Group. These stress tests project capital resources and requirements over a multi-year horizon. They cover a range of macroeconomic and idiosyncratic scenarios that test the most material risks to the Group's business model and support the overall assessment of the Group's capital ratio resilience. The Group aims to maintain strong capital ratios in excess of regulatory minima under stressed conditions.

On 24 March 2025, the Bank of England released the 2025 Bank Capital Stress Test (BCST) with the results published by the Bank of England on 2 December 2025. The Group's low point CET1 ratio through the scenario was 14.5% after strategic management actions, comfortably above its regulatory minimum requirement of 6.5%. The leverage ratio low point was 4.8%, also remaining in excess of the 3.25% minimum regulatory requirement. This demonstrates that the Group is well capitalised and positioned to remain financially strong under stressed economic conditions.

Recovery planning and resolvability

The Group maintains a Group Recovery Plan under UK regulatory rules implementing the European Bank Recovery and Resolution Directive (BRRD). The plan contains a set of management actions that would be available to support the Group's capital and liquidity position in the event of stressed economic conditions. The Group submitted its initial Group Recovery Plan to the PRA in March 2025 and will make an additional submission in June 2026, before falling back into a regular submission cycle, with the next scheduled submission due in June 2027. The Virgin Money Recovery Plan has been retired following the Part VII transfer of assets and liabilities of Virgin Money's main operating subsidiary, Clydesdale Bank PLC, to Nationwide Building Society.

In March 2025, the Group submitted a Group interim resolvability self-assessment to the Bank of England. This documented the capabilities across the Group that are designed to achieve the resolvability outcomes as prescribed within the Bank of England Resolvability Assessment Framework, and included enhancements and developments since the previous self-assessment submission in 2023 and as a result of the Virgin Money acquisition. A summary of the Group's approach to resolvability is available within the Resolvability Assessment Framework disclosure at **nationwide.co.uk** with the latest disclosures available as at June 2024, prior to the Virgin Money acquisition. The next self-assessment submission will be made in October 2026, with disclosures to follow in June 2027.

Capital position

The capital disclosures included in this report are in line with the PRA Rulebook and the UK Capital Requirements Regulation and Directive (UK CRR and UK CRD V). The disclosures are on a consolidated Group basis, including all subsidiary entities, unless otherwise stated.

Capital ratios and requirements		
	2026	2025
Capital ratios	**%**	%
CET1 ratio	**19.1**	19.1
Tier 1 ratio	**21.6**	21.7
Total regulatory capital ratio	**23.8**	23.8
Leverage ratio	**5.3**	5.2
Capital requirements	**£m**	£m
Risk weighted assets (RWAs)	**87,437**	81,871
Leverage exposure	**353,504**	344,018

Risk-based capital ratios remain in excess of regulatory requirements with the CET1 ratio remaining at 19.1%, above the Group's CET1 capital requirement of 12.3%. The CET1 capital requirement includes a 6.8% minimum Pillar 1 and Pillar 2A requirement and combined buffer requirements of 5.5% of RWAs.

The CET1 ratio remained at 19.1% following an increase in CET1 capital of £1.1 billion, offset by an increase in RWAs of £5.6 billion. The CET1 capital resources increase was driven by statutory profit after tax. The RWA increase was predominantly driven by an increase in retail mortgages RWAs. This increase reflected both growth in lending balances and a one-off £3.0 billion increase in the temporary model adjustment applied to Virgin Money's existing Internal Ratings Based (IRB) mortgage models, following regulatory feedback as part of the revised model approval process.

Over time, the Group intends to align modelling approaches across its IRB portfolios. Excluding the one-off temporary model adjustment uplift, the CET1 ratio would have increased, with retained earnings sufficient to support the organic increase in RWAs. Further details on the temporary model adjustment and RWAs are provided in the Risk weighted assets section below.

The PRA Rulebook requires firms to calculate a leverage ratio, which is non-risk-based, to supplement risk-based capital requirements. The Group's leverage ratio increased to 5.3% (2025: 5.2%), with Tier 1 capital resources increasing by £1.1 billion as a result of the CET1 capital movements referenced above. This was partially offset by an increase in leverage exposure of £9.5 billion, predominantly due to increased residential mortgage balances.

The leverage ratio remains in excess of the Group's leverage capital requirement of 4.3%, which comprises a minimum Tier 1 capital requirement of 3.25% and buffer requirements of 1.05%. The buffer requirements include a 0.7% UK countercyclical leverage ratio buffer and a 0.35% additional leverage ratio buffer.

Leverage requirements continue to be the Group's binding Tier 1 capital measure, as the combination of minimum and regulatory buffer requirements is in excess of the risk-based equivalent. The risk of excessive leverage is managed through regular monitoring and reporting of leverage, which forms part of risk appetite.

Further details of the leverage exposure can be found in Nationwide's Group Pillar 3 Disclosures 2026 at **nationwide.co.uk**

The table below shows how components of members' interests, equity and liabilities contribute to total regulatory capital and does not include non-qualifying instruments.

Total regulatory capital		
	2026	2025
(Audited)	**£m**	£m
General reserve	**17,746**	17,086
Proportional consolidated gains/losses arising from joint venture (note i)	**-**	9
Core capital deferred shares (CCDS) (note ii)	**1,334**	1,334
Revaluation reserve	**35**	35
Fair value through other comprehensive income (FVOCI) reserve	**(26)**	(119)
Cash flow hedge and other hedging reserves	**(5)**	79
Regulatory adjustments and deductions:		
Cash flow hedge and other hedging reserves (note iii)	**5**	(79)
Direct holdings of CET1 instruments (note ii)	**(177)**	(177)
Foreseeable distributions (note iv)	**(82)**	(100)
Prudent valuation adjustment (note v)	**(86)**	(82)
Own credit and debit valuation adjustments (note vi)	**(3)**	(4)
Intangible assets (note vii)	**(1,024)**	(1,226)
Goodwill (note vii)	**(12)**	(12)
Defined benefit pension fund asset (note vii)	**(537)**	(669)
Excess of regulatory expected losses over impairment provisions (note viii)	**(273)**	(247)
Deferred tax assets that rely on future profitability and do not arise from temporary differences (note ix)	**(211)**	(217)
Total regulatory adjustments and deductions	**(2,400)**	(2,813)
CET1 capital	**16,684**	15,611
Other equity instruments (Additional Tier 1)	**2,178**	2,121
Tier 1 capital	**18,862**	17,732
Subordinated debt (note x)	**1,873**	1,757
Excess of impairment provisions over regulatory expected losses (note viii)	**48**	-
Tier 2 capital	**1,921**	1,757
Total regulatory capital	**20,783**	19,489

Notes:

i. The Group applied a proportional consolidation approach to the Salary Finance Loans Limited joint venture, which was accounted for in the consolidated financial statements using the equity method. The Group sold its shares in Salary Finance Loans Limited in the year.
ii. The CCDS amount does not include the deductions for the Group's repurchase exercises. This is presented separately as a regulatory adjustment in line with CRR article 42.
iii. In accordance with CRR article 33, institutions do not include the fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value.
iv. Foreseeable distributions in respect of CCDS and Additional Tier 1 (AT1) securities are deducted from CET1 capital under CRR rules.
v. A prudent valuation adjustment (PVA) is applied in respect of fair valued instruments as required under CRR rules.
vi. Own credit and debit valuation adjustments are applied to remove balance sheet gains or losses of fair valued liabilities and derivatives that result from changes in own credit standing and risk, as per the CRR.
vii. Intangible, goodwill and net defined benefit pension fund assets are deducted from capital resources after netting associated deferred tax liabilities.
viii. Where capital expected loss exceeds accounting provisions, the excess balance is removed from CET1 capital, gross of tax. In contrast, where provisions exceed capital expected loss, the excess amount is added to Tier 2 capital, gross of tax. This calculation is not performed for equity exposures, in line with CRR article 159. The expected loss amounts for equity exposures are deducted from CET1 capital.
ix. Deferred tax assets that rely on future profitability, excluding those arising from temporary differences, are deducted as per CRR article 38, net of related tax liabilities where the conditions in CRR article 38 (3) are met.
x. Subordinated debt includes fair value adjustments relating to changes in market interest rates, adjustments for unamortised premiums and discounts that are included in the condensed consolidated balance sheet, and any amortisation of the capital value of Tier 2 instruments required by regulatory rules for instruments with fewer than five years to maturity.

As part of the Bank Recovery and Resolution Directive, the Bank of England, in its capacity as the UK resolution authority, has published its policy for setting MREL. The Group is required to hold twice the minimum capital requirements (equating to 6.5% of leverage exposure), plus the applicable capital requirement buffers, which amount to 1.05% of leverage exposure. This equals a total loss-absorbing requirement of 7.55%.

At 31 March 2026, total MREL resources were 9.7% (2025: 8.9%) of leverage exposure, in excess of the loss-absorbing requirement of 7.55% (2025: 7.55%) described above.

Risk weighted assets

The table below shows the breakdown of RWAs by risk type and business activity. Market risk has been set to zero as permitted by the UK CRR, as the exposure is below the threshold of 2% of own funds at a Group level.

Risk weighted assets				
	2026		2025	
	Risk weighted assets	**Minimum capital requirements**	Risk weighted assets	Minimum capital requirements
	£m	**£m**	£m	£m
Retail mortgages	**51,266**	**4,101**	45,914	3,673
Retail unsecured lending	**10,336**	**827**	9,481	758
Business lending	**11,203**	**896**	11,274	902
Treasury	**1,248**	**100**	1,903	152
Other (note i)	**2,623**	**210**	2,686	215
Total credit risk (excluding counterparty credit risk)	**76,676**	**6,134**	71,258	5,700
Counterparty credit risk (note ii)	**515**	**41**	463	38
Credit valuation adjustment	**405**	**33**	338	27
Operational risk	**9,841**	**787**	9,812	785
Total	**87,437**	**6,995**	81,871	6,550

Notes:
i. Other relates to equity, fixed, intangible, deferred tax and other assets.
ii. Counterparty credit risk relates to derivative financial instruments, securities financing transactions (repurchase agreements) and exposures to central counterparties.

Total RWAs increased by £5.6 billion. This was predominantly driven by a £5.4 billion increase in retail mortgage RWAs that reflected both growth in balances and a one-off £3.0 billion increase to the temporary model adjustments as explained further below. Other movements in total RWAs include a £0.9 billion increase in retail unsecured lending RWAs, due to growth in balances, offset by a net £0.6 billion reduction in other business lines.

Regulatory changes were introduced in 2022 that impact the IRB models used to derive minimum capital requirements. These changes formed part of the PRA's updates to SS11/13 IRB approaches, some of which aim to increase consistency of approaches across different firms and reduce volatility of mortgage risk weights across differing economic conditions.

Nationwide's revised mortgage IRB models were approved by the PRA in November 2024. Virgin Money's revised IRB mortgage models remain subject to approval. In the year, a one-off £3.0 billion increase in the temporary adjustment was applied to these models, following regulatory feedback as part of the model approval process. This uplift increased Virgin Money's temporary adjustment to £3.9 billion.

More detailed analysis of RWAs is included in Nationwide's Group Pillar 3 Disclosures 2026 at **nationwide.co.uk**

IRB model risk

The performance and accuracy of IRB models is critical to the calculation of credit risk capital requirements. The effectiveness of the models is achieved through clear allocation and segregation of roles and responsibilities covering model ownership, approval and governance, ongoing model monitoring, review and independent validation. Further information can be found in the 'Use of the IRB Approach to credit risk' section of Nationwide's Group Pillar 3 Disclosures 2026 at **nationwide.co.uk**

Basel 3.1

On 20 January 2026, the PRA published final Basel 3.1 rules, effective in the UK from 1 January 2027. The final rules include a phased introduction of the RWA standardised output floor until fully implemented by 2030. The day one impact of Basel 3.1 on the Group's CET1 ratio is expected to be positive, with a small increase in the CET1 ratio anticipated, based on the Group's current interpretation of the final rules. This is primarily due to the impact of changes to prescribed IRB model calculations. RWAs calculated under the Basel 3.1 standardised output floor are expected to exceed internally modelled RWAs towards the end of the implementation period. The exact impact of Basel 3.1 on the Group position, and the point where the output floor becomes the binding constraint, will be influenced by the Group's interpretation of the final rules and the evolution of the balance sheet. However, the Tier 1 leverage requirements are expected to remain higher than the Tier 1 standardised output floor risk-based requirements.

Outlook

The PRA has granted a renewed 12-month general prior permission to repurchase core capital deferred shares (CCDS) up to 2% of existing CET1 capital resources (£334 million at 31 March 2026), though this does not mean further repurchase exercises will necessarily follow. The permission will expire in January 2027.

The post balance sheet event regarding the Part VII transfer of assets and liabilities of Virgin Money's main operating subsidiary, Clydesdale Bank PLC, to Nationwide Building Society does not materially impact the Group's capital position.

Market risk

Summary

Market risk is the risk that the net value of, or net income arising from, the Group's assets and liabilities is impacted by changes in market prices or rates, specifically interest or currency rates. The Group has limited appetite for market risk and does not have a trading book. Market risk is closely monitored and managed to ensure the level of risk remains within appetite. Market risks are not taken unless they are essential to core business activities and they provide stability of earnings, minimise costs or enable operational efficiency.

The principal market risks that affect the Group are listed below, together with the types of risk reporting measures used in their assessment and management.

Market risk exposure	Reporting measures
Interest rate risk	Value sensitivity, value at risk, net interest income sensitivity and economic value of equity sensitivity
Product option risk	Value at risk and economic value of equity sensitivity
Foreign exchange (FX) risk	Value sensitivity and value at risk
Credit spread risk	Value at risk
Inflation risk	Value sensitivity

The Group has a capital requirement for its market risk exposure. In addition, analysis under stressed conditions is used to evaluate the impact of more extreme, but plausible events.

Interest rate risk

Interest rate risk is the risk of an adverse impact to market value or income due to changes in market interest rates. It arises in relation to the Group's non-traded assets and liabilities, specifically loans, deposits and financial instruments. Basis risk (risk associated with assets and liabilities repricing with reference to differing interest rate benchmarks) and structural risk (risk associated with the impact of interest rate movement on earnings and value due to the Group's reserves) are included under this broad interest rate risk category. The Group's interest rate risk is measured and monitored using a combination of value-based and earnings sensitivity assessments. Balance sheet matching (the use of internal offsets) is the primary strategy used to manage interest rate risk. Derivatives including interest rate swaps are used when matching is not appropriate or available.

The Group has structural hedging programmes in place to stabilise earnings as interest rates change. The most material hedging programmes are in place to manage liabilities, including reserves and customer deposits. The Group also undertakes other balance sheet hedging to mitigate the asymmetric risk which arises in very low or negative interest rate scenarios, mainly due to the different levels at which variable product rates can reach a minimum floor level.

Product option risk

Product option risk is the risk that changes to hedging may be required if customer behaviour deviates from expectations, which may result in a loss if further derivative transaction activity is required The key product risks the Group is exposed to are repayment risk (early redemption or underpayment/overpayment of fixed rate mortgages), access risk (early withdrawal of fixed rate savings), and take-up risk (higher or lower completions of fixed rate mortgage reservations than expected). These risk exposures are quantified under a range of stress scenarios using models that predict customer behaviour in response to changes in interest rates.

Foreign exchange (FX) risk

FX risk is the risk to market value due to changes in exchange rates. The risk arises due to assets or liabilities being denominated in different currencies than the Group's base currency (sterling). Currency exposure is managed through natural offsetting on the balance sheet, with derivatives used to maintain the net exposures within approved limits.

Credit spread risk

Credit spread risk is the risk to the market value of Treasury investments arising from changes in the spread between bond yields and swap rates. The risk primarily arises in the Group's liquid asset portfolio, which predominantly consist of fixed rate debt securities, held to manage the Group's liquidity risk. Interest rate swaps are used to hedge the interest rate risk associated with these assets. However, there remains a residual risk as debt yields and swap rates do not always move in the same direction and to the same extent, meaning that the market value of the liquidity portfolio assets can change due to movements in bond yields and swap rates.

Credit spread risk is monitored using a Value at Risk (VaR) metric and the risk is controlled via internal limits. Exposures are monitored daily and are reported monthly to the Group Asset and Liability Committee (ALCO).

Inflation risk

Inflation risk is the risk to market value and income arising from the impact of changes in inflation swap rates on inflation-linked assets in the Group's liquidity portfolio. This risk is managed through the use of inflation swaps. Residual exposures are monitored through sensitivity metrics (IE01), which measure the change in present value of future cashflows to a one basis point parallel shift in inflation swap rates.

The principal market risks, linked to the Group's balance sheet assets, liabilities, capital and reserves, are listed in the table below, irrespective of materiality.

Market risk linkage to the balance sheet

2026	Group £m	Society £m	Market risk				
			Interest rate risk	Product option risk	Foreign Exchange (FX) risk	Credit spread risk	Inflation risk
Assets							
Cash	**38,411**	**22,254**	✓		✓		
Loans and advances to banks and similar institutions	**1,758**	**1,204**	✓		✓		
Investment securities	**25,905**	**21,990**	✓		✓	✓	✓
Derivative financial instruments	**3,341**	**3,956**	✓		✓	✓	✓
Loans and advances to customers	**311,483**	**194,425**	✓	✓	✓		
Other assets (note i)	**1,430**	**52,793**	✓		✓		
Total assets	**382,328**	**296,622**					
Liabilities							
Shares	**217,052**	**217,052**	✓	✓			
Deposits from banks and similar institutions	**5,453**	**4,449**	✓		✓		
Other deposits	**76,766**	**4,056**	✓	✓	✓		
Debt securities in issue	**54,821**	**46,374**	✓		✓		
Derivative financial instruments	**1,178**	**1,478**	✓		✓	✓	✓
Subordinated liabilities	**2,931**	**2,932**	✓		✓		
Other liabilities	**2,838**	**4,311**	✓		✓		
Total liabilities	**361,039**	**280,652**					
Total members' interests and equity	**21,289**	**15,970**	✓				

Note:
i. Other assets include the fair value adjustment for portfolio hedged risk of £(2,121) million (2025: £(2,037) million) and investments in Group undertakings of £52,618 million (2025: £46,889 million). Investment in Group undertakings impacts the Society balance sheet only. Other assets also include the net defined benefit asset of the Pension Fund, being the surplus of fund assets in excess of liabilities. The Pension Fund is subject to pension risk, which includes exposure to market risk factors such as interest rate risk, inflation risk, and equity risk (from changes to share prices). Pension risk is managed separately from the market risk arising from the Group's core business. Further information is detailed in the Pension risk section on page 166.

Market risk governance

The Group's market risk exposure arises in the banking book; the Group does not have a trading book. Most of the exposure to market risk arises from fixed rate mortgages or savings and changes in the market value of the liquidity portfolio. There is a low-level of FX risk on non-sterling financial assets and liabilities held.

The Board is responsible for setting market risk appetite. Group ALCO is responsible for managing the market risk profile within defined risk appetites. Market risk is managed within a comprehensive risk framework which includes policies, limit setting and monitoring, stress testing, and robust governance controls. The framework includes setting and monitoring more granular limits within Board limits, with relevant market risk metrics reported monthly to ALCO and monitored daily by the Treasury function.

Market risk measurement

The Group's objective is to measure, manage and control market risk exposures while maintaining a market profile consistent with the Group's risk appetite. The analytical techniques used to measure market risk are outlined below.

Value and earning sensitivities

Sensitivity analysis is used to assess the change in value of the net exposure to defined parallel and non-parallel shifts in interest rates. For example, a one basis point (0.01%) shift is measured using PV01. This analysis is performed daily for each currency. Earning sensitivity metrics are used to measure and quantify exposure to interest rate risks, including basis risk, and inflation risk. These techniques assess the impact on earnings when rate shocks are applied to the rates paid on liabilities and to the rates earned on assets.

The Group measures Interest Rate Risk in the Banking Book (IRRBB) through Net Interest Income (NII) and Economic Value of Equity (EVE) measures, under a range of shock scenarios which factor in behavioural assumptions for retail products as interest rates change. These measures are assessed based on the standard shocks prescribed by the PRA, as well as against internally generated shock scenarios.

- NII sensitivities assess the impact to earnings under a range of interest rate shocks over a one-year period. Sensitivities are calculated based on a static balance sheet, where all assets and liabilities maturing within the year are reinvested in like-for-like products. The sensitivity also includes the impact arising from off-balance sheet exposures.
- EVE sensitivities measure the change in value of interest rate sensitive items, both on and off-balance sheet, under a range of interest rate shocks. Sensitivities are calculated on a run-off balance sheet basis.

Both NII and EVE sensitivities are measured regularly, with risk limits set against the various shocks.

Value at Risk (VaR)

VaR is a technique that estimates the maximum potential losses that could occur from risk positions because of future movements in market rates and prices, over a specified time horizon, to a given level of statistical confidence. VaR is based on historic market behaviour and uses a series of recorded market rates and prices to derive plausible future scenarios. This considers inter-relationships between different markets and rates.

The VaR model incorporates risk factors based on historic interest rate and currency movements using a ten-year historical data series. A two-week horizon and a 99% confidence level is used in day-to-day VaR monitoring. VaR is used to monitor interest rate, credit spread, currency and product option risks and is not used to model income. Interest Rate VaR estimates maximum potential loss given an adverse movement in interest rate. It is important to note that while Interest Rate VaR does not include the impact of future changes in expected customer behaviour, it does reflect changes in expectations of customer behaviour since the product was initially hedged. Credit Spread VaR reflects the maximum potential loss due to an adverse movement in credit spreads, which are predominantly the spreads between fixed rate bond yields and swap rates.

Exposures against limits are reviewed daily and actual outcomes are monitored on an ongoing basis by management to test the validity of the assumptions and factors used in the VaR calculation.

Although VaR is a valuable risk measure, it needs to be viewed in the context of the following limitations which may mean that exposures could be higher than modelled:

- The use of a 99% confidence level, by definition, does not take account of changes in value that might occur beyond this level of confidence;
- VaR models often under-predict the likelihood of extreme events and over-predict the benefits of offsetting positions in those extreme events;
- The VaR model uses historical data to predict future events. Extreme market moves outside of those used to calibrate the model will deliver exceptions. In periods where volatility is increasing, the model is likely to under-predict market risks and in periods where volatility is decreasing it is likely to over-predict market risks; and
- Historical data may not adequately predict circumstances arising from government interventions and stimulus packages, which increase the difficulty of evaluating risks.

The Group validates the VaR model on a monthly basis by back testing the calculated VaR against a hypothetical profit and loss, which reflects the profit and loss that would have been realised if positions were held constant over a two-week period. An exception is recognised where a loss over a two-week period exceeds the VaR calculated by the model. The number of exceptions over a 12-month period is used to assess the performance of the VaR model, which in turn helps to decide whether it requires recalibration. The model is governed by the Group's model risk management framework, to ensure it remains appropriate for risk reporting.

In addition, stressed VaR is used to estimate the potential loss arising from unfavourable market movements in a stressed environment. It is calibrated with a 99% confidence level, a one day holding period, and uses market data from a two-year period of significant financial stress.

Market risk monitoring

Market risk is identified and assessed by monitoring and reporting risk information at Society and Group levels. Industry expertise, effective treasury management systems, processes and advanced evaluation techniques such as stress testing are used to enhance the effectiveness of the identification and assessment of all material market risks. Exposures are monitored against limits on a daily basis, with relevant management information reports shared with key stakeholders, including the regulators, in line with the reporting frequency established in the Group's Market Risk Policy. A summary of the Group's value and earnings-based assessment is presented below.

Value-Based Assessments - VaR

The tables below highlight the Group's limited exposure to market risk. Interest rate and credit spread VaR are monitored daily and summarised over the financial year:

Value at Risk - Group

	2026				2025			
	Close	**Average**	**High**	**Low**	Close	Average	High	Low
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Interest rate VaR (99%/10-day)	**18.1**	**13.2**	**22.5**	**6.1**	7.7	5.7	7.7	4.3
Credit spread VaR (99%/10-day)	**105.4**	**120.6**	**138.6**	**105.4**	143.5	134.2	143.5	124.3

Value at Risk – Society

	2026				2025			
	Close	**Average**	**High**	**Low**	Close	Average	High	Low
	£m	**£m**	**£m**	**£m**	£m	£m	£m	£m
Interest rate VaR (99%/10-day)	**17.0**	**12.1**	**20.9**	**5.0**	4.9	4.7	4.9	4.3
Credit spread VaR (99%/10-day)	**88.0**	**99.5**	**112.8**	**88.0**	116.6	121.1	127.0	116.6

Net Interest Income (NII) sensitivity

The sensitivities presented below measure the extent to which the Group's pre-tax earnings are exposed to changes in interest rates over a one-year period based on instantaneous parallel rises and falls in interest rates, with the shifts applied to the prevailing interest rates at the reporting date.

The sensitivities are prepared based on a static balance sheet, with all assets and liabilities maturing within the year replaced with like-for-like products, and changes in interest rates being passed through to variable rate retail products, unless a floor close to 0% is reached when rates fall. No management actions are included in the sensitivities.

The purpose of these sensitivities is to assess the Group's exposure to interest rate risk and therefore the sensitivities should not be considered as a guide to future earnings performance, with actual future earnings influenced by the extent to which changes in interest rates are passed through to product pricing, the timing of maturing assets and liabilities and changes to the balance sheet mix. In practice, earnings changes from actual interest rate movements will differ from those shown below because interest rate changes may not be passed through in full to those assets and liabilities that do not have a contractual link to Bank rate.

Potential (adverse)/favourable impact on annual pre-tax future earnings				
	Group		Society	
	2026	2025	**2026**	2025
(Audited)	**£m**	£m	**£m**	£m
+100 basis points shift	**131**	71	**95**	24
+25 basis points shift	**38**	22	**28**	10
-25 basis points shift	**(80)**	(49)	**(62)**	(33)
-100 basis points shift	**(333)**	(204)	**(255)**	(135)

NII sensitivities remain low in absolute terms and reflect Nationwide's prudent management of interest rate risk. The sensitivities assume that changes in rates are fully passed through in these scenarios, and product margins are held static. The sensitivities also include the impact of balance sheet hedging and take-up risk in the mortgage pipeline.

Economic Value of Equity (EVE)

The Group also measures interest rate risk through EVE sensitivity which identifies the change in value of interest rate sensitive items, both on and off-balance sheet, under a range of interest rate shocks prescribed by the Prudential Regulation Authority (PRA). This measure includes behavioural assumptions using a run-off balance sheet basis. EVE is managed against internal and regulatory risk limits and is monitored by Group ALCO. Further details on EVE can be found in the Group's annual Pillar 3 Disclosure for 2026 at **nationwide.co.uk**

Global market conditions

Effective risk management has ensured that the Group's market risk exposures have remained insulated from the changes in the global economy, where trade tensions and the conflict in the Middle East generated volatility and threatened economic growth during the reporting period. The Group was also insulated from events in the UK economy, where the 12-month Consumer Price Inflation rose by 70 basis points from 2.6% in March 2025 to 3.3% in March 2026.

During the 12-month period, the Group's approach to interest rate risk management resulted in limited exposure to the 75 basis points reduction in Bank rate, and the volatility seen in sterling Sonia swap rates which underpin retail product pricing. The Group's exposure to credit spread and inflation risk from its liquid asset holdings remains within risk appetite. Foreign exchange movements, which saw sterling strengthen against the dollar and weaken against the euro, also had an immaterial impact on earnings as foreign currency exposures are hedged.

Outlook

The Group will continue to have a limited appetite for market risk, which will only be taken if it is essential to core business activities and provides stability of earnings, minimises costs or enables operational efficiency. While the near-term economic outlook remains uncertain, market risk will continue to be closely managed by the Group to ensure it remains within established risk appetite.

The post balance sheet event regarding the Part VII transfer of assets and liabilities of Virgin Money's main operating subsidiary, Clydesdale Bank PLC, to Nationwide Building Society does not materially impact the Group's market risk position.

Pension risk

Summary

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

The Group has funding obligations to a number of defined benefit pension schemes, including the Nationwide Pension Fund (NPF) and the Yorkshire and Clydesdale Bank Pension Scheme (YCBPS). These consist of a total of 50,000 members, with both schemes closed to future accrual except for a small number of legacy members in the YCBPS. Further details are set out below and in note 30 to the financial statements.

In accordance with UK legislation, the assets of the Group's defined benefit pension schemes are held in distinct and legally separate trusts from the Group's assets, and each are administered by boards of trustees (the Trustee boards) which have fiduciary responsibilities to pension scheme members.

The Group has specialist pension risk management teams responsible for monitoring the financial risk to the Group from the defined benefit pension schemes. This includes regular analysis, insight, risk appetite articulation and reporting to governance committees. The Group maintains effective engagement with the trustees in order to manage the long-term impact on the capital and financial position. For the NPF and YCBPS, this is supported by the Group's representation at the Trustee boards' investment sub-committee meetings and investment working groups, and the sharing of management information between the Group and the Trustee boards for the consideration of specific risk management initiatives.

Pension risk is embedded into the Group Risk Management Framework (GRMF) and stress testing processes. The Group monitors the potential capital deterioration from the retirement benefit position that might occur in a 1-in-200 year stress test. The Group considers all pension regulation and legislation change which may impact its obligations to defined benefit schemes.

Risk factors

Volatility in investment returns from the assets and changes in the value of the liabilities affect the pension schemes' net deficit or surplus positions. The key risk factors which impact this position are set out below. These factors can have a positive or negative effect on the position.

Asset performance

There is a risk that the return on pension scheme assets is insufficient to meet the growth in pension liabilities, potentially resulting in a reduction in the surplus or an increase in the deficit. Pension scheme liabilities are calculated using a discount rate derived from high-quality corporate bond yields, meaning that if the assets underperform against those bond yields, the funding position may worsen.

The Group's pension schemes hold a proportion of return-seeking assets, including private equity, infrastructure, property, credit investments and corporate bonds. Return-seeking assets are expected to outperform liabilities in the long-term, but they are riskier and potentially more volatile in the short to medium-term. Investments in return-seeking assets are monitored by both the Trustee boards and the Group to ensure they remain appropriate given the long-term objectives of the schemes. Further details of the assets held are set out in note 30 to the financial statements.

Liabilities

There is a risk that the Group's pension schemes' liabilities increase to a level which is not supported by their respective asset performance, whether through discount rate changes, increases in long-term inflation expectations, or increases in the life expectancy (longevity) of the scheme participants. Approximately one third of all liabilities are hedged using longevity swaps, which have been entered into within both the NPF and the YCBPS.

Actuarial assumptions

There is a risk that a change in the methodology used to derive key actuarial assumptions (for example, the discount rate or longevity assumptions) results in a step change in the assessment of the liabilities and therefore in the net surplus or deficit, potentially impacting the Group's capital and/or deficit funding requirements. The ultimate cost of providing pension benefits over the life of the obligation will depend on actual future events, rather than assumptions made.

Developments in the year

The NPF is closed to future accrual, therefore no employer contributions were made in respect of future benefit accrual during the year. There were also no employer deficit contributions into the NPF for the year ended 31 March 2026 and none are scheduled for the year ending 31 March 2027. The 31 March 2025 Triennial Valuation has been completed and indicated a funding surplus, such that a recovery plan requiring employer deficit contributions was not required. The effective date of the NPF's next Triennial Valuation is 31 March 2028.

The YCBPS was closed to future accrual on 1 August 2017 for most members. A small number of active members remain on a defined benefit accruals basis subject to certain conditions. Employer contributions for benefit accrual and expenses were £6 million for the year ended 31 March 2026. The YCBPS 2022 Triennial Valuation indicated a funding surplus, such that a recovery plan requiring employer deficit contributions was not required. The 30 September 2025 Triennial Valuation is underway and will be completed by 31 December 2026.

As at 31 March 2026, the value of the Group's pension schemes' assets is £6,626 million (2025: £6,767 million) and the value of liabilities is £5,910 million (2025: £5,875 million). Movements in the net defined benefit asset are set out below:

Changes in the present value of net defined benefit asset – Group		
	2026	2025
	£m	£m
At 1 April	**892**	610
Pension charge	**(9)**	(7)
Net interest credit	**51**	45
Actuarial remeasurement	**(224)**	(192)
Employer contributions (including deficit contributions)	**6**	7
Acquisition of Virgin Money UK PLC (note i)	**-**	429
At 31 March	**716**	892

Note:

i. Acquisition of Virgin Money UK PLC refers to the surplus position of the YCBPS as at 1 October 2024. Movements in the YCBPS between 1 October 2024 and 31 March 2025 are included in the other components of the table.

The movement in the net defined benefit asset is largely driven by the actuarial loss on defined benefit obligations for the Group, primarily an experience loss arising from reflecting updated membership data relating to the NPF's 31 March 2025 Triennial Valuation.

The actuarial remeasurement quantifies the impact on the net defined benefit asset from updating financial assumptions (such as discount rate and long-term inflation), demographic assumptions (such as longevity), and the return on the pensions schemes' assets being greater or less than the discount rate. Further details can be found in note 30 to the financial statements.

The Group previously considered the implication for the NPF and YCBPS of the ruling and appeal in respect of Virgin Media Limited versus NTL Pension Trustees II Limited (and others). The case challenged the validity of rule amendments made to pension schemes contracted out on a Reference Scheme Test basis between 6 April 1997 and 5 April 2016. Legislation enacted in April 2026 now gives affected pension schemes the ability to retrospectively obtain written confirmation that historic benefit changes met the necessary statutory standards. The Group assessed the possible impact on its two main pension schemes by reviewing a sample of the material amendments from the relevant period. The results of the review to date have not indicated any concerns and therefore no adjustment has been made to the defined benefit obligation value. The Group will continue to monitor developments in this area.

Outlook

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

Business risk

Summary

Business risk is the risk that volumes decline, margins shrink, or losses increase relative to the cost or capital base, affecting the sustainability of the business and the ability to deliver the strategy due to external (macroeconomic, geopolitical, industry, regulatory or other external events) or internal factors (including the development and execution of the strategy). The Group manages this risk by maintaining recurring, sustainable income streams through provision of product and service propositions to meet current and future customer needs. In this way, the Group can consistently deliver returns aligned to risk appetite.

Business risk is monitored and reported to the Board and senior management, with an emphasis on long-term resilience and sustainability. Regular assessment of technology change, customer behaviours and preferences, regulatory developments and core market conditions ensures our strategy and execution plans remain responsive, with actions identified to limit potential impacts on expected performance.

Managing business risk

Business risk is managed and mitigated through a range of measures, including the following activities:

- **Financial forecasting -** Five-year income and cost forecasts, updated regularly to appropriately reflect internal and external risk sensitivities.
- **Performance monitoring -** Monthly review of financial performance against approved forecasts and key indicators, supported by monitoring of product and service demand to ensure propositions and services are providing value and meet customer needs.
- **Stress testing -** Regular scenario testing and sensitivity analysis of the key business model financial metrics through stressed economic scenarios. This is in addition to the regulatory Internal Capital Adequacy Assessment Process, recovery and reverse stress tests, and participation in the Bank of England's biennial Bank Capital Stress Test.
- **Early warning indicators and recovery planning -** Ongoing monitoring of indicators to identify emerging stress, supported by a maintained Group Recovery Plan outlining a series of strategic actions that could be utilised, if required, to protect the Group.

Developments in the year

The Group's business model remains sensitive to changes in net interest margin across retail and business banking. As inflation expectations moderated over the year, the Bank of England reduced Bank rate by 0.75% to 3.75%. This influenced the rates available on both our mortgage and savings products, bringing them closer together and leading to a modest reduction in net interest margin. Significant mortgage rate volatility was observed in March 2026, with all major lenders adjusting pricing amid interest rate uncertainty stemming from the conflict in the Middle East.

The competitive environment remains strong, with incumbent banks and digital challengers exerting significant pressure across a wide range of service and product propositions. The Group continues to focus on efficiency, simplicity, and attractive customer offerings to maintain sustainable and compelling propositions in all our core target markets.

Outlook

Business risk continues to be influenced by the Group's top and emerging risks. The UK outlook remains uncertain due to ongoing geopolitical tensions and global macroeconomic policy developments, creating volatility that can weigh on business and consumer confidence, including in our core target markets. This environment can potentially constrain financial decision making, such as small businesses deciding whether to invest in new equipment, and/or potential home movers considering whether to take on a larger mortgage. Effective delivery of the Group's strategic priorities remains key to mitigating business model vulnerability in a dynamic environment.

Operational and conduct risk

Summary

Operational and conduct risk is the risk of impacts resulting from inadequate or failed internal processes, conduct and compliance management, people and systems, or from external events. These risks are managed through proportionate controls designed to identify and prevent failures that could affect customers, colleagues or the Group.

The Board recognises the importance of, and has prioritised, continuous improvement in the understanding of the operational and conduct risks the Group is exposed to and enhancement of the associated control environment it relies on to mitigate these risks. Ongoing investment is being made to further enhance cyber defences, economic crime, and conduct and compliance capabilities across the Group.

The primary areas of operational and conduct risk to which the Group is exposed are detailed below.

Operational resilience and technology

The Group continues to make operational resilience a top priority. A harmonised resilience framework covering methodologies, governance and reporting is in place for Board-approved important business services, such as the sending and receiving of immediate payments. The Group regularly tests its ability to recover critical services under severe but plausible scenarios, such as ransomware attacks and major third-party outages. The Group is enhancing its response capabilities through ongoing improvements and targeted investments, informed by its annual self-assessment. As integration progresses, the Group continues to focus on risks related to supplier concentration, change management, applications reaching the end of service life, and systems capacity management**.** This approach is designed to align to regulatory expectations and support reliable service to members and the wider financial system.

Cyber security

The Group maintains a robust suite of preventative, detective, responsive and recovery measures to manage cyber security risk effectively. A successful cyber attack on the Group could potentially cause significant disruption to business operations and prevent its customers accessing key services. As new technologies are implemented and external attack techniques strengthen, the Group constantly assesses how to protect against attacks. This includes engagement with industry groups and intelligence agencies alongside internal threat monitoring, ensuring a robust security culture is maintained, risk assessing third parties and allocating investment appropriately.

Artificial intelligence (AI)

Across all industries, rapid digitisation, rising customer experience demands and the evolution of AI capabilities have been driving more complex use of data. The Group is faced with the challenge of how to meet the expectations of customers and realise the benefits of AI, while also using data ethically and appropriately, particularly as AI evolves from generating content to making autonomous decisions and taking actions (Agentic AI). While AI offers significant benefits for customers and organisations, it creates unique risks that cut across traditional risk categories. The Group is developing its ability to realise these benefits while mitigating risk through defined AI principles and strong controls, with a focus on customer outcomes. The Group's approach to data and AI is underpinned by enhanced governance, with specialist review and oversight.

Data

The Group collects, stores and uses data, including personal information, to deliver services that meet the needs of its customers, to engage with its employees and to meet regulatory requirements. The Group is committed to protecting the data under its control, achieving compliance with all legal and regulatory obligations (such as the UK General Data Protection Regulation) and being transparent about how it uses data.

Supply chain

The Group relies on third parties for key services and retains responsibility for associated risks. Supply chain risk is an increasing area of regulatory focus, as many banks and building societies rely on third parties that provide similar services, and any disruption or failure in those services - including those caused by cyber attacks - could affect financial stability, market integrity and consumer protection. The Group adopts a risk-based approach to monitoring and managing supply chain risk and there is an increased focus on the identification and management of concentration risk, as opportunities to consolidate the Group's supplier base are identified and considered. Assurance of supply chain resilience, including through scenario testing, remains a priority. The Group also seeks to leverage resilience insights from any regulatory designation of suppliers under the UK critical third parties regime.

Regulatory compliance risk

The regulatory landscape remained highly active during the year, with developments including the continued embedding of the Consumer Duty, an FCA review of its rules for mortgage lenders, a new strategy for UK payments, final rules to make the UK's banking system more resilient (Basel 3.1), and a continued focus on firms' resilience against cyber threats and failures of essential processes or services. Regulatory compliance risk is managed across the Group by maintaining positive regulatory relationships, proactive horizon scanning, interpreting requirements in a way that avoids unnecessary burden, and ongoing assessments to evidence the steps taken by senior management to ensure the Group complies with those requirements.

As part of the Government's drive to increase regulatory predictability and reduce burden, financial services regulators are aiming to rebalance risk in the system by giving firms more flexibility, with an emphasis on principles and outcomes over regulatory prescription. Examples include the FCA's application of the Consumer Duty, and regulators choosing not to create new rules for AI, but to rely on existing frameworks to give firms flexibility to adapt to the new technology. While offering opportunities, this rebalancing of risk also places greater emphasis on firms' internal judgement when interpreting regulatory expectations and deciding how to comply with broader principles rather than specific rules.

Conduct risk

Expectations under the Consumer Duty, requiring higher standards of customer care and proactive monitoring of outcomes, were further embedded across the Group, improving product and service design, the early identification of potential harms, and support for customers with characteristics of vulnerability.

As integration of Virgin Money progresses, conduct risk practices are increasingly aligned, supporting a consistent customer-focused approach. Customer impacts of the planned Part VII transfer of assets and liabilities of Virgin Money's main operating subsidiary, Clydesdale Bank PLC, into Nationwide Building Society, were assessed in detail. These assessments allowed potential harms to be identified early and mitigated through strengthened controls and customer-centred design.

The Group's investment in Virgin Money customer service capability, employee training and change delivery contributed to reductions in complaints, demonstrating progress in supporting fairer outcomes. Further opportunities to align and mature the conduct risk approach will be identified as integration advances, with customer outcomes and strong Consumer Duty execution remaining central to strategic priorities.

Economic crime risk

The Group, in common with other UK-based financial services businesses, is exposed to economic crime risks across all its business functions, and there is a wide range of criminal activity associated with this risk. The Group may be adversely affected if its customers, employees, third parties (including suppliers) or associated persons engage in criminal activity, or if the business's products or services are used to facilitate economic crime. The Group may incur significant costs to rectify issues, reimburse customer losses, address regulatory concerns and settle relevant penalties. During the current year, the FCA fined the Society £44 million for historical weaknesses in its anti-money laundering controls in periods prior to July 2021.

We endeavour to prevent the Group's products, services and commercial activities being used to facilitate any form of economic crime. These risks are managed through policies, controls, standards and procedures, which are informed by its business-wide risk and threat assessments. Significant investment continues in this area, as both legal and regulatory requirements and criminal methods continue to evolve.

Operational and conduct risk events

Operational and conduct risk events which have occurred are monitored and reported on to understand those exposures better and to drive sustainable mitigation to prevent recurrence. For the purposes of this report, events shown include only those where a financial loss arises from an incident. Events are recorded against internally defined risk categories, in addition to reporting them against the categories defined by the Basel Committee on Banking Supervision in Basel II, which allows comparison of risk experience with its main banking peers.

Operational risk events by Basel risk category, % of total events by value (note i)	2026	2025 (note ii)
	%	%
Clients, products and business practices	**44.0**	4.1
External fraud	**43.8**	20.7
Execution, delivery and process management	**10.8**	74.9
Internal fraud	**-**	0.1
Business disruption and system failure	**0.9**	-
Damage to physical assets	**0.5**	0.1
Employment practices and workplace safety	**-**	0.1
Total	**100.0**	100.0

Operational risk events by Basel risk category, % of total events by number (note i)	2026	2025 (note ii)
	%	%
Clients, products and business practices	**0.5**	0.7
External fraud	**94.6**	92.7
Execution, delivery and process management	**4.4**	6.1
Internal fraud	**0.1**	0.1
Business disruption and system failure	**0.1**	-
Damage to physical assets	**0.2**	0.1
Employment practices and workplace safety	**0.1**	0.3
Total	**100.0**	100.0

Notes:
i. Risk events with aggregated gross losses of £5,000 and over (before monies recovered); multiple losses related to the same event are counted once.
ii. Comparatives have been restated to include additional historic data where more information has been received. 2025 figures provide a consolidated view of Nationwide's operational losses for the whole year, plus Virgin Money operational losses from 1 October 2024 when it was acquired.

The most material categories are 'Clients, products and business practices', 'External fraud' and 'Execution, delivery and process management':

- The value of the 'Clients, products and business practices' category increased due to an FCA fine for historical weaknesses in anti-money laundering controls in periods prior to July 2021.
- 'External fraud' loss events have remained broadly stable; 2026 includes the full year of external fraud events for the expanded group.
- In 2025 the 'Execution, delivery and process management' category included a material litigation case.

Outlook

The Group's operational and conduct risk outlook reflects both its operating environment and strategic direction. While key risk sources remain broadly unchanged, their impact on the Group and customers continues to evolve, along with regulatory and government responses.

New regulatory requirements relating to operational resilience, and how prepared firms are to protect, detect, respond to and recover from cyber events, are expected in 2026. Certain third-party providers are due to be designated by the Government as critical to the UK financial sector, creating new obligations for those firms that could affect existing arrangements.

As AI becomes more embedded in financial services, government and regulators are assessing its implications for consumers, financial markets and regulatory practices, and considering what intervention may be needed to ensure safe and trusted adoption. More generally, the regulators' shift toward principles and outcomes-based supervision will place greater reliance on firms' own judgement when interpreting expectations and choosing how to comply with principles, or how to deliver the outcomes the regulators expect.

Model risk

Summary

Models are essential in many business processes across the Group, supporting activities such as credit decisioning, capital assessment, stress testing, loss provisioning, planning, and product pricing. Whilst they are essential tools, models are simplified representations of real-world outcomes and are inherently imperfect. This creates model risk, which is the risk of adverse consequences from model errors or the inappropriate use of modelled outputs. Key drivers of model risk include data quality, methodological limitations, and implementation issues.

Model risk management

Model risk is governed at Board level through risk appetite and the model risk policy, with the Group Chief Risk Officer accountable for the management of model risk. Supporting policies and standards set expectations for model development, independent validation, ongoing monitoring, model adjustments, and governance. The Group Model Risk Committee (GMRC) is responsible for managing model risk across the Group and is a sub-committee of the Group Executive Risk Committee. The Group maintains well-defined and distinct roles for model risk management, model development and model validation, supporting strong governance and independent challenge throughout the model lifecycle.

Developments in the year

The Group has made further progress in strengthening its approach to managing model risk during the year. Group-level arrangements have now been established, including a single Board-approved risk appetite and policy, and the formation of GMRC to ensure consistency in model risk management across the Group.

The Group also continued to develop its governance and risk frameworks for the responsible use of Artificial Intelligence (AI) within risk appetite. A Group AI Council was established to assess use cases holistically across all risk types, ensuring they remain within appetite. Use cases are subject to all applicable risk policies and governance processes.

Outlook

The Group continues to operate in an environment shaped by regulatory change and technological advancement. This will drive ongoing model development, validation and further strengthening of model risk management practices. The Group will continue to embed the model risk management framework and mature the overarching risk management of AI, alongside ensuring models meet regulatory requirements, including Basel 3.1.

As integration of the Virgin Money business progresses, models will evolve to ensure that they remain appropriate for use. The Group will continue to apply appropriate model risk management controls to manage this period of material change effectively.

Financial statements

Independent auditor's report 174

Income statements 186

Statements of comprehensive income 187

Balance sheets 188

Statements of movements in members' interests and equity 189

Cash flow statements 191

Notes to the financial statements 192

- Note 1 – Statement of accounting policies
- Note 2 – Judgements in applying accounting policies and critical accounting estimates

Performance

- Note 3 – Interest receivable and similar income
- Note 4 – Interest expense and similar charges
- Note 5 – Fee and commission income and expense
- Note 6 – Other operating income
- Note 7 – Gains/losses from derivatives and hedge accounting
- Note 8 – Administrative expenses
- Note 9 – Employees
- Note 10 – Impairment charge and provisions on loans and advances to customers
- Note 11 – Taxation

Financial assets and liabilities

- Note 12 – Classification and measurement
- Note 13 – Investment securities
- Note 14 – Loans and advances to customers
- Note 15 – Derivative financial instruments
- Note 16 – Deposits from banks and similar institutions
- Note 17 – Other deposits
- Note 18 – Debt securities in issue
- Note 19 – Subordinated liabilities
- Note 20 – Subscribed capital
- Note 21 – Fair value hierarchy of financial assets and liabilities held at fair value
- Note 22 – Fair value of financial assets and liabilities held at fair value – Level 3 portfolio
- Note 23 – Fair value of financial assets and liabilities measured at amortised cost
- Note 24 – Offsetting financial assets and financial liabilities

Other assets and investments

- Note 25 – Intangible assets
- Note 26 – Property, plant and equipment

Provisions, contingent and other liabilities

- Note 27 – Provisions for liabilities and charges
- Note 28 – Leasing
- Note 29 – Contingent liabilities, contingent assets and commitments
- Note 30 – Retirement benefit obligations

Capital and equity instruments

- Note 31 – Core capital deferred shares
- Note 32 – Other equity instruments

Scope of consolidation

- Note 33 – Investments in Group undertakings
- Note 34 – Structured entities

Other disclosure matters

- Note 35 – Related party transactions
- Note 36 – Notes to the cash flow statements
- Note 37 – Capital management
- Note 38 – Registered office
- Note 39 – Events after the balance sheet date

Independent auditor's report to the members of Nationwide Building Society

Opinion

In our opinion:

- The financial statements of Nationwide Building Society (the Society) and its subsidiaries (together, the Group) give a true and fair view of the state of the Group's and the Society's affairs as at 31 March 2026 and of the Group's and the Society's income and expenditure for the year then ended;
- The financial statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- The financial statements have been prepared in accordance with the requirements of the Building Societies Act 1986.

We have audited the financial statements included within the Annual Report and Accounts 2026 (the Annual Report) of the Group and the Society for the year ended 31 March 2026, which comprise:

Group	Society
• Consolidated balance sheet as at 31 March 2026; • Consolidated income statement for the year then ended; • Consolidated statement of comprehensive income for the year then ended; • Consolidated statement of movements in members' interests and equity for the year then ended; • Consolidated cash flow statement for the year then ended; • Related notes 1 to 39 to the financial statements, including information on material accounting policies; • Information identified as 'audited' in the Report of the directors on remuneration; • Information identified as 'audited' in the Risk report; and • Other Information - Country-by-country report on page 279.	• Balance sheet as at 31 March 2026; • Income statement for the year then ended; • Statement of comprehensive income for the year then ended; • Statement of movements in members' interests and equity for the year then ended; • Cash flow statement for the year then ended; • Related notes 1 to 39 to the financial statements, including information on material accounting policies; and • Information identified as 'audited' in the Risk report.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

Following the acquisition of Virgin Money UK PLC (Virgin Money) in October 2024, the Society changed its accounting reference date to 31 March. The year ended 31 March 2026 represents the period from 1 April 2025 to 31 March 2026. The comparative period represents the 361-day period from 5 April 2024 to 31 March 2025.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Society and we remain independent of the Group and the Society in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's and the Society's ability to continue to adopt the going concern basis of accounting included the following:

- We reviewed management's going concern assessment for the period covering 12 months from the date of approval of the financial statements by the Board, and compared historical budgeted financial information with actual results to assess management's ability to forecast reliably.
- We understood and evaluated the reasonableness of management's forecasts. We assessed the assumptions used, including macroeconomic assumptions, against relevant peer and sector comparatives.
- We reviewed the results of adverse scenarios modelled by management to incorporate unexpected changes to forecasted liquidity and capital positions, including reverse stress testing to identify significant issues that might impact the Group's and the Society's ability to continue as a going concern.
- We read and evaluated the adequacy of the disclosures included in the Annual Report and considered whether there were other events subsequent to the balance sheet date which could have a bearing on the going concern conclusion.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Society's ability to continue as a going concern for a period of 12 months from the date the financial statements are approved for issue.

In relation to the Group's and the Society's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and the Society's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of both components of the Group as detailed in the 'An overview of the scope of our audit' section of this report. • These components accounted for 100% of the Group's profit before tax measure used to calculate materiality, 100% of revenue, and 100% of total assets.
Key audit matters	• Measurement of IFRS 9 expected credit losses; • Risk of fraud in revenue recognition relating to effective interest rate accounting; • Valuation of the net defined benefit pension asset; and • IT access management.
Materiality	• Overall Group and Society materiality were set at £94.4 million and £86.4 million respectively, which represents 5% of Group and Society profit before tax, adjusted for member reward payments.

An overview of the scope of our audit

Tailoring the scope

Our audit scoping reflects the requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion.

The Group comprises two components: Virgin Money and its consolidated subsidiaries (the Virgin Money component), and the Society and its consolidated subsidiaries, excluding the Virgin Money component (the Nationwide component). We identified both components as individually relevant to the Group due to the financial size of each component relative to the Group, as well as the related risks of material misstatement of the Group financial statements. We designed and performed audit procedures on the entire financial information of both components, which are therefore considered full scope components.

The audit team is structured as a primary audit engagement team (the Primary audit team), covering the Group and the Nationwide component, and a component audit team (the Component audit team), covering the Virgin Money component.

As the Primary audit team, we performed risk assessment procedures, with input from the Component audit team, to identify and assess risks of material misstatement of the Group financial statements and to identify significant accounts and disclosures.

For both components, by applying professional judgement, we identified the significant accounts where audit work needed to be performed, having considered the reasons for identifying the component as individually relevant, the size of the component's account balance and the relative size of the component's account balance to the Group's financial statement account balance.

We then considered whether the remaining Group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the Group financial statements. We did not identify any additional scope required, as we assessed the residual risk not to be material.

Our scoping to address the risk of material misstatement for each key audit matter is set out below in the 'Key audit matters' section of this report.

Involvement with Component team

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Primary audit team, or by the Component audit team operating under our instruction.

The Primary audit team interacted regularly with the Component team throughout the course of the audit, which included holding planning meetings, maintaining regular communications on status, reviewing key working papers and taking responsibility for the scope and direction of the audit process. The Primary audit team followed a programme of oversight that has been designed to ensure that the Senior Statutory Auditor has ongoing interactions with the Component audit team and was fully aware of their progress and results of their procedures. The Primary audit team maintained a continuous and open dialogue with the Component audit team throughout the audit and reviewed key working papers. Where relevant, the 'Key audit matters' section of our report details the level of involvement we had with component auditors to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

Stakeholders are interested in how climate change will impact the Group and Society. Management has determined that the most significant future impacts from climate change on their operations will be from physical and transition risks, which are explained on pages 23 to 25 in the Climate-related financial disclosures section of the Strategic report and on pages 27 to 28 in the Top and emerging risks section. They have also explained the Group's climate commitments on pages 23 to 25. These disclosures form part of the other information, rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on other information.

The Group has explained how climate risks have been considered in the preparation of the financial statements in Note 2 Judgements in applying accounting policies and critical accounting estimates on page 203; and also explained their approach to quantifying the impact of climate risks on expected credit losses in Note 10 Impairment charge and provisions on loans and advances to customers.

As part of our considerations in relation to climate risk:

- We performed our own risk assessment, supported by EY climate change specialists, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit;
- We assessed whether the effects of potential climate risks have been appropriately reflected by management in reaching their judgements in relation to the measurement of financial assets and liabilities;
- We challenged the directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work, whilst we have not identified the impact of climate change on the financial statements to be a standalone key audit matter, we have considered the impact on the following key audit matter: IFRS 9 expected credit losses. Details of the impact, our procedures and findings are included in our explanation of key audit matters below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters. We performed full scope audit procedures for all key audit matters noted below for both components of the Group. The Primary audit team performed oversight of the work performed by the Component audit team as detailed in the 'Involvement with component team' section above.

Measurement of IFRS 9 expected credit losses
Refer to the Audit Committee report (page 61); Accounting policies (page 192); and note 10 of the consolidated financial statements (page 214)

Key audit matter	**Our response to the key audit matter**
IFRS 9 expected credit losses (ECL) for the Group: £1,335 million (2025: £1,288 million) The degree of subjectivity in the judgements and estimates used by management to measure IFRS 9 ECL is high due to significant uncertainty associated with the assumptions used. The risk of material misstatement within the measurement and timing of IFRS 9 ECL manifests itself across the following five areas: *Multiple Economic Scenarios (MES):* ECLs may be inaccurate because the range of scenarios considered and the probability weightings applied to them are not sufficient or appropriate to capture all relevant factors required. This includes consideration of heightened uncertainty in the geopolitical and economic outlook resulting from the conflict in the Middle East, the subsequent impact on interest rates and	*Controls testing:* We evaluated the Group's design effectiveness of controls across the processes relevant to ECL, including the controls relating to the approval of key judgements and development of the estimate. These controls included: • Review of staging effectiveness; • Model governance controls, including model validation and monitoring; • Controls over the completeness and accuracy of data feeding into ECL provision calculations; • Governance of statistical models used to develop the MES and their associated probability weights; and • The governance and review of MES, post-model adjustments, and individual provisions. As a result of our evaluation, we elected to take a combination of controls reliance and substantive approaches across the Group. *MES:* With the support of our EY economic specialists, we considered the appropriateness of the scenario weightings and the underlying macroeconomic variables. We specifically focused on the heightened uncertainty in the geopolitical and economic outlook resulting from the conflict in the Middle East, the subsequent impact on interest rates and inflation, and their impact on borrower affordability, as well as the impacts of climate change on the economic variables. In addition, we evaluated management's approach in using statistical models to inform their judgement in determining the scenarios and their probability weightings. We carried out comparisons to consensus forecasts and other independently derived assumptions. We engaged EY economic and modelling specialists to assess the reasonableness of the non-linearity in the scenarios and perform sensitivities on the weightings and macroeconomic variables to confirm they are reasonable. We also independently tested the appropriate application of the MES data within the models.

Measurement of IFRS 9 expected credit losses
Refer to the Audit Committee report (page 61); Accounting policies (page 192); and note 10 of the consolidated financial statements (page 214)

inflation, and their impact on borrower affordability, as well as the potential impact of climate change. Additionally, the MES may not be incorporated appropriately into the estimation of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). *Modelling:* Models that calculate the ECL, including PD, LGD and EAD models, may not appropriately apply accounting interpretations, modelling assumptions or data, or may not be appropriately implemented. *In-Model and Post-Model Adjustments (PMAs):* Adjustments could be inappropriate, incomplete or, in the case of in-model adjustments, incorrectly incorporated into the PD, LGD and EAD models, with consideration to the risk of management override. These adjustments are inherently uncertain and subjective. Significant management judgement is often involved in identifying and estimating certain adjustments, including the appropriate criteria for release. *Individually impaired assets:* Individual impairment within the business lending portfolio may not be identified on a timely basis or the provisions recognised may be incorrectly measured considering the impact of geopolitical tensions on exit strategies, collateral valuation and time to collect. *Staging:* The qualitative and quantitative criteria applied by management may not completely and accurately identify a significant increase in credit risk or credit impairment on a timely basis.	*Modelling:* We involved EY modelling specialists to assist in the qualitative and quantitative risk assessment of the models, and to perform a combination of model methodology reviews, model implementation testing, model reperformance testing, model assumptions testing and model sensitivity analysis, based on the risk designated to each model. We substantively tested the completeness and accuracy of data underpinning the ECL provisions by testing lineage from the ECL models back to source systems for each critical data item, and a sample of non-critical data items, and tested the completeness and accuracy of loan data lineage from source systems into the ECL models. *In-Model and PMAs:* We involved EY modelling specialists to test the appropriateness, adequacy and completeness of the PMAs held at year end in response to model and data limitations. This included evaluation of adjustments made to retail and business lending portfolios, to ensure that these appropriately capture the impacts of current geopolitical and economic conditions, as well as domestic government policy changes. We assessed the continued recognition of PMAs from previous years and challenged the risk of double counting identified risks. We also evaluated the application of, and independently recalculated, all material adjustments, the outputs of which we reconciled to the reported balances. *Individually impaired assets:* We assessed the completeness and reasonableness of impairment provisions recorded for individually assessed loans by selecting a sample for which we recalculated the ECL. As part of this recalculation, we independently estimated the impact on ECL of applying multiple scenarios that impact collateral values estimated by management, involving EY valuation specialists, where appropriate. We considered the impact that the current geopolitical and economic outlook and climate change had on collateral valuations and time to collect as well as whether planned exit strategies remained viable. *Staging:* We reviewed the Group's accounting policies and tested how they were applied in allocating a financial asset to stage 1, 2 or 3, to assess whether they remained compliant with the requirements of IFRS 9. This included peer benchmarking to consider staging triggers and staging levels. We assessed the appropriateness of staging criteria and their accurate application through the modelled environment, and then independently recalculated staging results for all portfolios we determined to be of higher risk, by replicating the staging model code and recreating the results in our own environment. We also performed sensitivity analysis to consider the significance of potential impacts on staging as a result of certain scenarios, including collectively downgrading exposures to industries and geographic regions at greater risk of climate change impacts. We tested the staging of the business lending portfolio on a sample basis to verify the completeness and accuracy of loans classified in respective stages. *Overall stand-back assessment:* We performed a stand-back assessment of the ECL provisions and coverage at an overall level and by stage to determine if changes were reasonable and internally consistent by considering the overall credit quality of the Group's portfolios, their risk profile, and the impacts of the current uncertain geopolitical and economic outlook and climate change. We performed peer benchmarking where available to assess overall staging and provision coverage levels.

Key observations communicated to the Audit Committee
Based on the work we performed, we were satisfied that ECL provisions were reasonably stated and in compliance with the requirements of IFRS 9. We highlighted the following matters to the Audit Committee that contributed to our overall conclusion:

- Economic assumptions and probability weightings assigned to the multiple economic scenarios used within the models were concluded to be reasonable;
- The Group accounting policy for ECL provisions on loans and advances to customers is sufficiently aligned across both components and appropriately applied;
- Independent model testing showed that IFRS 9 ECL models performed as expected, were aligned to the requirements of the standard, and the external data, internal data and assumption data feeding the IFRS 9 ECL models were complete and accurate;
- Individually assessed provisions recorded for the stage 3 business lending portfolio were concluded to be reasonable overall, in consideration of the appropriateness of the assumptions applied and collateral valuations;

Measurement of IFRS 9 expected credit losses
Refer to the Audit Committee report (page 61); Accounting policies (page 192); and note 10 of the consolidated financial statements (page 214)

- Staging criteria were appropriate and the results of independent staging reperformance indicated their application was complete and accurate;
- Independent replication of material PMA and in-model adjustment calculations confirmed they had been accurately recorded, and we were satisfied that they reasonably reflected risk in the portfolios not fully captured by the models; and
- Our stand-back assessment of the overall provision balance, in light of the current economic environment, through peer benchmarking and analysis of key indicators such as coverage ratios, did not indicate the provision recorded as at year end was unreasonable.

Risk of fraud in revenue recognition relating to effective interest rate (EIR) accounting
Refer to Accounting policies (page 192); and note 3 of the consolidated financial statements (page 204)

Key audit matter	**Our response to the key audit matter**
EIR adjustment to mortgage loans and advances for the Group: £61 million (2025: £60 million) The Group records income on financial instruments under the EIR method. The most material adjustments to interest income under EIR accounting are made in respect of the Group's mortgage portfolios. Mortgage EIR adjustments are sensitive to the following assumptions: • The period over which to defer eligible fees and costs, which is determined by reference to analysis of historical customer behaviours; and • The extent to which early redemption charges (ERCs) and variable interest expected to be collected in the future should be recognised as revenue/assets upfront. The complexity of calculations, the degree of management judgement in respect of forecast future cashflows, and the sensitivity of the amounts recognised in the financial statements to the assumptions increases the risk of material misstatement, including as a result of management override of controls.	We assessed the Group's policies in relation to the application of EIR adjustments for compliance with the requirements of IFRS 9. We understood the design effectiveness of the Group's controls over the calculation and recognition of the EIR adjustments. We took a substantive approach to testing the EIR models which are applied to the revenue, and the related balances. We tested the data used by the EIR models, including historical data used to analyse customer behaviours. We involved EY model risk specialists in assessing the code used to extract historical data from the mortgage systems as part of our work to verify that the data used in the EIR models was complete and accurate. EY model risk specialists also assisted us in reviewing the functionality of the models, testing consistency of the calculations with the Group's accounting policy. We benchmarked the inclusion of lending fees and costs in the EIR calculations, as well as the upfront recognition of ERCs and expected future variable interest income, to judgements made by peer institutions. We assessed the Group's assumptions regarding the behavioural life over which the eligible fees are deferred, by comparing it to the Group's historic customer data. We extended our analysis to understand any potential correlation in customer behaviour with Bank of England base rate movements. We also performed sensitivity analysis over key assumptions and judgements.

Key observations communicated to the Audit Committee
The Group accounting policy for recognising interest income using the EIR method on loans and advances to customers is appropriately applied, in compliance with the requirements of IFRS 9. We concluded that the fees and costs being deferred are reasonable and complete; the average lives used in the EIR models are reasonable; the extent to which ERC fees are recognised upfront is reasonable; and the data populating the EIR models is complete and accurate. Based on the work we performed, we concluded that the resulting EIR adjustments were appropriate.

Valuation of the net defined benefit pension asset
Refer to the Audit Committee report (page 61); Accounting policies (page 192); and note 30 of the consolidated financial statements (page 258)

Key audit matter	**Our response to the key audit matter**
Net retirement benefit asset for the Group: £716 million (2025: £892 million) The Group operates a number of defined benefit schemes with a combined defined benefit pension asset of £716 million, which represents the fair value of pension plan assets less the present value of defined benefit obligations. The determination of the net retirement benefit asset value is subject to judgements and estimates which include: • Asset valuation: Pricing inputs and techniques used to value illiquid pension assets of certain investments held by the pension scheme; and • Actuarial assumptions: Judgements and assumptions including discount rate, inflation and longevity used to determine the valuation of the defined benefit obligation, longevity swaps and buy-in policy. • IFRIC 14 assessment: Judgements in assessing the extent to which the net retirement benefit asset is recoverable by the Group, including the application of the asset ceiling test as required by IFRIC 14.	We assessed the design of controls in place over the valuation of the plan assets, and the process of setting significant assumptions which are used in the calculation of the defined benefit obligation. We elected to take a combination of controls reliance and substantive-only approaches across the Group. *Asset Valuations:* We tested the reasonableness of the fair value of plan assets by independently repricing the bonds, equities, derivative financial instruments and properties held by the pension schemes. For illiquid investments, we engaged EY valuation specialists to assess the appropriateness of management's valuation methodology, including the judgements made in determining significant assumptions used. We determined independent valuation ranges to assess management's conclusions. *Actuarial Assumptions:* We involved EY actuarial specialists to evaluate the actuarial assumptions used to calculate the defined benefit pension obligation, longevity swaps and buy-in policy, by comparing the assumptions to ranges we independently developed based on market observable indices and the knowledge of the EY actuarial specialists. We assessed the impact on the defined benefit pension obligation of changes in financial, demographic and longevity assumptions over the year considering the economic outlook and current market volatility. *IFRIC 14 assessment:* We considered the appropriateness of the Group's recognition of the net retirement benefit asset in accordance with IFRIC 14. Specifically, we assessed whether the Group was entitled to an unconditional right of refund by reference to the terms of the pension agreements.

Key observations communicated to the Audit Committee
The Group accounting policy for the net defined benefit asset is appropriately applied. We communicated our observations on management's key assumptions and judgements. Based on the procedures performed and the evidence obtained, we found the key actuarial assumptions used in the valuation of the defined benefit pension obligation to be within a reasonable range and no material differences were identified during our independent valuation of the pension assets. We were also satisfied that the net defined benefit pension asset was recognised in accordance with IFRIC 14.

IT access management	
Key audit matter	**Our response to the key audit matter**
The Group is highly dependent on technology due to the significant number of transactions that are processed daily. IT access management controls ensure that only authorised users have access to data. Such controls contribute to mitigating the risk of potential fraud or errors as a result of unauthorised access to applications and data. The Group has implemented user access management controls across IT applications, databases and operating systems. Access management is operated by business and IT teams, as well as third parties who work in conjunction to manage associated IT access management controls. The nature of the access management processes across the Group, and the associated audit procedures, form a significant part of our overall IT audit work.	We evaluated the design and operating effectiveness of the IT access management controls over the applications, operating systems and databases that we identified as being in-scope for our audit. We tested user access by assessing the controls in place for in-scope applications, in particular testing user access provisioning, access removal, privileged access and periodic recertification of users' access. Where systems are managed by third-party service providers, we evaluated service organisation control (SOC) reports and tested management's complementary end user controls, where applicable. This includes considering the timing of SOC reports, testing complementary user controls and direct testing with the service provider where required. In areas where we identified control deficiencies, we undertook substantive procedures, such as validation of user accounts, inspection of system logs and review of how accounts had been used, combined with the testing of complementary controls, where required.
Key observations communicated to the Audit Committee Our testing identified that IT access management controls relevant to the audit were generally operating effectively. Where control deficiencies were identified, we performed additional audit procedures to address identified risks relating to access management. The combination of controls testing and substantive procedures enabled us to address the risk relating to user access management for the purpose of our audit.	

In the prior period, our auditor's report included a key audit matter relating to the valuation of the gain on acquisition of Virgin Money, including the subsequent unwind of fair value adjustments, given the significance of the transaction in the prior period. We do not consider this to be a key audit matter for the current period. The risks relating to the remaining key audit matters remain consistent with the prior period.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

		Group	Society
Overall materiality	The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures	£94.4 million (2025: £83.5 million)	£86.4 million (2025: £61.1 million)
Basis of materiality	Percentage of profit before tax, adjusted for member reward payments	5%	5%
Performance materiality	The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.	£70.8 million (2025: £62.6 million)	£64.8 million (2025: £45.8 million)
Reporting threshold	An amount below which identified misstatements are considered as being clearly trivial.	£4.7 million (2025: £4.2 million)	£4.3 million (2025: £3.1 million)

Materiality

We consider profit before tax, adjusted for member reward payments, to be the most useful measure for users of the financial statements to assess the Group's and the Society's performance. The 5% basis used for Group materiality is consistent with the wider industry and is the standard for regulated entities.

Performance materiality

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2025: 75%) of planning materiality. We have set performance materiality at this percentage based on our experience of misstatements and taking into account the effectiveness of the control environment.

Audit work was undertaken for component entities for the purpose of responding to the assessed risks of material misstatement of the Group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £21.2 million to £61.6 million (2025: £28.2 million to £56.4 million).

Reporting threshold

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of the reporting threshold for the Group and the Society respectively, which is set at 5% (2025: 5%) of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Building Societies Act 1986

In our opinion:

- The Annual business statement and the Directors' report have been prepared in accordance with the requirements of the Building Societies Act 1986;
- The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The information given in the Annual business statement (other than the information upon which we are not required to report) gives a true representation of the matters in respect of which it is given.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Building Societies Act 1986 requires us to report to you if, in our opinion:

- Proper accounting records have not been kept by the Society; or
- The Group's or Society's financial statements are not in agreement with the accounting records; or
- We have not received all the information and explanations and access to documents we require for our audit.

Corporate governance statement

We have reviewed the directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's and the Society's voluntary compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement are materially consistent with the financial statements or our knowledge obtained during the audit:

- The directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 92;
- The directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate, set out on page 29;
- The directors' statement on fair, balanced and understandable, set out on page 92;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on pages 26 to 28;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 57; and
- The section describing the work of the Audit Committee, set out on page 61.

Report of the directors on remuneration

The Society voluntarily prepares a Report of the directors on remuneration in accordance with the provisions of the Companies Act 2006. The directors have requested that we audit the part of the Report of the directors on remuneration specified by the Companies Act 2006 to be audited as if the Society were a quoted company.

In our opinion, the part of the Report of the directors on remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 91, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Group and management.
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are the regulations, licence conditions and supervisory requirements of the PRA and the FCA. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as UK adopted International Accounting Standards and the Building Societies Act 1986.
- We understood how the Group is complying with those legal and regulatory frameworks by making enquiries of management, Internal Audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Group and UK regulatory bodies; reviewed minutes of the Board and Board Risk Committee; and gained an understanding of the Group's approach to governance, demonstrated by the Board's approval of the Group's governance framework.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur, by considering the controls that the Group has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. We made enquiries of management and Internal Audit to supplement our assessment of how fraud might occur. Our procedures to address the risks identified also included incorporation of unpredictability into the nature, timing and/or extent of our testing, challenging assumptions and judgements made by management in their significant accounting estimates, and testing year-end adjustments and other targeted journal entries posted with certain descriptions or unusual characteristics.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of internal and external legal counsel, executive management and Internal Audit, and reviewing the key policies, reports on the legal and regulatory frameworks, and internal whistleblowing logs. With involvement of the relevant specialists, we also conducted a review of correspondence with regulators, including the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA), as well as meeting with the regulators in order to gain an understanding of any regulatory investigations being undertaken. We also evaluated the appropriateness of the recognition and disclosure of provisions and the contingent liability disclosures made in note 27 and note 29 to the financial statements.
- The Group operates in the banking industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address:

- We were appointed as auditors by the Society on 2 August 2019 to audit the financial statements for the year ended 4 April 2020 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is seven years, covering the years ending 2020 to 2026.
- The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Society's members, as a body, in accordance with Section 78 of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Manprit Dosanjh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
20 May 2026

Income statements

For the year ended 31 March 2026					
		Group		Society	
	Notes	2026 £m	2025 £m	2026 £m	2025 £m
Interest receivable and similar income	3	**17,102**	16,082	**12,581**	13,538
Interest expense and similar charges	4	**(11,026)**	(11,090)	**(8,607)**	(9,676)
Net interest income		**6,076**	4,992	**3,974**	3,862
Fee and commission income	5	**697**	515	**482**	415
Fee and commission expense	5	**(420)**	(356)	**(318)**	(308)
Other operating (expense)/income	6	**(9)**	21	**249**	97
Gains from derivatives and hedge accounting	7	**35**	12	**79**	46
Gain on acquisition		**-**	2,300	**-**	-
Total income		**6,379**	7,484	**4,466**	4,112
Administrative expenses	8	**(4,159)**	(3,550)	**(2,620)**	(2,474)
Impairment charge on loans and advances to customers	10	**(331)**	(632)	**(119)**	(18)
Profit before member reward payments and tax		**1,889**	3,302	**1,727**	1,620
Member reward payments		**(399)**	(1,000)	**(399)**	(1,000)
Profit before tax		**1,490**	2,302	**1,328**	620
Taxation	11	**(387)**	36	**(324)**	(135)
Profit after tax		**1,103**	2,338	**1,004**	485
Profit attributable to non-controlling interests		**45**	34	**-**	-
Profit attributable to members		**1,058**	2,304	**1,004**	485

The notes on pages 192 to 274 form part of these financial statements.

Statements of comprehensive income

For the year ended 31 March 2026

	Notes	Group 2026 £m	Group 2025 £m	Society 2026 £m	Society 2025 £m
Profit after tax		**1,103**	2,338	**1,004**	485
Other comprehensive expense:					
Items that will not be reclassified to the income statement					
Retirement benefit obligations:					
Remeasurement of net retirement benefit asset	30	**(224)**	(192)	**(211)**	(101)
Taxation	11	**55**	48	**53**	27
		(169)	(144)	**(158)**	(74)
Revaluation reserve:					
Revaluation of property		**-**	1	**1**	-
Taxation	11	**-**	-	**-**	-
		-	1	**1**	-
Fair value through other comprehensive income reserve:					
Revaluation gains/(losses) on equity instruments at fair value through other comprehensive income		**1**	(1)	**-**	(4)
Taxation	11	**-**	(1)	**-**	-
		1	(2)	**-**	(4)
		(168)	(145)	**(157)**	(78)
Items that may subsequently be reclassified to the income statement					
Cash flow hedge reserve:					
Hedging net (losses)/gains arising during the period		**(136)**	30	**(31)**	(8)
Amount transferred to income statement		**14**	(24)	**1**	1
Taxation	11	**32**	(1)	**6**	3
		(90)	5	**(24)**	(4)
Other hedging reserve:					
Hedging net gains/(losses) arising during the period		**11**	(8)	**(12)**	22
Amount transferred to income statement		**(3)**	5	**(1)**	4
Taxation	11	**(2)**	1	**(2)**	-
		6	(2)	**(15)**	26
Fair value through other comprehensive income reserve:					
Revaluation gains/(losses) on debt instruments at fair value through other comprehensive income		**102**	(103)	**107**	(97)
Amount transferred to income statement		**25**	(8)	**21**	(8)
Taxation	11	**(35)**	31	**(36)**	29
		92	(80)	**92**	(76)
		8	(77)	**53**	(54)
Other comprehensive expense:		**(160)**	(222)	**(104)**	(132)
Total comprehensive income		**943**	2,116	**900**	353
Attributable to:					
Non-controlling interests		**45**	34	**-**	-
Members' interests		**898**	2,082	**900**	353
Total comprehensive income		**943**	2,116	**900**	353

The notes on pages 192 to 274 form part of these financial statements.

Balance sheets

At 31 March 2026					
		Group		Society	
	Notes	2026 £m	2025 £m	2026 £m	2025 (note i) £m
Assets					
Cash and balances with central banks		**38,411**	29,483	**22,254**	18,601
Loans and advances to banks and similar institutions		**1,758**	1,810	**1,204**	1,339
Investment securities	13	**25,905**	28,663	**21,990**	22,402
Derivative financial instruments	15	**3,341**	4,742	**3,956**	5,373
Fair value adjustment for portfolio hedged risk		**(2,121)**	(2,037)	**(1,940)**	(1,985)
Loans and advances to customers	14	**311,483**	300,889	**194,425**	183,843
Investments in Group undertakings	33	**-**	-	**4,864**	4,056
Amounts due from Group undertakings	35	**-**	-	**47,754**	42,833
Intangible assets	25	**1,265**	1,481	**746**	782
Property, plant and equipment	26	**759**	796	**587**	615
Accrued income and prepaid expenses		**364**	394	**278**	290
Deferred tax assets	11	**301**	278	**53**	105
Current tax assets		**-**	262	**11**	226
Other assets		**146**	224	**91**	126
Retirement benefit asset	30	**716**	892	**349**	534
Total assets		**382,328**	367,877	**296,622**	279,140
Liabilities					
Shares		**217,052**	207,428	**217,052**	207,428
Deposits from banks and similar institutions	16	**5,453**	6,053	**4,449**	5,102
Other deposits	17	**76,766**	74,667	**4,056**	4,283
Fair value adjustment for portfolio hedged risk		**(106)**	27	**(106)**	27
Debt securities in issue	18	**54,821**	51,109	**46,374**	39,429
Derivative financial instruments	15	**1,178**	1,547	**1,478**	1,637
Other liabilities		**1,983**	2,432	**537**	727
Provisions for liabilities and charges	27	**78**	70	**33**	26
Accruals and deferred income		**552**	1,223	**366**	909
Amounts due to Group undertakings	35	**-**	-	**3,241**	2,948
Subordinated liabilities	19	**2,931**	2,444	**2,932**	1,674
Subscribed capital	20	**46**	129	**46**	129
Deferred tax liabilities	11	**217**	266	**87**	134
Current tax liabilities		**68**	-	**107**	88
Total liabilities		**361,039**	347,395	**280,652**	264,541
Members' interests and equity					
Core capital deferred shares	31	**1,157**	1,157	**1,157**	1,157
Other equity instruments	32	**2,178**	1,485	**2,178**	1,485
General reserve		**17,746**	17,086	**12,635**	12,011
Revaluation reserve		**35**	35	**35**	34
Cash flow hedge reserve		**42**	132	**(22)**	2
Other hedging reserve		**(47)**	(53)	**28**	43
Fair value through other comprehensive income reserve		**(26)**	(119)	**(41)**	(133)
Total members' interests and equity		**21,085**	19,723	**15,970**	14,599
Non-controlling interests		**204**	759	**-**	-
Total equity and liabilities		**382,328**	367,877	**296,622**	279,140

The notes on pages 192 to 274 form part of these financial statements.

Approved by the Board of directors on 20 May 2026.

K A H Parry OBE Chairman
D A Crosbie DBE Group Chief Executive Officer
M J Mathieson Group Chief Financial Officer

Note:
i. Comparatives have been restated as detailed in note 1

Group statement of movements in members' interests and equity

For the year ended 31 March 2026	Core capital deferred shares	Other equity instruments	General reserve	Revaluation reserve	Cash flow hedge reserve	Other hedging reserve	FVOCI reserve	Total members' interests	Non-controlling interest	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2025	1,157	1,485	17,086	35	132	(53)	(119)	19,723	759	20,482
Profit for the year	-	-	**1,058**	-	-	-	-	**1,058**	**45**	**1,103**
Net remeasurements of retirement benefit obligations	-	-	**(169)**	-	-	-	-	**(169)**	-	**(169)**
Net movement in cash flow hedge reserve	-	-	-	-	**(90)**	-	-	**(90)**	-	**(90)**
Net movement in other hedging reserve	-	-	-	-	-	**6**	-	**6**	-	**6**
Net movement in FVOCI reserve	-	-	-	-	-	-	**93**	**93**	-	**93**
Total comprehensive income	-	-	**889**	-	**(90)**	**6**	**93**	**898**	**45**	**943**
Issuance of Additional Tier 1 capital	-	**693**	-	-	-	-	-	**693**	-	**693**
Distributions to the holders of core capital deferred shares	-	-	**(94)**	-	-	-	-	**(94)**	-	**(94)**
Distributions to the holders of Additional Tier 1 capital	-	-	**(128)**	-	-	-	-	**(128)**	-	**(128)**
Redemption of non-controlling interests	-	-	**(7)**	-	-	-	-	**(7)**	**(555)**	**(562)**
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	**(45)**	**(45)**
At 31 March 2026	**1,157**	**2,178**	**17,746**	**35**	**42**	**(47)**	**(26)**	**21,085**	**204**	**21,289**

For the period ended 31 March 2025	Core capital deferred shares	Other equity instruments	General reserve	Revaluation reserve	Cash flow hedge reserve	Other hedging reserve	FVOCI reserve	Total members' interests	Non-controlling interests	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	1,157	1,336	15,119	36	127	(51)	(38)	17,686	-	17,686
Profit for the period	-	-	2,304	-	-	-	-	2,304	34	2,338
Net remeasurements of retirement benefit obligations	-	-	(144)	-	-	-	-	(144)	-	(144)
Net revaluation of property	-	-	-	1	-	-	-	1	-	1
Net movement in cash flow hedge reserve	-	-	-	-	5	-	-	5	-	5
Net movement in other hedging reserve	-	-	-	-	-	(2)	-	(2)	-	(2)
Net movement in FVOCI reserve	-	-	-	-	-	-	(82)	(82)	-	(82)
Total comprehensive income	-	-	2,160	1	5	(2)	(82)	2,082	34	2,116
Reserve transfer	-	-	1	(2)	-	-	1	-	-	-
Issuance of Additional Tier 1 capital	-	742	-	-	-	-	-	742	-	742
Redemption of Additional Tier 1 capital	-	(593)	(7)	-	-	-	-	(600)	-	(600)
Distributions to the holders of core capital deferred shares	-	-	(94)	-	-	-	-	(94)	-	(94)
Distributions to the holders of Additional Tier 1 capital	-	-	(93)	-	-	-	-	(93)	-	(93)
Non-controlling interests on acquisition of a subsidiary	-	-	-	-	-	-	-	-	759	759
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(34)	(34)
At 31 March 2025	1,157	1,485	17,086	35	132	(53)	(119)	19,723	759	20,482

The notes on pages 192 to 274 form part of these financial statements.

Society statement of movement in members' interests and equity

For the year ended 31 March 2026	Core capital deferred shares	Other equity instruments	General reserve	Revaluation reserve	Cash flow hedge reserve	Other hedging reserve	FVOCI reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2025	1,157	1,485	12,011	34	2	43	(133)	14,599
Profit for the year	-	-	**1,004**	-	-	-	-	**1,004**
Net remeasurements of retirement benefit obligations	-	-	**(158)**	-	-	-	-	**(158)**
Net revaluation of property	-	-	-	**1**	-	-	-	**1**
Net movement in cash flow hedge reserve	-	-	-	-	**(24)**	-	-	**(24)**
Net movement in other hedging reserve	-	-	-	-	-	**(15)**	-	**(15)**
Net movement in FVOCI reserve	-	-	-	-	-	-	**92**	**92**
Total comprehensive income	-	-	**846**	**1**	**(24)**	**(15)**	**92**	**900**
Issuance of Additional Tier 1 capital	-	**693**	-	-	-	-	-	**693**
Distributions to the holders of core capital deferred shares	-	-	**(94)**	-	-	-	-	**(94)**
Distributions to the holders of Additional Tier 1 capital	-	-	**(128)**	-	-	-	-	**(128)**
At 31 March 2026	**1,157**	**2,178**	**12,635**	**35**	**(22)**	**28**	**(41)**	**15,970**

For the period ended 31 March 2025	Core capital deferred shares	Other equity instruments	General reserve	Revaluation reserve	Cash flow hedge reserve	Other hedging reserve	FVOCI reserve	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	1,157	1,336	11,792	36	6	17	(53)	14,291
Profit for the period	-	-	485	-	-	-	-	485
Net remeasurements of retirement benefit obligations	-	-	(74)	-	-	-	-	(74)
Net movement in cash flow hedge reserve	-	-	-	-	(4)	-	-	(4)
Net movement in other hedging reserve	-	-	-	-	-	26	-	26
Net movement in FVOCI reserve	-	-	-	-	-	-	(80)	(80)
Total comprehensive income	-	-	411	-	(4)	26	(80)	353
Reserve transfer	-	-	2	(2)	-	-	-	-
Issuance of Additional Tier 1 capital	-	742	-	-	-	-	-	742
Redemption of Additional Tier 1 capital	-	(593)	(7)	-	-	-	-	(600)
Distributions to the holders of core capital deferred shares	-	-	(94)	-	-	-	-	(94)
Distributions to the holders of Additional Tier 1 capital	-	-	(93)	-	-	-	-	(93)
At 31 March 2025	1,157	1,485	12,011	34	2	43	(133)	14,599

The notes on pages 192 to 274 form part of these financial statements.

Cash flow statements

For the year ended 31 March 2026						
		Group		Society		
		2026	2025	**2026**	2025
	Notes	**£m**	£m	**£m**	£m
Cash flows generated from/(used in) operating activities						
Profit before tax		**1,490**	2,302	**1,328**	620
Adjustments for:						
Non-cash items included in profit before tax	36	**1,620**	(126)	**1,233**	1,322
Changes in operating assets and liabilities	36	**878**	(9,865)	**(1,252)**	(8,671)
Taxation	36	**(84)**	(225)	**(79)**	(181)
Net cash flows generated from/(used in) in operating activities		**3,904**	(7,914)	**1,230**	(6,910)
Cash flows generated from/(used in) investing activities					
Purchase of investment securities		**(15,494)**	(8,830)	**(15,479)**	(8,029)
Investment in subsidiary capital, senior non-preferred and subordinated notes		**-**	-	**(4,045)**	(1,548)
Sale and maturity of investment securities		**18,248**	12,566	**16,299**	12,009
Purchase of property, plant and equipment		**(96)**	(98)	**(80)**	(90)
Sale of property, plant and equipment		**3**	8	**2**	7
Purchase of intangible assets		**(330)**	(303)	**(330)**	(303)
Net cash flow from acquisition of Virgin Money UK PLC		**-**	7,430	**-**	(2,866)
Net cash flows generated from/(used in) investing activities		**2,331**	10,773	**(3,633)**	(820)
Cash flows generated from financing activities					
Distributions paid to the holders of core capital deferred shares		**(94)**	(94)	**(94)**	(94)
Issuance of Additional Tier 1 capital		**693**	742	**693**	742
Redemption of Additional Tier 1 capital		**-**	(600)	**-**	(600)
Redemption of non-controlling interests		**(562)**	-	**-**	-
Distributions paid to the holders of Additional Tier 1 capital		**(128)**	(93)	**(128)**	(93)
Distributions paid to non-controlling interests		**(45)**	(34)	**-**	-
Issuance of financing liabilities		**4,681**	4,160	**6,568**	4,160
Redemption of financing liabilities		**(1,522)**	(1,822)	**(197)**	(1,822)
Interest paid on financing liabilities		**(854)**	(776)	**(735)**	(623)
Repayment of lease liabilities		**(45)**	(41)	**(29)**	(32)
Net cash flows generated from financing activities		**2,124**	1,442	**6,078**	1,638
Effect of exchange rate changes on cash and cash equivalents		**(6)**	(121)	**(6)**	(122)
Net increase/(decrease) in cash and cash equivalents		**8,353**	4,180	**3,669**	(6,214)
Cash and cash equivalents at start of period		**28,525**	24,345	**18,121**	24,335
Cash and cash equivalents at end of period	36	**36,878**	28,525	**21,790**	18,121

Total interest received was £17,341 million (2025: £16,263 million) and total interest paid was £10,528 million (2025: £10,978 million).

The notes on pages 192 to 274 form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies

Basis of preparation

The Group and Society financial statements are prepared in accordance with international accounting standards in conformity with the requirements of the Building Societies Act 1986 and with those parts of the Building Societies (Accounts and Related Provisions) Regulations 1998 (as amended) that are applicable. International accounting standards which have been adopted for use within the UK have also been applied in these financial statements.

Elements of the Risk report (marked as 'audited') form an integral part of the Group and Society financial statements.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, branches and non-specialised buildings, financial assets measured at fair value through other comprehensive income (FVOCI), and derivatives and certain other financial assets and liabilities measured at fair value through profit and loss (FVTPL).

The consolidated financial statements are presented in sterling, which is the functional currency of the Group and Society.

Acquisition of Virgin Money UK PLC

On 1 October 2024, the Group acquired Virgin Money UK PLC (hereafter referred to as Virgin Money). For the comparative period presented, the results of Virgin Money are included in the Group's consolidated financial results for the period from 1 October 2024 to 31 March 2025 only.

Reporting date

The year end date of the Society was changed in the prior period to 31 March. For the comparative period presented, the consolidated financial statements include the period from 5 April 2024 to 31 March 2025.

Basis of consolidation

The assets, liabilities and results of the Society and its undertakings, which include subsidiaries and structured entities, are included in the financial statements on the basis of accounts made up to the reporting date.

Going concern

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

The directors have assessed the Group's ability to continue as a going concern, with reference to current and anticipated market conditions as well as the impact of climate-related matters. The directors confirm they are satisfied that the Group has adequate resources to continue in business for a period of not less than 12 months from the date of approval of these consolidated financial statements and that it is therefore appropriate to adopt the going concern basis.

Restatement of prior year comparatives

A voluntary accounting policy change has been reflected in the Society's balance sheet, to reclassify amounts due to and due from Group undertakings separately from other line items. This change was made to improve presentation by more clearly denoting those balances as arising with related parties.

This change had no impact on the Society's total assets, total liabilities or members' interests and equity at 31 March 2025, and had no impact on profits for the year ended 31 March 2025. Comparatives as at 31 March 2025 have been restated accordingly and are set out below.

Balance sheet extract at 31 March 2025			
	Previously published	Adjustments	Restated
Society	£m	£m	£m
Assets			
Investments in Group undertakings	46,889	(42,833)	4,056
Amounts due from Group undertakings	-	42,833	42,833
Liabilities			
Other deposits	4,525	(242)	4,283
Other liabilities	3,433	(2,706)	727
Amounts due to Group undertakings	-	2,948	2,948

1. Statement of accounting policies (continued)

Adoption of new and revised IFRSs

There were no new standards, amendments to standards or interpretations issued by the International Accounting Standards Board (IASB) that had an effect on these financial statements.

Future accounting developments

'Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7' was issued in May 2024 and is effective for accounting periods beginning on or after 1 January 2026. The amendments provide clarification as to the derecognition criteria for financial liabilities when using an electronic payment system. The amendments also provide guidance on the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows. These amendments are not expected to have a significant impact on the Group.

IFRS 18 'Presentation and Disclosure in Financial Statements' was issued in April 2024 and is effective for accounting periods beginning on or after 1 January 2027, replacing IAS 1. While much of IAS 1 has been retained in IFRS 18, the new standard establishes updated principles for the presentation and disclosure of information in the financial statements, with particular focus on the income statement. The requirements of IFRS 18 are currently being assessed, and while the new standard will potentially alter the presentation of information, it is not anticipated to affect underlying recognition or measurement criteria.

The IASB has also issued a number of other minor amendments to IFRSs that become effective for annual reporting periods beginning on or after 1 January 2026. These amendments are not expected to have a significant impact for the Group.

Accounting policies

A summary of the Group's material accounting policies is set out below. The accounting policies are consistent with those applied by the Group and the Society in the financial statements for the year ended 31 March 2025, except for the voluntary change to the Society's accounting policy for the presentation of balances due to and due from Group companies, as described above.

Further information about judgements in applying accounting policies and critical accounting estimates is provided in note 2.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated in the Society accounts at cost less provisions for any impairment in value.

Securitisation and covered bond transactions

The Group has securitised certain mortgage loans by the transfer of the loans to structured entities controlled by the Group. The securitisation enables a subsequent issuance of debt, either by the entity which originated the mortgages (the 'originator') or the structured entities, to investors who gain the security of the underlying assets as collateral. Those structured entities are fully consolidated into the Group accounts.

The transfers of the mortgage loans to the structured entities are not treated as sales by the originator. The originator continues to recognise the mortgage loans on its own balance sheet after the transfer because it retains their risks and rewards through the receipt of substantially all of the profits or losses of the structured entities. In the accounts of the originator, the proceeds received from the transfer are accounted for as a deemed loan repayable to the structured entities.

For covered bonds, the originator itself and not the structured entity issues the covered bonds and then lends the proceeds to the structured entity on back-to-back terms. The structured entity then uses these proceeds as consideration for the loans transferred from the originator. In the accounts of the originator, neither the loan to the structured entity nor the consideration for the transfer of mortgage loans is recognised separately as an additional asset and liability.

The Group has also entered into self-issuances of debt to be used as collateral for repurchase ('repo') and similar transactions. Investments in self-issued debt and the related obligation, together with the related income, expenditure and cash flows, are not recognised in the Society's or Group's financial statements. This avoids the 'grossing-up' of the financial statements that would otherwise arise.

To manage interest rate risk, the Society enters into derivative transactions with the structured entities, receiving a rate of interest based on the securitised mortgages and paying a rate inherent in the debt issuances. These internal derivatives are treated as part of the deemed loan and not separately fair valued because the relevant mortgage loans are not derecognised. All other derivatives relating to securitisations are treated as explained in the derivatives and hedge accounting policy below.

1. Statement of accounting policies (continued)

Interest receivable and interest expense

For instruments measured at amortised cost the effective interest rate (EIR) method is used to measure the carrying value of a financial asset or liability and to allocate associated interest income or expense over the relevant period.

In calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, early redemption penalty charges) and anticipated customer behaviour but does not consider future credit losses. The calculation includes all fees received and paid and costs incurred that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts above or below market rates.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets. For credit impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit impaired financial assets (i.e. net of the allowance for expected credit losses (ECLs)). Where loans are credit impaired on origination, or when purchased from third parties, the carrying amount at initial recognition is net of the lifetime ECL at that date. For these assets, the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

Interest receivable and similar income calculated using the effective interest rate method also includes interest on financial assets classified as fair value through other comprehensive income, and on derivatives in qualifying hedge relationships.

Interest income not calculated using the effective interest rate method, including interest on financial assets classified as fair value through profit or loss and derivatives not in qualifying hedge relationships, is presented as other interest receivable and similar income.

Member reward payments

Member reward payments represent discretionary payments to members of the Society which may be determined by the Board from time to time, depending on the financial strength of the Society. The Group recognises the expected cost of member reward payments within accruals and deferred income on the date at which they are announced.

Fees and commissions

Fee and commission income and expense comprises fees that are not an integral part of the EIR. Fees and commissions relating to current accounts, savings accounts, mortgages, business lending and credit cards are either:

- transaction-based and therefore recognised when the performance obligation related to the transaction is fulfilled, or
- related to the provision of services over a period of time and therefore recognised on a systematic basis over the life of the agreement as services are provided.

Trail commission relating to investments under administration, general insurance and protection products sold on behalf of third parties may include variable consideration. Where this is the case the trail commission is recognised either on the accruals basis over the period to which the commission relates or, if the uncertainties are more significant, once the uncertainties are resolved.

Segmental reporting

As at 31 March 2025, the Group comprised two reportable segments: the Nationwide sub-group and the Virgin Money sub-group. At that time, the Group Management Committee (GMC) was recognised as the chief operating decision maker.

Subsequently, the GMC was replaced by the Group Executive Committee (Group ExCo), which now fulfils the role of chief operating decision maker. Internal reporting to the Group ExCo no longer distinguishes between the two sub-groups. Instead, performance is reviewed and strategic decisions are made based on the Group as a whole. Accordingly, the Group now comprises a single reportable segment.

Furthermore, as the Group's operations are almost entirely based in the United Kingdom, no geographical segmental analysis is required. As such, no segmental disclosures are presented.

1. Statement of accounting policies (continued)

Leases

At inception, the Group assesses whether a contract is, or contains, a lease. This assessment involves exercising judgement as to whether the contract conveys the right to control the use of an identified asset, and the right to obtain substantially all of the economic benefits from this asset, for a period of time.

Leases held by the Group as a lessee consist primarily of property contracts for branches and office buildings. The Group recognises a right-of-use (RoU) asset and a lease liability at the commencement of the lease, except for short-term leases (defined as leases with a lease term of less than 12 months) and leases of low value assets. Payments for short-term leases and leases of low value assets are generally recognised in the income statement on a straight-line basis.

Intangible assets

Intangible assets held by the Group consist of core deposit and purchased credit card relationship intangible assets acquired in business combinations, as well as externally acquired and internally developed computer software. These assets are held at cost (equivalent to fair value at acquisition for core deposit and purchased credit card relationship intangible assets) less accumulated amortisation and impairment. Intangible assets are amortised using the straight-line method over the following estimated useful lives:

Core deposit intangible	6.5 years
Purchased credit card relationships	5 years
Computer software	3 to 10 years

Intangible assets are reviewed for indicators of impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount is not recoverable, the asset is written down immediately to the estimated recoverable amount.

Property, plant and equipment

Freehold and long leasehold properties comprise mainly branches and office buildings.

Branches and non-specialised buildings are stated at revalued amounts representing fair value, determined by market-based evidence at the date of the valuation, less any subsequent accumulated depreciation and subsequent impairment. Valuations are completed annually as at 31 March, or more frequently if required, by external, independent and qualified surveyors who have recent experience in the location and type of properties. Valuations are performed in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Standards and are generally performed on a vacant possession basis, using a comparative method of valuation with reference to sales prices and observable market rents for similar properties in similar locations.

The Group holds a small number of investment properties comprising properties held for rental which are held at fair value, with changes in fair value recognised in the income statement.

Other property, plant and equipment, including specialised administration buildings, are included at historical cost less accumulated depreciation and impairment. Land is not depreciated. Other assets are depreciated over the following estimated useful lives:

Branches and non-specialised buildings	60 years
Specialised administration buildings	up to 60 years
Plant and machinery	5 to 15 years
Equipment, fixtures, fittings and vehicles	3 to 10 years

Assets are reviewed for indicators of impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount is not recoverable the asset is written down immediately to the estimated recoverable amount.

Employee benefits

The Group operates a number of defined benefit and defined contribution pension arrangements.

The net defined benefit asset or liability represents the difference between the present value of defined benefit obligations and the fair value of plan assets, after applying the asset ceiling test, where a net defined benefit surplus recognised on the balance sheet is limited to the present value of available refunds and reductions in future contributions to the plan.

The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows, using a discount rate derived from yields of high-quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability.

Actuarial remeasurements arise from experience adjustments (the effects of differences between previous actuarial assumptions and what has actually occurred) and changes in forward-looking actuarial assumptions. Actuarial remeasurements are recognised in full, in the year they occur, in other comprehensive income.

1. Statement of accounting policies (continued)

A defined contribution arrangement is one into which the Group and the employee pay fixed contributions, without any further obligation to pay additional contributions. Payments to defined contribution schemes are charged to the income statement as they fall due.

The Group also offers variable compensation to employees, including bonus schemes. For performance-based awards, no amounts are recognised in the income statement until it is considered probable that payments will be made. Where a performance-based bonus payment is considered probable, the amount recognised in the income statement will reflect the portion of the vesting period that has passed. The vesting period for performance-based awards runs from the start of the performance period associated with the plan to the settlement date.

Provisions

A provision is recognised where there is a present obligation as a result of a past event, it is probable that the obligation will be settled, and it can be reliably estimated.

Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by the outcome of uncertain future events, and present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised on the balance sheet but are disclosed, unless the likelihood of an outflow of economic resources is remote.

Taxation

Current tax payable on profits is recognised as an expense in the period in which profits arise. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, taxation authorities. Management evaluates where uncertain taxation positions exist and recognises provisions, where appropriate, to reflect the best estimate of the probable outcome.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and which are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

The amounts recognised for deferred tax assets are reviewed at each reporting date. In the case of deferred tax assets relating to tax losses carried forward, the Group assesses the likelihood of recovery and considers whether it is probable that sufficient future taxable profits will be available over a suitable planning horizon against which the tax losses can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities, and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity, or different taxable entities where there is an intention to settle on a net basis.

Current and deferred tax are charged or credited in the income statement except to the extent that the tax arises from a transaction or event which is recognised outside the income statement. In this case, the tax appears in the same statement as the transaction that gave rise to it. An exception to this principle relates to the tax consequences of the Group's distributions on other equity instruments. Although such distributions are recognised directly in equity, the tax consequences are credited to the income statement, where the profit being distributed originally arose.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash and non-restricted balances with less than three months maturity from the date of acquisition, included within cash and balances at central banks and loans and advances to banks and similar institutions on the balance sheet.

Financial assets

Financial assets primarily consist of cash and balances at central banks, loans and advances to banks and similar institutions, investment securities, derivative financial instruments and loans and advances to customers.

Recognition and derecognition

All financial assets are recognised initially at fair value. Purchases and sales of investment securities and derivative financial instruments are accounted for at trade date. All other financial assets are accounted for at settlement date. Financial assets are derecognised when the rights to receive cash flows have expired or where the assets have been transferred and substantially all the risks and rewards of ownership have been transferred.

Modification of contractual terms

An instrument that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms (such as renegotiations of commercial loans). Residential mortgages reaching the end of a fixed interest deal period are deemed repricing events, rather than a modification of contractual terms, as the change in interest rate at the end of the fixed rate period was envisaged in the original mortgage contract.

1. Statement of accounting policies (continued)

Where an instrument is renegotiated and not derecognised, the change is considered a modification of contractual terms. Where this arises, the gross carrying amount of the loan is recalculated as the present value of the renegotiated or modified contractual cash flows, discounted at the loan's original effective interest rate. Any gain or loss on recalculation is recognised immediately in the income statement.

Classification and measurement

The classification and subsequent measurement of financial assets is based on an assessment of the Group's business models for managing the assets and their contractual cash flow characteristics. Financial assets are classified into the following three categories:

(a) Amortised cost

Financial assets held to collect contractual cash flows and where contractual terms comprise solely payments of principal and interest (SPPI) are classified as amortised cost. This category of financial assets includes cash and balances at central banks, loans and advances to banks and similar institutions, the majority of the Group's residential mortgage and business lending, all unsecured lending, and certain investment securities within a 'hold to collect' business model.

Financial assets within this category are recognised on settlement date (for cash and balances with central banks, loans and advances to banks and similar institutions, and loans and advances to customers), or on the trade date for purchases of investment securities. After initial recognition, the assets are measured at amortised cost using the effective interest rate method, less provisions for expected credit losses.

Leases entered into by the Group as lessor, where the Group transfers substantially all the risks and rewards of ownership to the lessee, are classified as finance leases. The leased asset is not held on the Group balance sheet; instead, a finance lease is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate implicit in the lease. Interest income is recognised in interest receivable, allocated to accounting years to reflect a constant periodic rate of return.

(b) Fair value through other comprehensive income (FVOCI)

Debt instruments held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and where contractual terms comprise solely payments of principal and interest (SPPI), are classified as, and measured at, FVOCI. This category of financial assets includes most of the Group's investment securities which are held to manage liquidity requirements.

Financial assets within this category are recognised on trade date. The assets are measured at fair value using, in the majority of cases, market prices or, where there is no active market, prices obtained from market participants. In sourcing valuations, the Group makes use of a consensus pricing service, in line with standard industry practice.

In cases where market prices or prices from market participants are not available, discounted cash flow models are used.

Interest on FVOCI debt instruments is recognised in interest receivable and similar income in the income statement, using the effective interest rate method. Unrealised gains and losses arising from changes in value are recognised in other comprehensive income. Provisions for expected credit losses and foreign exchange gains or losses are recognised in the income statement. Cumulative gains or losses arising on sale of FVOCI debt instruments are recognised in the income statement within other operating income/(expense), net of any credit or foreign exchange gains or losses already recognised.

Upon initial recognition, the Group may elect to classify irrevocably some of its equity investments as FVOCI when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation' and are not held for trading. Such classification is determined on an instrument-by instrument basis. Gains and losses on these equity instruments are never recycled to the income statement. Dividends are recognised in the income statement as other operating income unless deemed to represent a recovery of part of the cost of the investment. Equity instruments at FVOCI are not subject to an impairment assessment.

(c) Fair value through profit or loss (FVTPL)

All other financial assets are measured at FVTPL. Financial assets within this category primarily include derivative instruments and a small number of residential and business loans and investment securities with contractual cash flow characteristics which do not meet the SPPI criteria. The contractual terms for these cash flows include contingent or leverage features, or returns based on movements in underlying collateral values such as house prices.

Fair values are based on observable market data, valuations obtained from third parties or, where these are not available, internal models. Gains or losses arising from changes in the fair value of these instruments and on disposal are recognised in the income statement within other operating income.

Hedge accounting is not applied to assets classified as FVTPL; however, hedging may be applied for economic purposes. Gains or losses arising from changes in the fair value of derivatives economically hedging FVTPL financial assets are also included within other operating income.

1. Statement of accounting policies (continued)

Impairment of financial assets

Financial assets within the scope of IFRS 9 expected credit loss (ECL) requirements comprise all financial debt instruments measured at either amortised cost or FVOCI. These include cash and balances at central banks, loans and advances to banks and similar institutions, and the majority of investment securities and loans and advances to customers. Also within scope are irrevocable undrawn commitments to lend and intra-group lending (the latter being eliminated on consolidation in the Group financial statements).

The ECL represents the present value of expected cash shortfalls following the default of a financial instrument, including any undrawn commitment. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive.

The allowance for ECLs is based on an assessment of the probability of default, exposure at default and loss given default, discounted at the effective interest rate to give a net present value of cash flows. The estimation of ECLs is unbiased and probability weighted, taking into account all reasonable and supportable information, including forward-looking economic assumptions and a range of possible outcomes. ECLs are typically calculated from initial recognition of the financial asset for the maximum contractual period that the Group is exposed to the credit risk. However, for revolving credit loans such as credit cards and overdrafts, the Group's credit risk is not limited to their contractual period and therefore the expected life of the loan and associated undrawn commitment is calculated based on the behavioural life of the loan.

For financial assets recognised in the balance sheet at amortised cost, the allowance for ECLs is offset against the gross carrying value so that the amount presented in the balance sheet is net of impairment provisions. For financial assets classified as FVOCI, any credit losses recognised are offset against cumulative fair value movements within the other comprehensive income reserve. For separately identifiable irrevocable loan commitments, where the related financial asset has not yet been advanced, the provision is presented in provisions for liabilities and charges in the balance sheet.

Forward-looking economic inputs

ECLs are calculated by reference to information on past events, current conditions and forecasts of future economic conditions. Multiple economic scenarios are incorporated into ECL calculation models. These scenarios are based on external sources where available and appropriate, and internally generated assumptions in all other cases. An appropriate number of scenarios are considered to capture any non-linear relationship between economic assumptions and credit losses. These scenarios are weighted based on management's view of their probability. Further information is provided in note 10.

Credit risk categorisation

For the purpose of calculating ECLs, assets are categorised into three stages as follows:

Stage 1: no significant increase in credit risk since initial recognition

On initial recognition, and for financial assets where there has not been a significant increase in credit risk since initial recognition, provision is made for losses from credit default events expected to occur within the next 12 months. Expected credit losses for these stage 1 assets continue to be recognised on this basis unless there is a significant increase in the credit risk of the asset.

Stage 2: significant increase in credit risk

Financial assets are categorised as being within stage 2 where an instrument has experienced a significant increase in credit risk since initial recognition. For these assets, provision is made for losses from credit default events expected to occur over the lifetime of the instrument.

Whether a significant increase in credit risk has occurred is ascertained by considering both quantitative and qualitative factors. Quantitative considerations take into account changes in the residual lifetime probability of default (PD) of the asset. As a backstop, all assets with an arrears status of more than 30 days past due on contractual payments are considered to be in stage 2.

Qualitative factors that may indicate a significant change in credit risk include concession events that are deemed to be forbearance.

Further information about the identification of significant increases in credit risk is provided in note 10.

1. Statement of accounting policies (continued)

Stage 3: credit impaired (or defaulted) loans

Financial assets are transferred into stage 3 when there is objective evidence that an instrument is credit impaired. Provisions for stage 3 assets are made on the basis of credit default events expected to occur over the lifetime of the instrument. Assets are considered credit impaired when:

- Contractual payments of either principal or interest are past due by more than 90 days;
- There are other indications that the borrower is unlikely to pay, such as signs of financial difficulty, probable bankruptcy, breaches of contract and concession events which have a detrimental impact on the present value of future cash flows; or
- The loan is otherwise considered to be in default.

Interest income on stage 3 credit impaired loans is recognised in the income statement on the loan balance net of the ECL provision. The gross balance sheet value of stage 3 loans reflects the contractual terms of the assets and continues to increase over time with the contractually accrued interest.

Purchased or originated credit impaired (POCI) loans

Where loans are credit impaired on origination, or when purchased from third parties, lifetime ECLs are incorporated into the calculation of the effective interest rate on initial recognition. POCI assets do not carry an impairment allowance on initial recognition, and the amount recognised as a loss allowance subsequently is equal to the changes in lifetime ECLs since initial recognition of the asset discounted at the credit impaired EIR. POCI loans are separately disclosed as credit impaired loans and cannot be transferred out of the POCI designation, even if there is a significant improvement in credit quality.

Transfers between stages

Transfers from stage 1 to 2 occur when there has been a significant increase in credit risk and from stage 2 to 3 when credit impairment is indicated as described above.

Loans in stage 2 or 3 can transfer back to stage 1 or 2 once the criteria for a significant increase in credit risk or impairment are no longer met. For loans subject to concession events deemed to be forbearance, accounts are transferred back to stage 1 or 2 only after being up to date for a period of up to 36 months, depending on the concession.

Write-off

Loans remain on the balance sheet, net of associated provisions, until they are deemed to have no reasonable expectation of recovery. Loans are generally written off after realisation of any proceeds from collateral and upon conclusion of the collections process, including consideration of whether an account has reached a point where continuing attempts to recover are no longer likely to be successful. Where a loan is not recoverable, it is written off against the related provision for loan impairment once all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the value of impairment charges recorded in the income statement.

Financial liabilities

Borrowings, including shares, deposits, debt securities in issue, subordinated liabilities and permanent interest-bearing shares (subscribed capital) are recognised initially at fair value, being the issue proceeds net of premiums, discounts and transaction costs incurred.

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is adjusted for the amortisation of any premiums, discounts and transaction costs. The amortisation is recognised in interest expense and similar charges using the effective interest rate method.

Derivative financial liabilities are measured at FVTPL. Borrowings that are designated as hedged items are subject to measurement under the hedge accounting requirements described in the derivatives and hedge accounting policy below.

Financial liabilities are derecognised when the obligation is discharged, cancelled or has expired. The financial liabilities of dormant shares and deposit accounts are extinguished when balances have been transferred to the Government-backed unclaimed asset scheme under the terms of the Dormant Accounts and Building Society Accounts Act 2008, with no impact on the income statement.

Fair value of assets and liabilities

IFRS 13 'Fair Value Measurement' requires an entity to classify assets and liabilities held at fair value, and those not measured at fair value but for which the fair value is disclosed, according to a hierarchy that reflects the significance of observable market inputs in calculating those fair values. The three levels of the fair value hierarchy are defined below.

Level 1 – Valuation using quoted market prices

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price reflects actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

1. Statement of accounting policies (continued)

Level 2 – Valuation technique using observable inputs

Assets and liabilities classified as Level 2 are valued using models whose inputs are observable in an active market. Valuations based on observable inputs include derivative financial instruments such as swaps and forward rate agreements which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable. They also include investment securities valued using consensus pricing or other observable market prices.

Level 3 – Valuation technique using significant unobservable inputs

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. An input is deemed significant if it is shown to contribute more than 10% to the valuation of a financial instrument.

Derivatives and hedge accounting

Derivatives are entered into to reduce exposures to fluctuations in interest rates, exchange rates, market indices and credit risk, and are not used for speculative purposes.

(a) Derivative financial instruments

Derivatives are carried at fair value with movements in fair values recognised in the income statement. Derivative financial instruments are principally valued by discounted cash flow models using yield curves that are based on observable market data or on valuations obtained from third parties. Discounting uses the appropriate risk-free rate for the currency of the cash flow; for example, GBP cash flows are discounted using a Sonia yield curve.

In the first instance, fair values are calculated using mid prices. An adjustment is then made to derivative assets and liabilities to value them on a bid and offer basis respectively. The bid-offer adjustment is calculated on a portfolio basis and reflects the costs that would be incurred if substantially all residual net portfolio market risks were closed out using available hedging instruments or by disposing of or unwinding actual positions. The methodology for determining the bid-offer adjustments involves netting between long and short positions and the grouping of risk by type, in accordance with the hedging strategy. Bid-offer spreads are derived from market sources such as broker data and are reviewed periodically.

In measuring fair value, separate credit valuation and debit valuation adjustments are made for counterparty or own credit risk to the extent not already included in the valuation. Funding valuation adjustments are also made to reflect an estimate of the adjustment a market participant would make to incorporate funding costs and benefits that arise in relation to derivative exposures.

All derivatives are classified as assets where their fair value is positive and liabilities where their fair value is negative. Where there is the legal right and intention to settle net, then the derivative is classified as a net asset or liability, as appropriate.

Where cash collateral is received, to mitigate the risk inherent in amounts due to the Group, a liability is recognised within deposits from banks and similar institutions. Similarly, where cash collateral is given, to mitigate the risk inherent in amounts due from the Group, an asset is recognised within loans and advances to banks and similar institutions. Where securities collateral is received the securities are not recognised in the accounts as the Group does not obtain the risks and rewards of the securities. Where securities collateral is given, the securities are not derecognised as the Group retains substantially all the risks and rewards of ownership.

(b) Hedge accounting

The Group has adopted the general hedge accounting requirements of IFRS 9 but continues to apply the scope exception which allows ongoing application of IAS 39 for fair value hedge accounting for a portfolio (macro) hedge of interest rate risk. When transactions meet the criteria specified in IFRS 9, the Group can apply two types of hedge accounting: either hedges of the changes in fair value of the financial asset or liability (fair value hedge accounting) or hedges of the variability in cash flows of the financial asset or liability (cash flow hedge accounting). The Group does not have hedges of net investments.

At inception each hedge relationship is formally documented, including a description of the hedged item (a financial asset or liability which is being economically hedged) and the hedging instrument (a derivative), as well as the methods which will be used to assess the effectiveness of the hedge. Hedges accounted for under IFRS 9 are required to be effective on a prospective basis, in line with risk management strategy. Macro hedges which continue to be accounted for under IAS 39 are required to be highly effective on both a retrospective and a prospective basis.

1. Statement of accounting policies (continued)

Fair value and cash flow hedges may have residual hedge ineffectiveness. This is the degree to which the change in fair value of the hedging instrument does not offset the change in fair value of the hedged item. This ineffectiveness is recognised in the income statement and typically arises from:

- Differences in the magnitude or timing of future expected cash flows in the hedged item and hedging instrument;
- Differences in the market curves used to value the hedged item and hedging instrument;
- Unexpected adjustments to either the hedged item or hedging instrument, due to early repayments or disposals; or
- The ongoing amortisation of any existing balance sheet mismatch between the fair value of the hedged item and hedging instrument.

The Group discontinues hedge accounting when:

- It is evident from testing that a hedging instrument ceases to meet the hedge effectiveness requirements;
- The hedging instrument expires, or is sold, terminated or exercised; or
- The hedged item matures, is sold or repaid or, in the case of a forecasted item, is no longer deemed to be highly probable to occur.

For macro hedges which continue to be accounted for under IAS 39, the Group may also decide to prospectively cease hedge accounting even though the hedge relationship continues to be highly effective, by ceasing to designate the financial instrument as a hedge. For hedges accounted for under IFRS 9, the Group is unable to voluntarily de-designate hedging relationships, unless there has been a change to risk management objectives.

Fair value hedge accounting

Fair value hedge accounting results in the carrying value of the hedged item being adjusted to reflect changes in fair value attributable to the risk being hedged. This creates an offset to the fair value movements of the hedging instrument. Changes in the fair value of the hedged items and hedging instruments are recorded in the income statement, except for changes in the fair value of hedging instruments accounted for under IFRS 9 which are attributable to foreign currency basis spreads. Where foreign currency basis spreads are excluded from hedge designation, this element of fair valuation of the hedging instrument is instead recognised directly within equity within the 'other hedging reserve'.

For larger and distinctively identifiable assets and liabilities, such as investment securities and debt securities in issue, a single or small number of hedging instruments may be used. This is referred to as a micro fair value hedge. If the hedge is effective, the Group adjusts the carrying value of that specific asset or liability to reflect changes in its fair value due to movements in the designated benchmark rate, such as Sonia. This creates an offset to the fair value movement of the hedging instruments.

For hedged items which are classified as FVOCI, such as investment securities, there is no further need to adjust their carrying value as they are already held at fair value. Instead, hedge accounting results in an amount being removed from the FVOCI reserve and instead reported in the income statement, to create an offset to the change in fair value of the hedging instrument.

For balances within portfolios of homogeneous instruments, such as mortgages, savings, and business and commercial loans, derivatives may be used to hedge risks on a portfolio basis. The Group creates separate macro hedges for assets and liabilities. The Group determines the hedged item by identifying portfolios of similar assets or liabilities and scheduling the expected future cash flows from these items into repricing time buckets, based on expected rather than actual repricing dates. A portion of the total cash flow from each time bucket is then included in the hedged item. The size of this portion is set so that it is expected to create a highly effective fair value offset to the equivalent future cash flows from the hedging instruments. If the hedge is highly effective the Group records an adjustment in the fair value adjustment for portfolio hedged risk category on the balance sheet. Macro hedges are frequently rebalanced to include new business.

In fair value hedge accounting relationships, if the hedging instrument no longer meets the criteria for hedge accounting, the cumulative fair value hedge adjustment is amortised over the period to maturity of the previously designated hedge relationship. If the hedged item is sold or repaid, the unamortised fair value adjustment is immediately recognised in the income statement.

Cash flow hedge accounting

In a cash flow hedge accounting relationship, the portion of the hedging instrument's fair value movement that is deemed to be an effective hedge is deferred to the cash flow hedge reserve, instead of being immediately recognised in the income statement. The ineffective portion of the derivative fair value movement is recognised immediately in the income statement.

Amounts deferred to the cash flow hedge reserve are subsequently recycled to the income statement. This recycling occurs when the underlying asset or liability being hedged impacts the income statement, for example when interest payments are recognised. In cash flow hedge accounting relationships, if the derivative no longer meets the criteria for hedge accounting, the cumulative gain or loss from the effective portion of the movement in the fair value of the derivative remains in other comprehensive income until the cash flows from the underlying hedged item are recognised in the income statement or are no longer expected to occur. If the hedged item is sold or repaid, the cumulative gain or loss in other comprehensive income is immediately recognised in the income statement.

1. Statement of accounting policies (continued)

Sale and repurchase agreements

Investment and other securities may be lent or sold subject to a commitment to repurchase them at a pre-determined price (a repo). Such securities are retained on the balance sheet when substantially all the risks and rewards of ownership (typically, the interest rate risk and credit risk on the asset) remain within the Group, and the counterparty liability is included separately on the balance sheet within deposits from banks and similar institutions as appropriate.

Similarly, where the Group borrows or purchases securities subject to a commitment to resell them (a reverse repo) but does not acquire the risks and rewards of ownership, the transactions are treated as collateralised loans within loans and advances to banks and similar institutions, and the securities are not included on the balance sheet.

The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest rate method.

Equity instruments

Issued financial instruments are classified as equity instruments where the contractual arrangement with the holder does not result in the Group having a present obligation to deliver cash, another financial asset or a variable number of equity instruments. Where the Group does have a present obligation, the instrument is classified as a financial liability.

Own equity instruments that are reacquired, referred to as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium.

2. Judgements in applying accounting policies and critical accounting estimates

The preparation of the Group's financial statements in accordance with IFRS involves management making judgements and estimates when applying those accounting policies that affect the reported amounts of assets, liabilities, income and expense. Actual results may differ from those on which management's estimates are based. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. For the period ended 31 March 2026, this evaluation has considered the impact of climate-related risks on the Group's financial position and performance. While the effects of climate change represent a source of uncertainty, the Group does not consider there to be a material impact on its judgements and estimates from physical and transition risks of climate change in the short to medium term.

The key areas involving significant sources of estimation uncertainty or a higher degree of judgement by management in applying the Group's accounting policies, where actual results may differ from those on which management's estimates are based, are disclosed in the following notes:

	Estimates	Judgements
Impairment charge and provisions on loans and advances to customers	Note 10	Note 10
Retirement benefit obligations	Note 30	
Deferred taxation	Note 11	Note 11

3. Interest receivable and similar income

	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
On financial assets measured at amortised cost:				
Residential mortgages	**11,160**	8,904	**6,960**	5,955
Group undertakings	**-**	-	**1,835**	1,623
Other loans (note i)	**2,036**	1,399	**780**	749
Other liquid assets, including reserves at central banks	**1,355**	1,647	**864**	1,414
On investment securities measured at FVOCI	**738**	644	**564**	540
Net income on financial instruments hedging assets in a qualifying hedge accounting relationship	**1,760**	3,416	**1,547**	3,201
Total interest receivable and similar income calculated using the effective interest rate method	**17,049**	16,010	**12,550**	13,482
Interest on net defined benefit pension surplus (note 30)	**51**	45	**31**	30
Other interest and similar income (note ii)	**2**	27	**-**	26
Total	**17,102**	16,082	**12,581**	13,538

Notes:
i. Includes interest on finance lease receivables of £62 million (2025: £31 million). More information on leasing arrangements can be found in note 28.
ii. Includes interest on financial instruments hedging assets that are not in a qualifying hedge accounting relationship.

4. Interest expense and similar charges

	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
On shares held by members	**5,608**	6,001	**5,608**	6,001
On non-member retail deposits	**1,536**	834	**-**	-
On subscribed capital	**8**	10	**8**	10
On other deposits and other borrowings:				
Subordinated liabilities	**128**	96	**113**	75
Group undertakings	**-**	-	**145**	137
Deposits from banks and similar institutions and other deposits	**890**	1,246	**424**	965
Debt securities in issue	**2,102**	1,837	**1,644**	1,509
Net expense on financial instruments hedging liabilities	**754**	1,066	**665**	979
Total	**11,026**	11,090	**8,607**	9,676

5. Fee and commission income and expense

	2026			2025		
	Income	**Expense**	**Net**	Income	Expense	Net
Group	**£m**	**£m**	**£m**	£m	£m	£m
Current account and savings (note i)	**421**	**(299)**	**122**	337	(265)	72
Insurance, protection and investments	**64**	**-**	**64**	55	-	55
Mortgage	**9**	**(30)**	**(21)**	13	(31)	(18)
Credit card	**117**	**(66)**	**51**	69	(43)	26
Business (note i)	**86**	**(9)**	**77**	40	(3)	37
Other fees and commissions (note i)	**-**	**(16)**	**(16)**	1	(14)	(13)
Total	**697**	**(420)**	**277**	515	(356)	159

	2026			2025		
	Income	**Expense**	**Net**	Income	Expense	Net
Society	**£m**	**£m**	**£m**	£m	£m	£m
Current account and savings	**383**	**(260)**	**123**	317	(245)	72
Insurance, protection and investments	**44**	**-**	**44**	41	-	41
Mortgage	**4**	**(22)**	**(18)**	7	(25)	(18)
Credit card	**43**	**(24)**	**19**	41	(26)	15
Business (note i)	**7**	**-**	**7**	7	-	7
Other fees and commissions (note i)	**1**	**(12)**	**(11)**	2	(12)	(10)
Total	**482**	**(318)**	**164**	415	(308)	107

Note:
i. Fees and commissions arising on business lending and business deposits have been separately presented in the current year. Prior year comparatives have been updated to be presented on a consistent basis.

6. Other operating income

	Group		**Society**	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Income from investments in Group undertakings	**-**	-	**167**	2
(Losses)/gains on disposal of FVOCI investment securities	**(25)**	8	**(21)**	8
Losses on financial assets measured at FVTPL	**(1)**	(2)	**(2)**	(2)
Recharges for services to Group undertakings	**-**	-	**105**	83
Other income	**17**	15	**-**	6
Total	**(9)**	21	**249**	97

There were no gains or losses on disposal of financial assets measured at amortised cost in the year ended 31 March 2026 (2025: £nil).

7. Gains/losses from derivatives and hedge accounting

As a part of its risk management strategy, the Group uses derivatives to economically hedge financial assets and liabilities. More information on how the Group manages market risk can be found in the Risk report. Hedge accounting is employed by the Group to minimise the accounting volatility associated with the change in fair value of derivative financial instruments. The Group only uses derivatives for the hedging of risks; however, income statement volatility can still arise due to hedge accounting ineffectiveness or because hedge accounting is either not applied or is not currently achievable. The overall impact of derivatives will remain volatile from period to period as new derivative transactions replace those which mature to ensure that interest rate and other market risks are continually managed.

Note 1 describes how fair value and cash flow hedge accounting affect the financial statements and the main sources of the residual hedge ineffectiveness remaining in the income statement. Further information on the current derivative portfolio and the allocation to hedge accounting types is included in note 15.

Gains/(losses) from derivatives and hedge accounting

	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Gains from fair value hedge accounting (note i)	**76**	73	**81**	88
(Losses)/gains from cash flow hedge accounting	**(33)**	(32)	**1**	(1)
Fair value losses from other derivatives (note ii)	**(10)**	(29)	**(2)**	(42)
Foreign exchange retranslation (note iii)	**2**	-	**(1)**	1
Total	**35**	12	**79**	46

Notes:
i. Includes gains or losses from portfolio hedges of interest rate risk arising from amortisation of existing balance sheet amounts and hedge ineffectiveness.
ii. Gains or losses arise from derivatives used for economic hedging purposes which are not currently in a hedge accounting relationship, including derivatives economically hedging fixed rate mortgages not yet on the balance sheet, and valuation adjustments applied at a portfolio level which are not allocated to individual hedge accounting relationships.
iii. Gains or losses arise from the retranslation of foreign currency monetary items not subject to effective hedge accounting.

7. Gains/losses from derivatives and hedge accounting (continued)

Fair value hedge accounting

Interest rate and currency derivatives are used to economically hedge the fair value of fixed rate assets and liabilities. The market risk from fixed rate assets and liabilities may be netted down before deciding to use derivatives. The derivatives used are predominantly interest rate swaps, which convert fixed rate cash flows to a benchmark floating rate such as Sonia, and cross currency swaps which convert foreign currency cash flows to GBP cash flows. In addition, bond forwards are used to reduce swap spread risk within the investment securities portfolio and inflation swaps are used to economically hedge contractual inflation risk within investment securities. The table below provides further information on the Group's fair value hedges:

Fair value hedge accounting							
2026 Group			Change in fair value used for determining hedge ineffectiveness		Hedge ineffectiveness recognised in the income statement (note i)	Carrying amount of the hedged item	Of which: accumulated fair value adjustment (note ii)
Hedged item balance sheet classification	Hedging instrument	Risk category	Hedged item (note ii)	Instrument (note ii, iii)			
			£m	£m	£m	£m	£m
Assets:							
Loans and advances to customers (note iv)	Interest rate swaps	Interest rate	(157)	171	14	175,788	(1,917)
Investment securities	Interest rate swaps, bond forwards	Interest rate	100	(103)	(3)	7,481	(200)
Investment securities	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	(38)	38	-	10,868	(273)
Investment securities	Interest rate swaps, inflation swaps, cross currency interest rate swaps	Interest rate, inflation and foreign exchange	42	(41)	1	1,841	(111)
Investment securities	Inflation swaps	Interest rate and inflation	80	(83)	(3)	2,730	(65)
Total assets			27	(18)	9	198,708	(2,566)
Liabilities:							
Shares (note v)	Interest rate swaps	Interest rate	133	(128)	5	50,727	(106)
Debt securities in issue	Interest rate swaps	Interest rate	37	-	37	2,592	(42)
Debt securities in issue	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	203	(200)	3	26,441	(933)
Subordinated liabilities	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	6	17	23	2,230	(32)
Subscribed capital	Interest rate swaps	Interest rate	-	(1)	(1)	41	2
Total liabilities			379	(312)	67	82,031	(1,111)
Total fair value hedges			406	(330)	76		

7. Gains/losses from derivatives and hedge accounting (continued)

Fair value hedge accounting							
2025 Group			Change in fair value used for determining hedge ineffectiveness		Hedge ineffectiveness recognised in the income statement (note i)	Carrying amount of the hedged item	Of which: accumulated fair value adjustment (note ii)
Hedged item balance sheet classification	Hedging instrument	Risk category	Hedged item (note ii)	Instrument (note ii, iii)			
			£m	£m	£m	£m	£m
Assets:							
Loans and advances to customers (note iv)	Interest rate swaps	Interest rate	1,220	(1,186)	34	148,076	(1,760)
Investment securities	Interest rate swaps, bond forwards	Interest rate	(106)	106	-	7,491	(315)
Investment securities	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	428	(419)	9	12,513	(235)
Investment securities	Interest rate swaps, inflation swaps, cross currency interest rate swaps	Interest rate, inflation and foreign exchange	163	(164)	(1)	1,917	(153)
Investment securities	Inflation swaps	Interest rate and inflation	23	(27)	(4)	3,282	(138)
Total assets			1,728	(1,690)	38	173,279	(2,601)
Liabilities:							
Shares (note v)	Interest rate swaps	Interest rate	23	(27)	(4)	36,514	27
Debt securities in issue	Interest rate swaps	Interest rate	(1)	24	23	4,129	(5)
Debt securities in issue	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	(574)	579	5	21,869	(653)
Subordinated liabilities	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	(55)	67	12	2,444	(25)
Subscribed capital	Interest rate swaps	Interest rate	(2)	1	(1)	124	2
Total liabilities			(609)	644	35	65,080	(654)
Total fair value hedges			1,119	(1,046)	73		

Notes:

i. Includes gains or losses from portfolio hedges of interest rate risk arising from amortisation of existing balance sheet amounts and hedge ineffectiveness.

ii. Under IAS 21 both the hedged item and instrument are revalued on the balance sheet for changes in foreign currency valuation; these offsetting amounts are therefore excluded from the change in fair value of both the hedged item and instrument presented above. The accumulated change from foreign exchange revaluation for assets is a reduction of £319 million (2025: reduction of £838 million), and for liabilities is an increase of £195 million (2025: reduction of £530 million).

iii. The Group does not include cross currency basis spreads within its hedge accounting relationships. The change in fair value is instead deferred to an 'other hedging reserve' and so is not included in the change in value of the hedging instrument.

iv. Some of the Group's loans and advances to customers have been included as hedged items in macro fair value hedges of interest rate risk. The accumulated fair value hedge adjustment includes £(2,121) million (2025: £(2,037) million) which is recognised in the separate balance sheet asset 'fair value adjustment for portfolio hedged risk'. The remaining amount relates to fair value adjustments included in the carrying value of commercial loans which were previously in a micro fair value hedge accounting relationship as shown in note 14.

v. A portion of the Group's shares were included as hedged items in macro fair value hedges of interest rate risk, with the accumulated fair value hedge adjustments recognised in the separate balance sheet liability 'fair value adjustment for portfolio hedged risk' of £(106) million (2025: £27 million).

7. Gains/losses from derivatives and hedge accounting (continued)

Cash flow hedge accounting

The Group's risk management approach may involve creating future cash flow certainty. The Group uses interest rate swaps in cash flow hedges of sterling floating rate assets and floating rate liabilities. The Group uses cross currency interest rate swaps to hedge non-sterling investment securities, debt securities in issue and subordinated liabilities. A portion of the interest rate flows within these derivatives has been included as a hedging instrument in cash flow hedges. In addition, inflation swaps are used to hedge RPI-linked debt securities in issue. The table below provides further information on the Group's cash flow hedges:

Cash flow hedge accounting									
2026 Group			Change in fair value used for determining hedge ineffectiveness		Changes in instrument fair value reported as		Amounts accumulated in the cash flow hedge reserve (excluding deferred taxation)		Amounts reclassified from reserves to income statement (note ii)
Hedged item balance sheet classification	Hedging instrument	Risk category	Hedged item	Hedging instrument	Hedge ineffectiveness recognised in the income statement	Net amounts deferred to other comprehensive income (note i)	Continuing hedges	Discontinued hedges	
			£m	£m	£m	£m	£m	£m	£m
Investment securities	Cross currency interest rate swaps	Interest rate and foreign exchange	(1)	1	-	1	-	-	-
Floating rate assets and floating rate liabilities	Interest rate swaps	Interest rate	118	(152)	(34)	(118)	(127)	56	28
Debt securities in issue	Cross currency interest rate swaps	Interest rate and foreign exchange	(23)	22	1	21	16	104	11
Subordinated liabilities	Cross currency interest rate swaps	Interest rate and foreign exchange	1	(1)	-	(1)	2	6	-
Total cash flow hedges			95	(130)	(33)	(97)	(109)	166	39

7. Gains/losses from derivatives and hedge accounting (continued)

Cash flow hedge accounting									
2025 Group			Change in fair value used for determining hedge ineffectiveness		Changes in instrument fair value reported as		Amounts accumulated in the cash flow hedge reserve (excluding deferred taxation)		Amounts reclassified from reserves to income statement (note ii)
Hedged item balance sheet classification	Hedging instrument	Risk category	Hedged item	Hedging instrument	Hedge ineffectiveness recognised in the income statement	Net amounts deferred to other comprehensive income (note i)	Continuing hedges	Discontinued hedges	
			£m	£m	£m	£m	£m	£m	£m
Investment securities	Cross currency interest rate swaps	Interest rate and foreign exchange	-	(2)	(1)	(1)	(1)	-	2
Floating rate assets and floating rate liabilities	Interest rate swaps	Interest rate	(49)	18	(31)	49	26	21	(1)
Debt securities in issue	Cross currency interest rate swaps	Interest rate and foreign exchange	5	(3)	-	(3)	(5)	128	14
Subordinated liabilities	Cross currency interest rate swaps	Interest rate and foreign exchange	3	(4)	-	(4)	3	7	(4)
Total cash flow hedges			(41)	9	(32)	41	23	156	11

Notes:

i. The statement of comprehensive income has a net loss of £90 million (2025: net gain of £5 million) for the cash flow hedge reserve; this reflects net losses deferred to other comprehensive income of £97 million (2025: net gains of £41 million) and amortisation of amounts which have since been migrated to fair value hedges of £25 million (2025: £35 million), net of tax of £32 million (2025: £(1) million). Amortisation of amounts relating to instruments migrated to fair value hedges is presented within the fair value hedge accounting table within the change in fair value of the hedging instrument.

ii. The amounts reclassified from reserves to income statement of £39 million (2025: £11 million) exclude amortisation of migrated hedges of £25 million (2025: £35 million) which are shown within the cash flow hedge reserve section of the statements of comprehensive income. Of these amounts reclassified, £4 million (2025: £11 million) and £35 million (2025: £nil) were reclassified from the cash flow hedge reserve to net interest income and other operating income, respectively, in the income statement.

8. Administrative expenses

	Note	Group		Society	
		2026	2025	**2026**	2025
		£m	£m	**£m**	£m
Staff costs:					
Wages and salaries		**1,082**	839	**714**	669
Bonuses		**155**	132	**108**	97
Social security costs		**172**	116	**115**	90
Pension costs	30	**258**	204	**183**	169
Other staff costs (note i)		**24**	12	**(45)**	(22)
		1,691	1,303	**1,075**	1,003
Other administrative expenses:					
Property costs		**164**	133	**113**	110
Technology costs		**845**	598	**519**	452
Other operating costs		**722**	877	**409**	368
Depreciation, amortisation and impairment		**694**	592	**483**	499
Bank levy		**33**	34	**33**	34
Customer-related, legal and regulatory provisions		**10**	13	**(12)**	8
		2,468	2,247	**1,545**	1,471
Total		**4,159**	3,550	**2,620**	2,474

Note:
i. Other staff costs include credits of £120 million (2025: £99 million) for the Group and the Society for capitalised permanent, contract and temporary staff costs.

8. Administrative expenses (continued)

Executive directors and certain senior executives are entitled to long-term bonus payments under the Annual Performance Pay (APP) and the Long-Term Performance Pay (LTPP) plans.

Long-term bonus awards made under the APP plan are based on current period results but are generally paid over a period of up to two years for executive directors, and up to four years for certain senior executives, with part of the awards linked to the value of Nationwide's core capital deferred shares (CCDS). Awards made under LTPP plans are based on longer term performance over a two or three-year period but are paid up to two years after the end of the performance period, with part of the awards linked to the value of Nationwide's CCDS.

Long-term bonus awards made to Virgin Money employees with a performance period of 1 October 2024 to 31 March 2025 are reported within Annual Performance Pay 2025 in the table below. Long-term awards made to Virgin Money employees with a performance period commencing after the acquisition, and exceeding 12 months, will be reported within the Long-Term Performance Pay section of the table once recognised in the income statement. Legacy awards of Virgin Money, shown in the table, reflect new awards issued to replace those which lapsed as a result of the acquisition.

No bonus is recognised in the income statement for the APP, LTPP or legacy Virgin Money plans until it is considered probable that payments will be made. Where a bonus payment is considered probable, the amount recognised in the income statement will reflect the portion of the vesting period that has passed. The vesting period for each plan runs from the start of the performance period or service period associated with the plan to the end of the service period. The payment of deferred elements remains subject to further discretion by the Remuneration Committee.

During the period ended 31 March 2026, following changes to PRA regulations for the minimum deferral period to be applied to remuneration for Material Risk Takers, the Remuneration Committee reduced the deferral period of some of the Group's existing awards. This has resulted in accelerated recognition of remuneration expense in the period.

The table below shows actual and expected charges to the income statement in respect of all APP, LTPP and legacy Virgin Money long-term bonuses for each relevant scheme year:

Income statement charge for long-term bonuses

	Group				Society			
	Actual 2025	**Actual 2026 (notes i, ii)**	Expected 2027 (note iii)	Expected 2028 and beyond (note iii)	Actual 2025	**Actual 2026 (notes i, ii)**	Expected 2027 (note iii)	Expected 2028 and beyond (note iii)
	£m	**£m**	£m	£m	£m	**£m**	£m	£m
Annual Performance Pay:								
2024 and previous years	12.6	**3.3**	0.8	0.4	12.6	**3.3**	0.8	0.4
2025	10.2	**8.0**	1.4	0.7	9.6	**8.0**	1.4	0.7
2026	-	**16.1**	6.0	2.7	-	**12.6**	5.2	2.1
Long-Term Performance Pay (note iv):								
2024-2026, 2025-2027 and 2026-2028	-	**2.3**	0.3	0.6	-	**2.3**	0.3	0.6
Virgin Money legacy awards	3.6	**2.3**	0.5	0.1	-	**-**	-	-
Income statement charge for long-term bonuses	26.4	**32.0**	9.0	4.5	22.2	**26.2**	7.7	3.8

Notes:
i. The bonus expense within employee costs includes £12 million and £8 million (2025: £10 million and £8 million), for Group and Society respectively, of deferred bonuses which will be paid more than one year from the balance sheet date.
ii. In the year ended 31 March 2026, £12 million and £10 million (2025: £15 million and £11 million), in respect of Group and Society respectively, were recognised in the income statement in relation to awards linked to share-based payments, being amounts dependent on the performance of the Group's CCDS. These payments are deferred and are therefore included in accruals and deferred income on the balance sheet.
iii. The amounts expected are based on past performance and are subject to change as a result of future leavers and CCDS performance.
iv. Amounts are only recognised, or reported as expected in future periods, once payments are deemed probable. Further details on the long-term performance pay plan are included in the Report of the directors on remuneration.

8. Administrative expenses (continued)

The remuneration of the external auditor, Ernst & Young LLP (EY), is set out below.

External auditor's remuneration				
	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Statutory audit fees (note i)	**11.2**	18.5	**5.8**	9.4
Fees for audit-related assurances services	**0.7**	1.0	**0.5**	0.5
Total audit and audit-related assurance services	**11.9**	19.5	**6.3**	9.9
Other non-audit services	**0.9**	0.9	**0.9**	0.8
Total	**12.8**	20.4	**7.2**	10.7

Note:
i. The Group statutory audit fees for 2025 include fees for audit services rendered to Virgin Money UK PLC for the period ended 30 September 2024. These services were completed in the period following the acquisition.

9. Employees

Average number of persons employed during the period				
	Group (note i)		Society	
	2026	2025	**2026**	2025
	26,890	22,042	**17,978**	17,901

Note:
i. Virgin Money employees are included in the average number of persons employed by the Group from the date of acquisition (1 October 2024). The average number of persons employed is calculated over a 12-month period, therefore the Group's average number of employees for year ended 31 March 2025 includes Virgin Money employees for only 6 months of the year.

10. Impairment charge and provisions on loans and advances to customers

The following tables set out the impairment charges during the year and the closing provision balances which are deducted from the relevant asset values in the balance sheet:

Impairment charge				
	Group		**Society**	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Owner-occupied mortgages	**14**	25	**6**	5
Buy to let and legacy residential mortgages	**(6)**	8	**1**	(2)
Consumer lending	**269**	514	**114**	18
Business lending	**54**	85	**(2)**	(3)
Total	**331**	632	**119**	18

Impairment provisions				
	Group		**Society**	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Owner-occupied mortgages	**129**	115	**96**	92
Buy to let and legacy residential mortgages	**223**	236	**4**	3
Consumer lending	**829**	824	**413**	372
Business lending	**154**	113	**21**	22
Total	**1,335**	1,288	**534**	489

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements

Impairment is measured as the impact of credit risk on the present value of management's estimate of future cash flows. In determining the required level of impairment provisions, outputs from statistical models are used, and judgements incorporated to determine the probability of default (PD), the exposure at default (EAD), and the loss given default (LGD) for each loan. Provisions represent a probability-weighted average of these calculations under multiple economic scenarios. Adjustments are made in modelling provisions, applying further judgements to take into account model limitations, or to deal with instances where insufficient data exists to fully reflect credit risks in the models.

The most significant areas of judgement are:

- The approach to identifying significant increases in credit risk; and
- The approach to identifying credit-impaired loans.

The most significant areas of estimation uncertainty are:

- The use of forward-looking economic information using multiple economic scenarios; and
- The additional judgements made in modelling expected credit losses (ECL) – these currently include PD uplifts relating to both affordability risks and risks associated with credit card persistent debt, LGD uplifts for property valuation risks and business lending portfolio risks.

Sensitivity analysis has been completed, based on the results from previous climate change stress tests, that supports the Group's view that the impact of climate change on impairment provisions remains immaterial. The potential economic impact of climate change is captured by our existing range of economic scenarios. Supported by our controls operated at lending origination, the expected credit losses associated with physical risks are low and arise over the long term, and therefore currently have an immaterial impact on the Group's retail lending due to the effect of loan amortisation and redemptions over time. The scope of potential future Government transition policies and the Group's response to these remain highly uncertain. The potential additional costs to landlords from the Government's "Warm homes plan" are incorporated within the adjustment to modelled provisions made in respect of affordability risks. The Group's exposure to increased losses from business sectors most affected by climate change, whether via physical or transition risks, are also judged to be immaterial in the medium term.

Identifying significant increases in credit risk (stage 2)

Loans are allocated to stage 1 or stage 2 according to whether there has been a significant increase in credit risk. Judgement has been used to select both quantitative and qualitative criteria which are used to determine whether a significant increase in credit risk has taken place. These criteria are detailed within the Credit risk section of the Risk report. The primary quantitative indicators are the outputs of internal credit risk assessments. While different approaches are used within each portfolio, the intention is to combine current and historical data relating to the exposure with forward-looking economic information to determine the PD at each reporting date. For residential mortgages and consumer lending, the main indicators of a significant increase in credit risk are either of the following:

Nationwide portfolios:

- The residual lifetime PD exceeds a benchmark determined by reference to the maximum credit risk that would have been accepted at origination; or
- The residual lifetime PD is at least 75 basis points more than, and at least double, the residual lifetime PD calculated at origination.

Virgin Money portfolios:

- The residual lifetime PD exceeds a threshold which varies by portfolio and is based on the lifetime PD curves calculated at origination. The PD threshold curves were recalculated at acquisition, to reset the origination point to 1 October 2024, being the date when the Virgin Money business was acquired by the Group.

Identifying credit impaired loans (stage 3)

The identification of credit-impaired loans is an important judgement within the staging approach. A loan is credit-impaired if it has an arrears status of more than 90 days past due, is considered to be in default, or it is considered unlikely that the borrower will repay the outstanding balance in full, without recourse to actions such as realising security.

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

Use of forward-looking economic information

Management exercises judgement in estimating future economic conditions which are incorporated into provisions through modelling of multiple scenarios. The economic scenarios are reviewed and updated on a quarterly basis. The provision recognised is the probability-weighted sum of the provisions calculated under a range of economic scenarios. The scenarios and associated probability weights are derived using external data and statistical methodologies, together with management judgement. The Group continues to model four economic scenarios, which together encompass an appropriate range of potential economic outcomes. The base case scenario is aligned to the Group's financial planning process. The upside and downside scenarios are reasonably likely favourable and adverse alternatives to the base case, and the severe downside scenario is aligned with the Group's internal stress testing.

The probability weightings applied to the scenarios were unchanged over the year and are shown in the table below.

Scenario probability weighting				
	Upside scenario	Base case scenario	Downside scenario	Severe downside scenario
	%	%	%	%
31 March 2026	**10**	**45**	**30**	**15**
31 March 2025	10	45	30	15

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

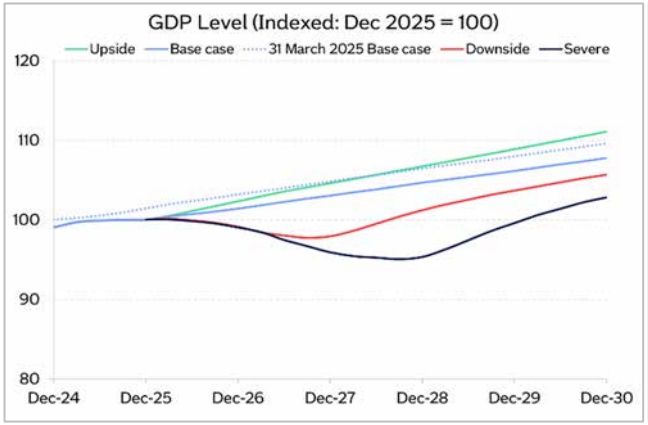
In the base case scenario, modest GDP growth of 1.4% is expected in 2026. In this scenario, unemployment is forecast to rise to 5.4% by the end of 2026. In the downside scenario, the GDP forecast reflects a significant UK recession, with peak unemployment increasing to 6.3%, whilst the severe downside scenario assumes a severe and longer-lasting economic downturn, with unemployment peaking at 8.8%.

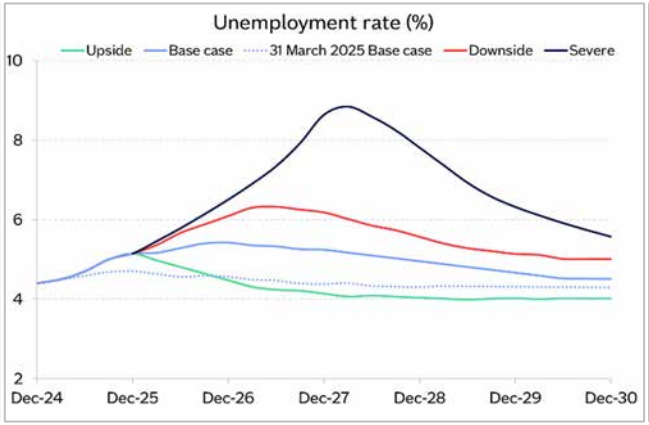
The house price forecasts used within the provision calculations cover a wide range of outcomes. House prices are expected to increase in the base case scenario by 3.2% per annum over the next five years. The downside scenario assumes significant falls in 2027 and 2028, driven by a deterioration in economic conditions, whilst the severe downside scenario includes a fall in house prices of 28.7% from the end of 2025 to the low point in late 2028.

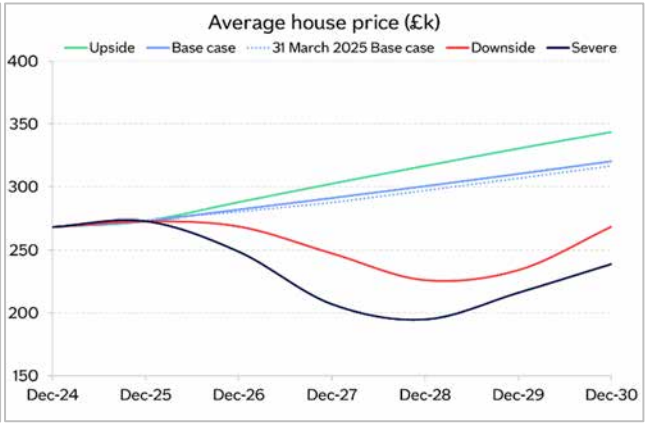
Bank rate in the base case scenario is expected to remain unchanged at 3.75% during 2026, with inflation expected to fall to the Bank of England target rate of 2.0% by the end of 2027. In the downside scenario, the recession results in Bank rate remaining at low levels from 2027 onwards, in order to stimulate economic demand. By contrast, the severe downside scenario assumes a sustained period of high inflation, requiring Bank rate to increase to 8.5%.

The increased level of economic uncertainty arising from recent developments in the Middle East has been reflected in both the economic scenario forecasts and associated scenario weightings as at 31 March 2026. In the base case scenario, Bank rate assumptions were updated to reflect Bank rate remaining at 3.75% in 2026 before reducing in 2027, and consumer price inflation expectations were increased to 4.0% for 2026 before reducing in 2027. The 15% weighting allocated to the severe downside economic scenarios reflects the current high level of geopolitical uncertainty.

The graphs below show the historical and forecasted GDP level, unemployment rate and average house price for the Group's current economic scenarios, as well as the previous base case economic scenario.







10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

The tables below provide a summary of the values of the key UK economic variables used within the economic scenarios over the first five years of the scenario:

Economic variables									
	Rate/annual growth rate at December 2025-2030						5-year average (note i)	Dec-25 to peak (note ii)	Dec-25 to trough (note ii)
	Actual	Forecast							
31 March 2026	2025 %	2026 %	2027 %	2028 %	2029 %	2030 %	%	%	%
GDP growth									
Upside scenario	1.0	2.3	2.2	2.0	2.0	2.0	2.1	11.0	0.5
Base case scenario	1.0	1.4	1.6	1.6	1.4	1.5	1.5	7.7	0.4
Downside scenario	1.0	(0.9)	(1.2)	3.3	2.4	1.9	1.1	5.6	(2.3)
Severe downside scenario	1.0	(1.0)	(3.2)	(0.6)	4.5	3.2	0.6	2.8	(5.0)
Probability weighted	1.0	0.4	0.1	1.8	2.2	1.9			
Unemployment									
Upside scenario	5.1	4.5	4.1	4.0	4.0	4.0	4.2	5.0	4.0
Base case scenario	5.1	5.4	5.2	5.0	4.7	4.5	5.0	5.4	4.5
Downside scenario	5.1	6.1	6.2	5.6	5.1	5.0	5.6	6.3	5.0
Severe downside scenario	5.1	6.5	8.6	7.8	6.3	5.6	6.9	8.8	5.5
Probability weighted	5.1	5.7	5.9	5.5	5.0	4.8			
HPI growth									
Upside scenario	1.7	5.4	5.1	4.7	4.4	4.0	4.7	25.8	1.4
Base case scenario	1.7	3.2	3.2	3.2	3.2	3.2	3.2	17.3	0.7
Downside scenario	1.7	(1.5)	(8.0)	(8.6)	3.5	14.8	(0.3)	0.8	(18.1)
Severe downside scenario	1.7	(8.9)	(16.8)	(5.9)	10.9	10.6	(2.6)	(0.8)	(28.7)
Probability weighted	1.7	0.2	(2.9)	(1.5)	4.6	7.9			
Bank rate									
Upside scenario	3.8	4.0	4.5	4.5	4.5	4.5	4.3	4.5	3.8
Base case scenario	3.8	3.8	3.3	3.3	3.3	3.3	3.4	3.8	3.3
Downside scenario	3.8	2.0	0.5	0.5	0.5	0.5	1.0	3.8	0.5
Severe downside scenario	3.8	4.0	7.5	5.0	4.3	3.8	5.0	8.5	3.8
Probability weighted	3.8	3.3	3.2	2.8	2.7	2.6			
Consumer price inflation									
Upside scenario	3.3	2.0	2.0	2.0	2.0	2.0	2.1	2.6	2.0
Base case scenario	3.3	4.0	2.0	1.8	2.0	2.0	2.4	4.0	1.7
Downside scenario	3.3	0.5	0.3	1.0	1.8	2.0	1.2	2.4	0.2
Severe downside scenario	3.3	6.0	7.0	2.0	2.0	2.0	3.8	8.0	2.0
Probability weighted	3.3	3.1	2.2	1.6	1.9	2.0			

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

Economic variables									
	Rate/annual growth rate at December 2024-2029						5-year average (note i)	Dec-24 to peak (note ii)	Dec-24 to trough (note ii)
	Actual (note iii)	Forecast							
31 March 2025	2024 %	2025 %	2026 %	2027 %	2028 %	2029 %	%	%	%
GDP growth									
Upside scenario	1.9	1.7	2.0	2.0	2.0	2.0	2.0	10.2	0.3
Base case scenario	1.9	1.4	1.7	1.6	1.6	1.4	1.5	8.0	0.2
Downside scenario	1.9	(0.9)	(1.2)	3.3	2.4	1.9	1.1	5.6	(2.1)
Severe downside scenario	1.9	(1.8)	(3.7)	2.8	2.8	2.2	0.4	2.2	(5.5)
Probability weighted	1.9	0.3	0.1	2.4	2.1	1.8			
Unemployment									
Upside scenario	4.4	4.1	4.0	4.0	4.0	4.0	4.0	4.3	4.0
Base case scenario	4.4	4.7	4.6	4.4	4.3	4.3	4.5	4.7	4.3
Downside scenario	4.4	5.4	6.2	5.6	5.2	5.0	5.4	6.2	4.7
Severe downside scenario	4.4	5.9	8.4	8.5	7.0	6.0	7.1	9.3	4.8
Probability weighted	4.4	5.0	5.6	5.3	4.9	4.7			
HPI growth									
Upside scenario	3.6	5.4	4.5	3.8	3.8	3.8	4.2	23.1	1.3
Base case scenario	3.6	1.9	2.3	2.7	3.3	3.2	2.7	14.3	0.1
Downside scenario	3.6	(4.9)	(9.4)	(3.7)	8.7	9.3	(0.3)	(0.6)	(17.1)
Severe downside scenario	3.6	(12.4)	(18.1)	(1.8)	9.3	9.7	(3.3)	(1.4)	(30.1)
Probability weighted	3.6	(1.9)	(4.1)	0.2	5.9	6.1			
Bank rate									
Upside scenario	4.8	4.3	4.3	4.3	4.3	4.3	4.3	4.5	4.3
Base case scenario	4.8	3.8	3.5	3.5	3.3	3.3	3.6	4.5	3.3
Downside scenario	4.8	2.5	0.5	0.5	0.5	0.5	1.3	4.5	0.5
Severe downside scenario	4.8	6.5	8.0	5.0	4.3	3.5	5.4	8.5	3.5
Probability weighted	4.8	3.8	3.4	2.9	2.7	2.6			
Consumer price inflation									
Upside scenario	2.6	2.5	2.0	2.0	2.0	2.0	2.1	2.7	2.0
Base case scenario	2.6	3.4	2.0	2.0	2.0	2.0	2.3	3.5	1.8
Downside scenario	2.6	1.5	0.3	1.2	1.8	2.0	1.5	2.8	0.3
Severe downside scenario	2.6	6.5	7.0	2.2	2.0	2.0	4.1	8.0	2.0
Probability weighted	2.6	3.2	2.2	1.8	1.9	2.0			

Notes:
i. The average rate for GDP and HPI is based on the cumulative annual growth rate over the forecast period. Average unemployment and CPI is calculated using a simple average using quarterly points.
ii. GDP growth and HPI are shown as the largest cumulative growth/fall over the forecast period. The unemployment rate and CPI is shown as the highest/lowest rate over the forecast period.
iii. The 2024 actual GDP data as presented in the Annual Report and Accounts 2025 has been updated to reflect the most recent published economic data.

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

To give an indication of the sensitivity of ECLs to different economic scenarios, the table below shows the ECL if 100% weighting is applied to each scenario:

	Expected credit losses under 100% weighted scenarios					Proportion of balances in stage 2 under 100% weighted scenarios					
	Upside scenario	Base case scenario	Downside scenario	Severe downside scenario	Reported provision	Upside scenario	Base case scenario	Downside scenario	Severe downside scenario	Reported stage 2	Reported stage 3 and POCI (note i)
31 March 2026	**£m**	**£m**	**£m**	**£m**	**£m**	**%**	**%**	**%**	**%**	**%**	**%**
Residential mortgages	**235**	**232**	**282**	**963**	**352**	**12.5**	**11.4**	**9.4**	**30.4**	**13.3**	**0.7**
Consumer lending – credit cards	**474**	**494**	**503**	**1,074**	**561**	**17.1**	**17.4**	**17.1**	**36.4**	**19.3**	**3.1**
Consumer lending – personal loans and overdrafts	**247**	**253**	**259**	**357**	**268**	**20.6**	**20.8**	**19.8**	**27.0**	**21.3**	**5.4**
Business lending	**134**	**142**	**173**	**300**	**154**	**9.7**	**10.2**	**17.0**	**37.1**	**13.6**	**3.6**
Total	**1,090**	**1,121**	**1,217**	**2,694**	**1,335**						
31 March 2025	£m	£m	£m	£m	£m	%	%	%	%	%	%
Residential mortgages	224	229	271	1,089	351	12.6	11.6	9.9	37.7	13.6	0.7
Consumer lending – credit cards	475	480	479	1,120	542	13.6	13.7	13.4	41.2	16.7	2.5
Consumer lending – personal loans and overdrafts	270	272	279	331	282	17.6	17.5	17.0	25.2	18.3	11.7
Business lending	102	106	118	288	113	9.2	9.3	11.7	39.2	11.0	3.2
Total	1,071	1,087	1,147	2,828	1,288						

Note:

i. The stage allocation of stage 3 assets is not sensitive to economic scenarios. The stage 3 proportion is the same as in all four economic scenarios as the stage 3 classification is determined by an asset's impaired status at the reporting date.

Reported ECL represents 119% (2025: 118%) of the base case scenario ECL, primarily due to the impact of increased losses in the severe downside scenario. The increased ECLs in both the downside and severe downside scenarios are primarily the result of increased unemployment rates combined with material house price falls. The low Bank rate forecast in the downside scenario is the main driver of residential mortgage and consumer lending stage 2 proportions being lower in the downside scenario than in the base case scenario.

The ECL for each scenario multiplied by the scenario probability will not reconcile to the reported provision. Whilst the stage allocation of loans varies in each individual scenario, each loan is allocated to a single stage in the reported provision calculation; this is based on a weighted average PD which takes into account the economic scenarios. A probability-weighted 12-month or lifetime ECL (which takes into account the economic scenarios) is then calculated based on the stage allocation.

10. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

The table below shows the sensitivity of provisions at 31 March 2026 to changes to the probability weightings applied to the economic scenarios:

Sensitivity to key forward-looking information assumptions	
	Increase in provision
2026	**£m**
Single-factor sensitivity to key economic variables (note i)	
10% decrease in house prices (HPI) at 31 March 2026 and throughout the forecast period	**16**
1% increase in unemployment rate at 31 March 2026 and throughout the forecast period	**39**
Sensitivity to changes in scenario probability weightings	
10% increase in the probability of the downside scenario (reducing the upside by a corresponding 10%)	**13**
5% increase in the probability of the severe downside scenario (reducing the downside by a corresponding 5%)	**74**

Note:
i. These are single-factor sensitivities; therefore, they should not be extrapolated due to the likely non-linear effects. The provision impacts are calculated using the base case scenario. The house price sensitivity is the impact of a 10% decrease in house prices on LGD for the residential mortgage portfolio.

The table below shows key adjustments made in modelling provisions in relation to the significant areas of estimation uncertainty, with further details on each provided below.

Significant adjustments made in modelling provisions										
	2026					2025				
		Consumer lending					Consumer lending			
	Residential Mortgages	**Credit cards**	**Personal loans and overdrafts**	**Business lending**	**Total**	Residential Mortgages	Credit cards	Personal loans and overdrafts	Business lending	Total
	£m	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
PD uplift for affordability risks	**63**	**32**	**8**	**-**	**103**	70	6	7	-	83
PD uplift for credit card persistent debt	**-**	**20**	**-**	**-**	**20**	-	23	-	-	23
LGD uplift for property valuation risks	**21**	**-**	**-**	**-**	**21**	21	-	-	-	21
Business lending portfolio risks	**-**	**-**	**-**	**26**	**26**	-	-	-	10	10
Total	**84**	**52**	**8**	**26**	**170**	91	29	7	10	137
Of which:										
Stage 1	**14**	**1**	**1**	**6**	**22**	14	1	1	4	20
Stage 2	**62**	**51**	**7**	**20**	**140**	70	28	6	6	110
Stage 3	**8**	**-**	**-**	**-**	**8**	7	-	-	-	7

PD uplift for affordability risks

At 31 March 2026, the PD uplift adjustment for affordability risks increased provisions by £103 million (2025: £83 million). This adjustment reflects the ongoing affordability pressures faced by borrowers, primarily within the residential mortgage portfolio. This adjustment includes the risks associated with borrowers who have switched to higher mortgage rates or are expected to switch to higher mortgage interest rates in the next two years. The adjustment to credit card provisions has increased to £32 million (2025: £6 million) due to further alignment of this judgement across the Group, following credit card model changes in the year. This adjustment resulted in approximately £8.7 billion (2025: £9.2 billion) of residential mortgages and £410 million (2025: £66 million) of consumer lending balances moving from stage 1 to stage 2.

10. Impairment charge and provisions on loans and advances to customers (continued)

PD uplift for credit card persistent debt

A borrower is defined as being in persistent debt if they have been paying more in interest, fees and charges than they are paying to reduce their outstanding balance for at least three years. Nationwide provides support to these borrowers, including the offer of forbearance, to help reduce the level of their credit card debt. To reflect an increase in risk since origination, accounts are moved to stage 2 if they are approaching, or have reached persistent debt status, and therefore receive a lifetime ECL. This adjustment increases provisions by £20 million (2025: £23 million) and results in £254 million (2025: £225 million) of additional credit card balances being reported in stage 2.

LGD uplift for property valuation risks

An adjustment has been made to account for property valuation risks associated with flats. This adjustment remains in place due to insufficient evidence of recovery in values for this sector of the market, increasing provisions by £21 million (2025: £21 million).

Business lending portfolio risks

Adjustments to modelled provisions are recognised where appropriate to reflect risks within the business lending portfolio which are not fully captured by models. Although the provision models capture general economic uncertainty through the use of multiple economic scenarios, losses could also exceed modelled estimates as a result of concentration risks within the portfolio. An adjustment to increase provisions by £13 million (2025: £nil million) has been estimated with reference to historic variation in the frequency and value of large individual losses across the portfolio. In addition, a £13 million (2025: £10 million) adjustment continues to be recognised for the leveraged lending portfolio, reflecting the potential for loss given default to exceed modelled estimates, due in part to the limited volume of historical defaults available for model calibration. The cumulative impact of these two adjustments represents a significant judgement in the context of overall business lending provisions.

11. Taxation

Tax charge in the income statement	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Current tax:				
UK corporation tax charge	**451**	96	**345**	173
Adjustments in respect of prior years	**(33)**	(77)	**(47)**	(77)
Total current tax charge	**418**	19	**298**	96
Deferred tax:				
Current year credit	**(85)**	(114)	**(38)**	(20)
Adjustments in respect of prior years	**54**	59	**64**	59
Total deferred taxation (credit)/charge	**(31)**	(55)	**26**	39
Tax charge/(credit)	**387**	(36)	**324**	135

The actual tax charge differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK as follows:

Reconciliation of tax charge	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Profit before tax:	**1,490**	2,302	**1,328**	620
Tax calculated at a tax rate of 25%	**373**	576	**332**	155
Adjustments in respect of prior years	**21**	(18)	**17**	(18)
Tax credit on Additional Tier 1 items	**(45)**	(34)	**(34)**	(25)
Loss on redemption of Additional Tier 1 capital non-controlling interests	**(12)**	-	**-**	-
Banking surcharge	**35**	6	**35**	16
Bank levy	**8**	8	**8**	8
Dividend income	**-**	-	**(34)**	-
Deferred tax assets derecognised	**4**	3	**-**	-
Gain on acquisition	**-**	(575)	**-**	-
Net expenses not deductible for tax purposes/(income not taxable) (note i)	**18**	15	**4**	2
Effect of deferred tax provided at different tax rates	**(15)**	(17)	**(4)**	(3)
Tax charge/(credit)	**387**	(36)	**324**	135

Note:

i. Net expenses not deductible for tax purposes/(income not taxable) primarily includes penalties and fines, depreciation on non-qualifying assets and premiums paid on the surrender of a lease. In addition, the Society is liable for tax on the results of Nationwide Covered Bonds LLP, the profit or loss of which is reported within that entity.

In the year ended 31 March 2026, the main rate of UK corporation tax remained at 25%, the annual banking surcharge allowance remained at £100 million, and the banking surcharge rate remained at 3%. These rates have been reflected in the current tax and deferred tax balances recognised in these financial statements.

11. Taxation (continued)

The Group tax charge for the year of £387 million (2025: £36 million credit) represents an effective tax rate of 26.0% (2025: (1.6)%). The Society tax charge for the year of £324 million (2025: £135 million) represents an effective tax rate of 24.4% (2025: 21.8%).

On 17 November 2022 the UK Government confirmed its intention to implement the G20-OECD Inclusive Framework Pillar 2 rules in the UK, including a Qualified Domestic Minimum Top-Up Tax rule. This legislation, enacted on 11 July 2023, seeks to ensure that UK-headquartered multinational enterprises pay a minimum tax rate of 15% on UK and overseas profits arising after 31 December 2023. The Group is within the scope of the legislation; however, as the UK rate of corporation tax is 25%, and the Group's business is UK-based, there is no impact of these rules on the financial statements. The IAS 12 exemption to recognise and disclose information about deferred tax assets and liabilities related to Pillar 2 income taxes has been applied.

Deferred tax

Deferred tax movements

	Deferred tax assets								Deferred tax liabilities			
Group	Fixed assets £m	Cash flow & other hedging £m	FVOCI investment securities £m	Accounting policy transition adjustment £m	Acquisition accounting £m	Tax losses carried forward £m	Other items £m	Total £m	Retirement benefit obligations (note i) £m	Cash flow & other hedging £m	Other items £m	Total £m
At 5 April 2024	43	16	13	22	-	-	15	109	(153)	(41)	(12)	(206)
Acquisition of Virgin Money	94	(66)	7	7	(165)	213	4	94	(107)	-	-	(107)
Income statement (charge)/credit	(40)	14	1	95	(25)	7	2	54	(10)	7	4	1
Other comprehensive income (charge)/credit	-	(9)	30	-	-	-	-	21	46	-	-	46
At 1 April 2025	97	(45)	51	124	(190)	220	21	278	(224)	(34)	(8)	(266)
Income statement (charge)/credit	**(12)**	**21**	**(3)**	**(17)**	**53**	**(8)**	**1**	**35**	**(9)**	**6**	**(1)**	**(4)**
Other comprehensive income credit/(charge)	**-**	**23**	**(35)**	**-**	**-**	**-**	**-**	**(12)**	**53**	**-**	**-**	**53**
At 31 March 2026	**85**	**(1)**	**13**	**107**	**(137)**	**212**	**22**	**301**	**(180)**	**(28)**	**(9)**	**(217)**

Note:
i. Deferred tax on the Group's retirement benefit asset is provided at 25% (2025: 25%).

11. Taxation (continued)

Deferred tax movements

Society	Deferred tax assets						Deferred tax liabilities	
	Fixed assets	Cash flow & other hedging	FVOCI investment securities	Accounting policy transition adjustment	Other items	Total	Retirement benefit obligations (note i)	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	43	16	19	14	14	106	(153)	(153)
Income statement (charge)/credit	(30)	-	-	(4)	1	(33)	(6)	(6)
Other comprehensive income credit	-	3	29	-	-	32	25	25
At 1 April 2025	13	19	48	10	15	105	(134)	(134)
Income statement (charge)/credit	**(23)**	**-**	**-**	**(3)**	**6**	**(20)**	**(6)**	**(6)**
Other comprehensive income credit/(charge)	**-**	**4**	**(36)**	**-**	**-**	**(32)**	**53**	**53**
At 31 March 2026	**(10)**	**23**	**12**	**7**	**21**	**53**	**(87)**	**(87)**

Note:
i. Deferred tax on the Society's retirement benefit asset is provided at 25% (2025: 25%).

The majority of deferred tax assets are anticipated to be recoverable after more than one year. As a result of exemptions on dividends from subsidiaries, and on capital gains on disposal, there are no significant taxable temporary differences associated with investments in subsidiaries.

In addition to the amounts recognised, the Group and Society have gross unrecognised deferred tax assets totalling £341 million and £69 million (31 March 2025: £332 million and £69 million) respectively. For the Group, these amounts comprise deferred tax assets for trading tax losses of £239 million and for temporary differences and tax losses on capital assets of £102 million. For the Society, the unrecognised amounts relate entirely to temporary differences and tax losses on capital assets. The temporary differences and tax losses on capital assets primarily relate to revalued properties, for which capital losses realised on disposal can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not considered probable that sufficient future taxable gains will be available against which they can be utilised. The recognition of deferred tax assets relating to trading tax losses is explained further in the 'Critical accounting estimates and judgements' section below.

Critical accounting estimates and judgements

The Group has recognised deferred tax assets of £212 million (2025: £220 million) in respect of trading tax losses, based on expected future taxable profits. Deferred tax assets of £60 million (2025: £58 million) have not been recognised, representing tax at 25% on £239 million of trading tax losses that are not forecast to be used in the foreseeable future.

The Group has assessed the likelihood of recovery of the recognised deferred tax assets in respect of trading losses at 31 March 2026 and considers it probable that sufficient future taxable profits will be available over its planning horizon against which the underlying deductible temporary differences can be utilised. Deferred tax assets in respect of these tax losses are recognised to the extent that they are expected to be utilised within six years of the balance sheet date. An increase or decrease of one year to the forecast period would increase or decrease the recognised deferred tax asset in respect of losses by £34 million. An increase or decrease of 10% to forecast Group taxable profits would increase or decrease the deferred tax asset recognised in respect of tax losses by £17 million. All tax assets arising will be used within the UK.

For other deferred tax assets recognised on the balance sheet, the Group considers that there will be sufficient future trading profits, in excess of profits arising from the reversal of existing taxable temporary differences, to utilise the deferred tax assets.

12. Classification and measurement

The following tables summarise the classification of carrying amounts of the Group's and Society's financial assets and liabilities:

Classification of financial assets and liabilities

	2026				2025			
	Amortised cost	**Fair value through other comprehensive income**	**Fair value through profit or loss (note i)**	**Total**	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss (note i)	Total
Group	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Financial assets								
Cash and balances at central banks	**38,411**	**-**	**-**	**38,411**	29,483	-	-	29,483
Loans and advances to banks and similar institutions	**1,758**	**-**	**-**	**1,758**	1,810	-	-	1,810
Investment securities	**-**	**25,899**	**6**	**25,905**	-	28,658	5	28,663
Derivative financial instruments	**-**	**-**	**3,341**	**3,341**	-	-	4,742	4,742
Fair value adjustment for portfolio hedged risk	**(2,121)**	**-**	**-**	**(2,121)**	(2,037)	-	-	(2,037)
Loans and advances to customers	**311,413**	**-**	**70**	**311,483**	300,804	-	85	300,889
Total financial assets (note ii)	**349,461**	**25,899**	**3,417**	**378,777**	330,060	28,658	4,832	363,550
Other (note ii)				**3,551**				4,327
Total assets				**382,328**				367,877
Financial liabilities								
Shares	**217,052**	**-**	**-**	**217,052**	207,428	-	-	207,428
Deposits from banks and similar institutions	**5,453**	**-**	**-**	**5,453**	6,053	-	-	6,053
Other deposits	**76,766**	**-**	**-**	**76,766**	74,667	-	-	74,667
Fair value adjustment for portfolio hedged risk	**(106)**	**-**	**-**	**(106)**	27	-	-	27
Debt securities in issue	**54,821**	**-**	**-**	**54,821**	51,109	-	-	51,109
Derivative financial instruments	**-**	**-**	**1,178**	**1,178**	-	-	1,547	1,547
Subordinated liabilities	**2,931**	**-**	**-**	**2,931**	2,444	-	-	2,444
Subscribed capital	**46**	**-**	**-**	**46**	129	-	-	129
Lease liabilities	**297**	**-**	**-**	**297**	315	-	-	315
Total financial liabilities (note ii)	**357,260**	**-**	**1,178**	**358,438**	342,172	-	1,547	343,719
Other (notes ii and iii)				**2,601**				3,676
Total liabilities				**361,039**				347,395

12. Classification and measurement (continued)

Classification of financial assets and liabilities

	2026				2025			
	Amortised cost	**Fair value through other comprehensive income**	**Fair value through profit or loss (note i)**	**Total**	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss (note i)	Total
Society	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Financial assets								
Cash and balances at central banks	**22,254**	**-**	**-**	**22,254**	18,601	-	-	18,601
Loans and advances to banks and similar institutions	**1,204**	**-**	**-**	**1,204**	1,339	-	-	1,339
Investment securities	**-**	**21,989**	**1**	**21,990**	-	22,401	1	22,402
Derivative financial instruments	**-**	**-**	**3,956**	**3,956**	-	-	5,373	5,373
Fair value adjustment for portfolio hedged risk	**(1,940)**	**-**	**-**	**(1,940)**	(1,985)	-	-	(1,985)
Loans and advances to customers	**194,391**	**-**	**34**	**194,425**	183,805	-	38	183,843
Amounts due from Group undertakings (notes iv and v)	**47,461**	**-**	**-**	**47,461**	42,833	-	-	42,833
Total financial assets (note ii)	**263,370**	**21,989**	**3,991**	**289,350**	244,593	22,401	5,412	272,406
Other (note ii)				**7,272**				6,734
Total assets				**296,622**				279,140
Financial liabilities								
Shares	**217,052**	**-**	**-**	**217,052**	207,428	-	-	207,428
Deposits from banks and similar institutions	**4,449**	**-**	**-**	**4,449**	5,102	-	-	5,102
Other deposits (note iv)	**4,056**	**-**	**-**	**4,056**	4,283	-	-	4,283
Fair value adjustment for portfolio hedged risk	**(106)**	**-**	**-**	**(106)**	27	-	-	27
Debt securities in issue	**46,374**	**-**	**-**	**46,374**	39,429	-	-	39,429
Derivative financial instruments	**-**	**-**	**1,478**	**1,478**	-	-	1,637	1,637
Amounts due to Group undertakings (notes iv and v)	**333**	**-**	**-**	**333**	242	-	-	242
Subordinated liabilities	**2,932**	**-**	**-**	**2,932**	1,674	-	-	1,674
Subscribed capital	**46**	**-**	**-**	**46**	129	-	-	129
Lease liabilities	**146**	**-**	**-**	**146**	156	-	-	156
Total financial liabilities (note ii)	**275,282**	**-**	**1,478**	**276,760**	258,470	-	1,637	260,107
Other (note ii)				**3,892**				4,434
Total liabilities				**280,652**				264,541

Notes:
i. The Group has £36 million (2025: £47 million) of assets for which it had taken the option to designate at FVTPL. The Group has no liabilities (2025: £nil) for which it had taken the option to designate at FVTPL. As at 31 March 2026 and 31 March 2025 the Society had no assets or liabilities for which it had taken the option to designate at FVTPL.
ii. Total financial assets and financial liabilities exclude certain financial instruments presented within 'other' relating to accruals, trade receivables, trade payables and settlement balances which are classified at amortised cost.
iii. Other liabilities for the Group include £1,231 million (2025: £1,429 million) of notes in circulation.
iv. Comparatives have been restated as detailed in note 1.
v. Amounts due to and from Group undertakings presented in the table above include financial assets and liabilities only, with non-financial assets and liabilities included within 'other.'

Further information on the fair value of financial assets and liabilities is included in notes 21 to 23.

13. Investment securities

	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Government, government guaranteed and supranational investment securities	**21,268**	22,977	**18,485**	18,316
Other debt investment securities	**4,560**	5,624	**3,504**	4,085
Investments in equity shares	**77**	62	**1**	1
Total	**25,905**	28,663	**21,990**	22,402

The Group may use its investment securities as collateral to secure deposits received under sale and repurchase agreements or to support derivative financial instruments. The Group retains substantially all of the risks and rewards associated with those investment securities and as a result they are retained on the balance sheet. The counterparty receiving that collateral normally has the contractual right to sell or repledge it. Similarly, Nationwide is allowed to repledge any collateral received as part of reverse repo transactions.

Investment securities with a fair value of £1,067 million (2025: £2,163 million) have been used for sale and repurchase agreements and £1,466 million (2025: £2,353 million) for derivative financial instruments. In addition, £197 million (2025: £197 million) of investment securities are held for regulatory requirements. The Group also holds £993 million (2025: £624 million) of investment securities as collateral under reverse repurchase agreements which are not recognised in the table above. No collateral has been repledged at 31 March 2026 (31 March 2025: £nil). Further information on investment securities is included in the Credit risk - Treasury assets section of the Risk report.

14. Loans and advances to customers

	2026						2025					
	Loans held at amortised cost				Loans held at FVTPL	Total	Loans held at amortised cost				Loans held at FVTPL	Total
	Gross	Provisions	Other (note i)	Total			Gross	Provisions	Other (note i)	Total		
Group	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Owner-occupied mortgages	**224,856**	**(129)**	**-**	**224,727**	**32**	**224,759**	215,546	(115)	-	215,431	36	215,467
Buy to let and legacy residential mortgages	**61,442**	**(223)**	**-**	**61,219**	**-**	**61,219**	60,344	(236)	-	60,108	-	60,108
Consumer lending	**11,578**	**(829)**	**-**	**10,749**	**-**	**10,749**	11,107	(824)	-	10,283	-	10,283
Business lending	**14,668**	**(154)**	**204**	**14,718**	**38**	**14,756**	14,818	(113)	277	14,982	49	15,031
Total	**312,544**	**(1,335)**	**204**	**311,413**	**70**	**311,483**	301,815	(1,288)	277	300,804	85	300,889

	2026						2025					
	Loans held at amortised cost				Loans held at FVTPL	Total	Loans held at amortised cost				Loans held at FVTPL	Total
	Gross	Provisions	Other (note i)	Total			Gross	Provisions	Other (note i)	Total		
Society	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Owner-occupied mortgages	**184,177**	**(96)**	**-**	**184,081**	**32**	**184,113**	174,298	(92)	-	174,206	36	174,242
Buy to let and legacy residential mortgages	**170**	**(4)**	**-**	**166**	**-**	**166**	211	(3)	-	208	-	208
Consumer lending	**5,094**	**(413)**	**-**	**4,681**	**-**	**4,681**	4,441	(372)	-	4,069	-	4,069
Business lending	**5,280**	**(21)**	**204**	**5,463**	**2**	**5,465**	5,067	(22)	277	5,322	2	5,324
Total	**194,721**	**(534)**	**204**	**194,391**	**34**	**194,425**	184,017	(489)	277	183,805	38	183,843

Note:

i. 'Other' represents a fair value adjustment for micro hedged risk for business loans that were previously hedged on an individual basis. The hedge accounting relationships have been discontinued and the balances are being amortised over the remaining life of the loans.

14. Loans and advances to customers (continued)

The tables below summarise the movements in, and stage allocation of, gross loans and advances to customers held at amortised cost, including the impact of impairment provisions and excluding the fair value adjustment for micro hedged risk. Additional tables summarising the movements for the Group's residential mortgages, consumer lending and business lending are presented in the Credit risk section of the Risk report.

The tables are prepared on a net basis. The movements within the tables compare the position at 31 March 2026 to that at 31 March 2025. Further detail on the methodology is included within the footnotes to the tables.

The reasons for key movements for the year ended 31 March 2026 were as follows:

- Gross balances increased by £10.7 billion, of which £10.4 billion relates to residential mortgages.
- Assets written off in the year totalled £302 million, of which £259 million relates to consumer lending.
- Impairment provisions increased by £47 million in the period to £1,335 million. £41 million of the increase relates to business lending.

Further detail on impairment provisions by portfolio is shown in note 10 and in the Credit risk section of the Risk report.

Reconciliation of net movements in balances and impairment provisions

	Non-credit impaired				Credit impaired (note i)			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3 and POCI			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
Group	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 April 2025	257,751	205	41,092	633	2,972	450	301,815	1,288
Stage transfers:								
Transfers from stage 1 to stage 2	(14,908)	(32)	14,908	32	-	-	-	-
Transfers to stage 3	(435)	(5)	(766)	(84)	1,201	89	-	-
Transfers from stage 2 to stage 1	12,266	164	(12,266)	(164)	-	-	-	-
Transfers from stage 3	58	3	266	14	(324)	(17)	-	-
Net remeasurement of ECL arising from transfer of stage (note ii)	-	(165)	-	212	-	143	-	190
Net movement arising from transfer of stage	(3,019)	(35)	2,142	10	877	215	-	190
Change in exposure in the year (note iii)	12,508	65	(855)	53	(522)	(15)	11,131	103
Changes in risk parameters in relation to credit quality (note iv)	-	(11)	-	(59)	-	198	-	128
Other items impacting the income statement (note v)	-	-	-	-	-	(90)	-	(90)
Income statement charge for the year								331
Assets written off (note v)	-	-	-	-	(402)	(302)	(402)	(302)
Other adjustments (note vi)	-	-	-	-	-	18	-	18
At 31 March 2026	267,240	224	42,379	637	2,925	474	312,544	1,335
Net carrying amount		267,016		41,742		2,451		311,209

14. Loans and advances to customers (continued)

Reconciliation of net movements in balances and impairment provisions								
	Non-credit impaired				Credit impaired (note i)			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3 and POCI			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
Group	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	174,860	54	37,303	381	1,666	346	213,829	781
Stage transfers:								
Transfers from stage 1 to stage 2	(12,976)	(6)	12,976	6	-	-	-	-
Transfers to stage 3	(158)	(1)	(495)	(35)	653	36	-	-
Transfers from stage 2 to stage 1	12,112	104	(12,112)	(104)	-	-	-	-
Transfers from stage 3	58	2	222	12	(280)	(14)	-	-
Net remeasurement of ECL arising from transfer of stage (note ii)	-	(87)	-	64	-	61	-	38
Net movement arising from transfer of stage	(964)	12	591	(57)	373	83	-	38
Change in exposure in the period (note iii)	83,855	141	3,198	323	1,138	184	88,191	648
Changes in risk parameters in relation to credit quality (note iv)	-	(2)	-	(14)	-	20	-	4
Other items impacting the income statement (note v)	-	-	-	-	-	(58)	-	(58)
Income statement charge for the period								632
Assets written off (note v)	-	-	-	-	(205)	(141)	(205)	(141)
Other adjustments (note vi)	-	-	-	-	-	16	-	16
At 31 March 2025	257,751	205	41,092	633	2,972	450	301,815	1,288
Net carrying amount		257,546		40,459		2,522		300,527

Notes:

i. Gross balances of credit impaired loans include £792 million (2025: £947 million) of purchased or originated credit impaired (POCI) loans which are presented net of lifetime ECL of £64 million (2025: £100 million). These loans were recognised on the balance sheet when Derbyshire Building Society was acquired in 2008, and Virgin Money was acquired in 2024.

ii. The remeasurement of provisions arising from a change in stage is reported within the stage to which the assets are transferred.

iii. This comprises new assets originated, redemptions, and further lending and capital repayments made where the asset is not derecognised. The gross balances value is calculated as the closing balance for the period less the opening balance for the period. The provisions value is calculated as the change in exposure at default (EAD) multiplied by opening provision coverage for the period. For any asset that is derecognised in the period, the value disclosed is the provision at the start of the period.

iv. This comprises changes in risk parameters, and changes to modelling inputs and methodology. The provision movement for the change in risk parameters is calculated for assets that do not move stage in the period.

v. The movement in provisions for 'assets written off' are presented net of post-write off recoveries of £73 million (2025: £42 million). The income statement impact of these recoveries is included within 'other items impacting the income statement'.

vi. Other adjustments include the release of provisions related to POCI balances which have redeemed during the period.

14. Loans and advances to customers (continued)

Reconciliation of net movements in balances and impairment provisions

	Non-credit impaired				Credit impaired			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
Society	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2025	169,539	40	13,413	166	1,065	283	184,017	489
Stage transfers:								
Transfers from stage 1 to stage 2	(6,476)	(6)	6,476	6	-	-	-	-
Transfers to stage 3	(155)	(1)	(305)	(19)	460	20	-	-
Transfers from stage 2 to stage 1	6,319	58	(6,319)	(58)	-	-	-	-
Transfers from stage 3	37	1	164	7	(201)	(8)	-	-
Net remeasurement of ECL arising from transfer of stage (note i)	-	(48)	-	69	-	68	-	89
Net movement arising from transfer of stage	(275)	4	16	5	259	80	-	89
Change in exposure in the year (note ii)	11,672	2	(761)	16	(108)	4	10,803	22
Changes in risk parameters related to credit quality (note iii)	-	-	-	4	-	16	-	20
Other items impacting the income statement (note iv)	-	-	-	-	-	(12)	-	(12)
Income statement charge for the year								119
Assets written off (note iv)	-	-	-	-	(99)	(71)	(99)	(71)
Other adjustments (note v)	-	-	-	-	-	(3)	-	(3)
At 31 March 2026	180,936	46	12,668	191	1,117	297	194,721	534
Net carrying amount		180,890		12,477		820		194,187

14. Loans and advances to customers (continued)

Reconciliation of net movements in balances and impairment provisions								
	Non-credit impaired				Credit impaired			
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL		Total	
	Stage 1		Stage 2		Stage 3			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
Society	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	154,715	38	14,428	234	1,014	281	170,157	553
Stage transfers:								
Transfers from stage 1 to stage 2	(7,247)	(5)	7,247	5	-	-	-	-
Transfers to stage 3	(138)	(1)	(329)	(27)	467	28	-	-
Transfers from stage 2 to stage 1	6,907	85	(6,907)	(85)	-	-	-	-
Transfers from stage 3	43	1	151	7	(194)	(8)	-	-
Net remeasurement of ECL arising from transfer of stage (note i)	-	(70)	-	49	-	56	-	35
Net movement arising from transfer of stage	(435)	10	162	(51)	273	76	-	35
Change in exposure in the period (note ii)	15,259	(3)	(1,177)	-	(123)	(1)	13,959	(4)
Changes in risk parameters related to credit quality (note iii)	-	(5)	-	(17)	-	17	-	(5)
Other items impacting the income statement (note iv)	-	-	-	-	-	(8)	-	(8)
Income statement charge for the period								18
Assets written off (note iv)	-	-	-	-	(99)	(81)	(99)	(81)
Other adjustments (note v)	-	-	-	-	-	(1)	-	(1)
At 31 March 2025	169,539	40	13,413	166	1,065	283	184,017	489
Net carrying amount		169,499		13,247		782		183,528

Notes:

i. The remeasurement of provisions arising from a change in stage is reported within the stage to which the assets are transferred.

ii. This comprises new assets originated, redemptions, and further lending and capital repayments made where the asset is not derecognised. The gross balances value is calculated as the closing balance for the period less the opening balance for the period. The provisions value is calculated as the change in exposure at default (EAD) multiplied by opening provision coverage for the period. For any asset that is derecognised in the period, the value disclosed is the provision at the start of the period.

iii. This comprises changes in risk parameters, and changes to modelling inputs and methodology. The provision movement for the change in risk parameters is calculated for assets that do not move stage in the period.

iv. The movement in provisions for 'assets written off' are presented net of post-write off recoveries of £15 million (2025: £9 million). The income statement impact of these recoveries is included within 'other items impacting the income statement'.

v. Other adjustments include the release of provisions related to POCI balances which have redeemed during the period.

14. Loans and advances to customers (continued)

Maturity analysis

The following table shows the residual maturity of loans and advances to customers, based on their contractual maturity:

Residual maturity of loans and advances to customers				
	Group		**Society**	
	2026	2025 (note i)	**2026**	2025
	£m	£m	**£m**	£m
Repayable:				
On demand	**1,063**	1,020	**347**	313
In not more than three months	**11,538**	11,291	**3,853**	3,641
In more than three months but not more than one year	**8,491**	8,513	**5,813**	5,727
In more than one year but not more than five years	**43,793**	43,706	**29,081**	28,568
In more than five years	**247,729**	237,370	**155,661**	145,806
	312,614	301,900	**194,755**	184,055
Impairment provision on loans and advances	**(1,335)**	(1,288)	**(534)**	(489)
Fair value adjustment for micro hedged risk	**204**	277	**204**	277
Total	**311,483**	300,889	**194,425**	183,843

Note:
i. Comparatives have been restated to reclassify certain business term lending amounts with revolving credit facilities between maturity categories, to align to contractual maturity dates, irrespective of earlier rollover dates.

The maturity analysis is produced on the basis that where a loan is repayable by instalments, each such instalment is treated as a separate repayment. The analysis is based on contractual maturity rather than actual redemption levels, which are likely to be materially different.

14. Loans and advances to customers (continued)

Asset backed funding

Certain mortgages have been pledged to the Group's asset backed funding programmes or utilised as whole mortgage loan pools for the Bank of England's (BoE's) Term Funding Scheme with additional incentives for Small and Medium sized Enterprises (TFSME) and other short-term liquidity facilities. The programmes have enabled the Group to obtain secured funding. Mortgages pledged and the carrying values of the notes in issue are as follows:

Mortgages pledged to asset backed funding programmes										
	2026					2025				
		Notes in issue					Notes in issue			
	Mortgages pledged (note i)	**Held by third parties (note ii)**	**Held by the Group**		**Total notes in issue**	Mortgages pledged (note i)	Held by third parties (note ii)	Held by the Group		Total notes in issue
			Drawn (note iii)	**Undrawn (note iv)**				Drawn (note iii)	Undrawn (note iv)	
Group	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Covered bond programmes	**44,507**	**23,111**	**-**	**-**	**23,111**	32,739	20,829	-	-	20,829
Securitisation programmes	**14,878**	**5,055**	**-**	**5,125**	**10,180**	19,353	5,015	-	6,128	11,143
Whole mortgage loan pools	**5,382**	**-**	**2,942**	**-**	**2,942**	1,219	-	910	-	910
Total	**64,767**	**28,166**	**2,942**	**5,125**	**36,233**	53,311	25,844	910	6,128	32,882

Notes:
i. Mortgages pledged include £21.7 billion (2025: £15.2 billion) in the covered bond and securitisation programmes that are in excess of the amount contractually required to support notes in issue.
ii. Notes in issue which are held by third parties are included within debt securities in issue. Further information on debt securities is included in note 18.
iii. Notes in issue, held by the Group and drawn, are whole mortgage loan pools securing amounts drawn with the BoE.
iv. Notes in issue, held by the Group and undrawn, are debt securities issued by the programmes to the Society or other Group entities.

Mortgages pledged under the covered bond programmes provide security for covered bonds issued by the Society or Virgin Money.

The securitisation notes are issued by the programmes and the issuing entities are fully consolidated into the accounts of the Group. The issuance proceeds are used to purchase, for the benefit of note holders, a share of the beneficial interest in the pledged mortgages. The remaining beneficial interest in the pledged mortgages stays with the originator of the mortgages and includes its required minimum seller share in accordance with the rules of the programme. The entitlement of note holders is restricted to payment of principal and interest to the extent that the resources of the programme are sufficient to support such payment and the holders of the notes have agreed not to seek recourse in any other form. The Group is under no obligation to support losses incurred by the programmes or holders of the notes and does not intend to provide such further support.

The whole mortgage loan pools are pledged at the BoE Single Collateral Pool. Notes are not issued when pledging the mortgage loan pools at the BoE. Instead, the whole loan pool is pledged to the BoE and drawings are made directly against the eligible collateral, subject to a haircut.

In accordance with accounting standards, notes in issue held by the Group and undrawn are not recognised in the Group's or Society's balance sheets. Mortgages pledged are not derecognised from the Group or Society balance sheets as substantially all the risks and rewards of ownership have been retained. The Group and Society continue to be exposed to the liquidity risk, interest rate risk and credit risk of the mortgages. No gain or loss has been recognised on pledging the mortgages to the programmes.

14. Loans and advances to customers (continued)

The following table sets out the carrying value and fair value of the transferred assets and liabilities for the securitisation programmes:

	Carrying value			Fair value		
	Transferred assets	Associated liabilities	Total	Transferred assets	Associated liabilities	Total
	£m	£m	£m	£m	£m	£m
At 31 March 2026	**14,878**	**(10,180)**	**4,698**	**14,661**	**(10,164)**	**4,497**
At 31 March 2025	19,353	(11,143)	8,210	19,221	(11,154)	8,067

15. Derivative financial instruments

All of the Group's derivative financial instruments are used to manage economic risk, although not all of the derivatives are subject to hedge accounting. Note 7 sets out the link between economic risk management and the hedge accounting applied by the Group. The table below provides an analysis of the notional amount and fair value of derivatives by both hedge accounting type and instrument type. The amount of ineffectiveness recognised for each hedge type is shown in note 7. Contract/notional amount is the amount on which payment flows are derived, and does not represent amounts at risk.

Derivatives by instrument and hedge type

	Group						Society					
	2026			2025			2026			2025		
	Contract/ notional amount (note i)	Fair value (note ii)		Contract/ notional amount (note i)	Fair value (note ii)		Contract/ notional amount (note i)	Fair value (note ii)		Contract/ notional amount (note i)	Fair value (note ii)	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Micro fair value hedges:												
Interest rate swaps	**56,117**	**40**	**238**	54,003	38	214	**62,151**	**560**	**266**	55,228	444	321
Cross currency interest rate swaps	**48,642**	**1,322**	**677**	47,064	1,562	1,063	**57,672**	**1,416**	**1,027**	52,999	1,832	1,115
Bond forwards	**1,100**	**13**	**-**	42	-	-	**1,100**	**13**	**-**	42	-	-
Inflation swaps	**4,728**	**10**	**93**	5,663	43	32	**4,728**	**10**	**93**	4,183	43	32
	110,587	**1,385**	**1,008**	106,772	1,643	1,309	**125,651**	**1,999**	**1,386**	112,452	2,319	1,468
Macro fair value hedges:												
Interest rate swaps	**309,688**	**472**	**18**	292,950	1,195	31	**280,376**	**472**	**18**	272,687	1,195	31
	309,688	**472**	**18**	292,950	1,195	31	**280,376**	**472**	**18**	272,687	1,195	31
Cash flow hedges:												
Interest rate swaps	**92,858**	**-**	**29**	28,014	5	3	**55,715**	**-**	**26**	-	-	-
Cross currency interest rate swaps	**42,040**	**21**	**8**	32,623	13	17	**41,161**	**21**	**8**	31,744	13	16
	134,898	**21**	**37**	60,637	18	20	**96,876**	**21**	**34**	31,744	13	16
Not subject to hedge accounting: (note iii)												
Interest rate swaps	**83,946**	**1,275**	**69**	107,246	1,646	119	**83,729**	**1,291**	**43**	106,592	1,629	85
Cross currency interest rate swaps	**1,769**	**30**	**17**	1,546	33	38	**1,769**	**25**	**(19)**	2,201	27	19
Foreign exchange swaps	**2,655**	**22**	**10**	1,668	13	4	**2,061**	**17**	**4**	1,157	10	-
Inflation swaps	**10,657**	**131**	**10**	10,325	180	16	**10,657**	**131**	**10**	10,325	180	16
Other derivatives	**1,053**	**5**	**9**	1,359	14	10	**168**	**-**	**2**	109	-	2
	100,080	**1,463**	**115**	122,144	1,886	187	**98,384**	**1,464**	**40**	120,384	1,846	122
Total	**655,253**	**3,341**	**1,178**	582,503	4,742	1,547	**601,287**	**3,956**	**1,478**	537,267	5,373	1,637

Notes:

i. Where the same derivative contract has been used in more than one hedge type, for example where one risk component has been included in a fair value hedge and another risk component has been included in a cash flow hedge, the full notional amount has been included in both categories. Where two derivative contracts are entered into which represent offsetting positions, the full notional amounts of both contracts are presented.

ii. Derivative asset and liability fair values are presented based upon their carrying values within the balance sheet, with some instruments being presented gross and others netted with other balances with the same counterparty, in accordance with the requirements of IAS 32. Further information is included in note 24.

iii. Bid-offer, credit and funding valuation adjustments are applied at a portfolio level and not allocated to individual hedge accounting relationships and have therefore been included in the 'Not subject to hedge accounting section', which can result in negative amounts presented.

15. Derivative financial instruments (continued)

The contractual maturity of derivatives used as hedging instruments in fair value and cash flow hedges is provided in the table below.

Contractual maturity of hedging instruments (contract/notional amount)	2026				2025			
Group	Less than one year £m	Between one and five years £m	More than five years £m	Total £m	Less than one year £m	Between one and five years £m	More than five years £m	Total £m
Micro fair value hedges								
Interest rate swaps	**10,545**	**25,395**	**20,177**	**56,117**	6,135	30,133	17,735	54,003
Cross currency interest rate swaps	**9,662**	**24,074**	**14,906**	**48,642**	5,182	28,645	13,237	47,064
Bond forwards	**1,100**	**-**	**-**	**1,100**	42	-	-	42
Inflation swaps	**-**	**1,758**	**2,970**	**4,728**	-	1,911	3,752	5,663
	21,307	**51,227**	**38,053**	**110,587**	11,359	60,689	34,724	106,772
Macro fair value hedges:								
Interest rate swaps	**148,856**	**155,909**	**4,923**	**309,688**	128,681	158,777	5,492	292,950
	148,856	**155,909**	**4,923**	**309,688**	128,681	158,777	5,492	292,950
Cash flow hedges								
Interest rate swaps	**48,743**	**35,188**	**8,927**	**92,858**	14,766	10,462	2,786	28,014
Cross currency interest rate swaps	**7,752**	**20,806**	**13,482**	**42,040**	3,529	20,433	8,661	32,623
	56,495	**55,994**	**22,409**	**134,898**	18,295	30,895	11,447	60,637

Contractual maturity of hedging instruments (contract/notional amount)	2026				2025			
Society	Less than one year £m	Between one and five years £m	More than five years £m	Total £m	Less than one year £m	Between one and five years £m	More than five years £m	Total £m
Micro fair value hedges								
Interest rate swaps	**11,455**	**27,715**	**22,981**	**62,151**	5,302	31,642	18,284	55,228
Cross currency interest rate swaps	**10,075**	**28,067**	**19,530**	**57,672**	5,938	31,033	16,028	52,999
Bond forwards	**1,100**	**-**	**-**	**1,100**	42	-	-	42
Inflation swaps	**-**	**1,759**	**2,969**	**4,728**	-	1,381	2,802	4,183
	22,630	**57,541**	**45,480**	**125,651**	11,282	64,056	37,114	112,452
Macro fair value hedges:								
Interest rate swaps	139,505	136,043	4,828	280,376	124,179	143,016	5,492	272,687
	139,505	136,043	4,828	280,376	124,179	143,016	5,492	272,687
Cash flow hedges								
Interest rate swaps	**29,852**	**21,637**	**4,226**	**55,715**	-	-	-	-
Cross currency interest rate swaps	**7,753**	**20,367**	**13,041**	**41,161**	3,529	19,994	8,221	31,744
	37,605	**42,004**	**17,267**	**96,876**	3,529	19,994	8,221	31,744

15. Derivative financial instruments (continued)

The weighted average rates of hedging instruments which achieve fixed rates are summarised in the table below. Fair value and cash flow hedging instruments which do not achieve a fixed rate have not been included in this analysis.

Average rates achieved								
	2026				2025			
Group	**Less than one year**	**Between one and five years**	**More than five years**	**Total**	Less than one year	Between one and five years	More than five years	Total
Cross currency interest rate swaps								
Average EUR/GBP rate	**1.18**	**1.17**	**1.18**	**1.17**	1.13	1.17	1.19	1.17
Average USD/GBP rate	**1.29**	**1.30**	**1.33**	**1.30**	1.39	1.29	1.30	1.30
Average JPY/GBP rate	**154.07**	**165.78**	**-**	**160.81**	143.40	157.83	-	149.98
Average NOK/GBP rate	**11.35**	**11.21**	**13.15**	**11.74**	-	11.28	13.06	11.72
Average HKD/GBP rate	**11.05**	**11.60**	**10.29**	**10.89**	12.14	11.52	9.13	11.56
Average CHF/GBP rate	**1.11**	**1.14**	**1.18**	**1.15**	1.16	1.14	1.24	1.16
Average CAD/GBP rate	**1.85**	**1.77**	**1.69**	**1.74**	1.78	1.75	1.70	1.72
Average AUD/GBP rate	**-**	**1.80**	**1.74**	**1.79**	-	1.80	1.70	1.78

Average rates achieved								
	2026				2025			
Society	**Less than one year**	**Between one and five years**	**More than five years**	**Total**	Less than one year	Between one and five years	More than five years	Total
Cross currency interest rate swaps								
Average EUR/GBP rate	**1.21**	**1.17**	**1.18**	**1.18**	1.13	1.18	1.19	1.18
Average USD/GBP rate	**1.28**	**1.30**	**1.33**	**1.30**	1.39	1.28	1.30	1.29
Average JPY/GBP rate	**154.07**	**165.78**	**-**	**160.81**	143.40	157.83	-	149.98
Average NOK/GBP rate	**11.35**	**11.21**	**13.23**	**12.00**	-	11.28	13.18	11.99
Average HKD/GBP rate	**11.05**	**11.60**	**10.29**	**10.89**	12.14	11.52	9.13	11.56
Average CHF/GBP rate	**1.11**	**1.14**	**1.18**	**1.15**	1.16	1.14	1.24	1.16
Average CAD/GBP rate	**1.85**	**1.77**	**1.69**	**1.74**	1.78	1.75	1.70	1.72
Average AUD/GBP rate	**-**	**1.80**	**1.74**	**1.79**	-	1.80	1.70	1.78

16. Deposits from banks and similar institutions

A maturity analysis for the Group's deposits from banks and similar institutions can be found in the Liquidity and funding risk section of the Risk report.

Deposits from banks and similar institutions include £0.9 billion (2025: £0.9 billion) and £nil (2025: £nil) of TFSME for the Group and Society, respectively.

17. Other deposits

	Group		Society	
	2026	2025	**2026**	2025 (note i)
	£m	£m	**£m**	£m
Non-member retail deposits	**53,771**	53,312	**-**	-
Non-member business deposits	**22,761**	21,087	**3,822**	4,015
Other	**234**	268	**234**	268
Total	**76,766**	74,667	**4,056**	4,283

Note:
i. Comparatives have been restated as detailed in note 1.

Non-member retail deposits represent Virgin Money retail customer deposits.

18. Debt securities in issue

	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Certificates of deposit and commercial paper	**1,721**	2,516	**1,721**	2,516
Covered bonds	**23,778**	21,251	**20,021**	16,810
Securitisations	**5,055**	5,015	**-**	-
Senior preferred (notes i, ii)	**11,793**	14,792	**11,474**	12,131
Senior non-preferred (note ii)	**13,449**	8,193	**13,457**	8,193
	55,796	51,767	**46,673**	39,650
Fair value adjustment for micro hedged risk	**(975)**	(658)	**(299)**	(221)
Total	**54,821**	51,109	**46,374**	39,429

Note:
i. Senior preferred debt securities in issue for the Group at 31 March 2026 include £319 million (2025: £2,661 million) of MREL-eligible liabilities issued by Virgin Money UK PLC.
ii. On 2 July 2025, as a result of a consent exercise, senior preferred debt securities with a notional value of £1,483 million issued by Virgin Money UK PLC were cancelled and exchanged for senior non-preferred debt securities issued by Nationwide Building Society.

The total for debt securities in issue in the Group includes £28,166 million (2025: £25,844 million), and in the Society includes £20,021 million (2025: £16,810 million), secured on certain loans and advances to customers. Further information is given in note 14.

Senior non-preferred notes are a class of liability which rank equally with each other and behind the claims against the Society of all depositors, creditors and investing members other than holders of Tier 2 eligible subordinated notes, permanent interest-bearing shares (PIBS), Additional Tier 1 (AT1) instruments and core capital deferred shares (CCDS) issued by the Society. Senior non-preferred notes contribute to meeting the Society's minimum requirement for own funds and eligible liabilities (MREL) and loss absorbing requirements.

19. Subordinated liabilities

				Group		Society	
				2026	2025	**2026**	2025
	Issuance date	**Next call date**	**Maturity date**	**£m**	£m	**£m**	£m
Tier 2 eligible notes							
Nationwide Building Society issued notes:							
4% subordinated notes (USD 1.25 billion) (note i)	14 September 2016		14 September 2026	**842**	864	**842**	864
4.125% subordinated notes (USD 1.25 billion) (note ii)	18 October 2017	18 October 2027	18 October 2032	**390**	400	**390**	400
4.375% subordinated notes (EUR 0.5 billion)	16 April 2024	16 April 2029	16 April 2034	**452**	434	**452**	434
4% subordinated notes (EUR 0.65 billion)	30 April 2025	30 July 2030	30 July 2035	**578**	-	**578**	-
2.625% subordinated notes (GBP 0.3 billion) (note iii)	19 May 2021	19 May 2026	19 August 2031	**298**	-	**300**	-
1.676% subordinated notes (GBP 0.4 billion)	14 October 2025	14 July 2031	14 July 2036	**403**	-	**403**	-
Virgin Money UK PLC issued notes:							
5.13% subordinated notes (GBP 0.475 billion) (note iv)	11 September 2020		11 December 2030	**-**	481	**-**	-
2.625% subordinated notes (GBP 0.3 billion) (note iii)	19 May 2021	19 May 2026	19 August 2031	**-**	290	**-**	-
				2,963	2,469	**2,965**	1,698
Fair value hedge accounting adjustments				**(32)**	(25)	**(33)**	(24)
Total				**2,931**	2,444	**2,932**	1,674

Notes:
i. The Society repurchased USD 136 million of the outstanding principal on 10 June 2022.
ii. The Society repurchased USD 742 million of the outstanding principal on 10 June 2022.
iii. Nationwide was substituted in place of Virgin Money UK PLC as the obligor of these notes on 2 July 2025.
iv. The Group exercised its option to call these notes during the period ended 31 March 2026.

The Tier 2 eligible subordinated notes rank at least pari passu with other such notes of the relevant issuer, behind claims of all senior creditors and ahead of claims against the Group of holders of PIBS, AT1 instruments and CCDS. These notes are dated subordinated securities on which there is an obligation to pay coupons and are included within the Group's regulatory capital base as Tier 2 capital.

The interest rate and foreign exchange risks arising from the issuance of fixed rate and foreign currency subordinated liabilities have been mitigated through the use of derivatives.

20. Subscribed capital

		Group and Society	
		2026	2025
	Next call date	**£m**	£m
5.769% permanent interest-bearing shares (note i)		**-**	84
7.859% permanent interest-bearing shares (note ii)	13 March 2030	**39**	38
Floating rate (Sonia + 4.2%) permanent interest-bearing shares	30 September 2030	**5**	5
		44	127
Fair value hedge accounting adjustments		**2**	2
Total		**46**	129

Notes:
i. The society exercised its option to call these notes during the period ended 31 March 2026.
ii. Repayable, at the option of the Society, in full on the initial call date or every fifth anniversary thereafter. If not repaid on a call date, then the interest rate is reset at a rate linked to the prevailing five-year benchmark gilt rate.

All PIBS are denominated in sterling and only repayable with the prior consent of the PRA. PIBS do not form part of capital resources.

PIBS rank equally with each other. They are deferred shares of the Society and rank behind the claims against the Society of all noteholders, depositors, creditors and investing members of the Society, other than the holders of AT1 and CCDS instruments.

The interest rate risk arising from the issuance of fixed rate PIBS has been mitigated through the use of interest rate swaps.

21. Fair value hierarchy of financial assets and liabilities held at fair value

The following table shows the Group's and Society's financial assets and liabilities that are held at fair value by fair value hierarchy, balance sheet classification and product type:

	2026				2025			
	Fair values based on				Fair values based on			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Financial assets								
Government, government guaranteed and supranational investment securities	**21,268**	**-**	**-**	**21,268**	22,977	-	-	22,977
Other debt investment securities	**3,326**	**1,230**	**4**	**4,560**	4,344	1,277	3	5,624
Investments in equity shares	**-**	**-**	**77**	**77**	-	-	62	62
Total investment securities	**24,594**	**1,230**	**81**	**25,905**	27,321	1,277	65	28,663
Interest rate swaps	**-**	**1,787**	**-**	**1,787**	-	2,884	-	2,884
Cross currency interest rate swaps	**-**	**1,373**	**-**	**1,373**	-	1,608	-	1,608
Foreign exchange swaps	**-**	**22**	**-**	**22**	-	13	-	13
Inflation swaps	**-**	**141**	**-**	**141**	-	182	41	223
Other derivatives	**-**	**18**	**-**	**18**	-	8	6	14
Total derivative financial instruments	**-**	**3,341**	**-**	**3,341**	-	4,695	47	4,742
Loans and advances to customers	**-**	**36**	**34**	**70**	-	47	38	85
Total financial assets	**24,594**	**4,607**	**115**	**29,316**	27,321	6,019	150	33,490
Financial liabilities								
Interest rate swaps	**-**	**354**	**-**	**354**	-	367	-	367
Cross currency interest rate swaps	**-**	**702**	**-**	**702**	-	1,118	-	1,118
Foreign exchange swaps	**-**	**10**	**-**	**10**	-	4	-	4
Inflation swaps	**-**	**103**	**-**	**103**	-	23	25	48
Other derivatives	**-**	**9**	**-**	**9**	-	8	2	10
Total derivative financial instruments	**-**	**1,178**	**-**	**1,178**	-	1,520	27	1,547
Total financial liabilities	**-**	**1,178**	**-**	**1,178**	-	1,520	27	1,547

21. Fair value hierarchy of financial assets and liabilities held at fair value (continued)

	2026				2025			
	Fair values based on				Fair values based on			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Society	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m
Financial assets								
Government, government guaranteed and supranational investment securities	**18,485**	**-**	**-**	**18,485**	18,316	-	-	18,316
Other debt investment securities	**2,274**	**1,230**	**-**	**3,504**	2,808	1,277	-	4,085
Investments in equity shares	**-**	**-**	**1**	**1**	-	-	1	1
Total investment securities	**20,759**	**1,230**	**1**	**21,990**	21,124	1,277	1	22,402
Interest rate swaps	**-**	**2,323**	**-**	**2,323**	-	3,268	-	3,268
Cross currency interest rate swaps	**-**	**1,462**	**-**	**1,462**	-	1,872	-	1,872
Foreign exchange swaps	**-**	**17**	**-**	**17**	-	10	-	10
Inflation swaps	**-**	**141**	**-**	**141**	-	182	41	223
Other derivatives	**-**	**13**	**-**	**13**	-	-	-	-
Total derivative financial instruments	**-**	**3,956**	**-**	**3,956**	-	5,332	41	5,373
Loans and advances to customers	**-**	**-**	**34**	**34**	-	-	38	38
Total financial assets	**20,759**	**5,186**	**35**	**25,980**	21,124	6,609	80	27,813
Financial liabilities								
Interest rate swaps	**-**	**353**	**-**	**353**	-	437	-	437
Cross currency interest rate swaps	**-**	**1,016**	**-**	**1,016**	-	1,150	-	1,150
Foreign exchange swaps	**-**	**4**	**-**	**4**	-	-	-	-
Inflation swaps	**-**	**103**	**-**	**103**	-	23	25	48
Other derivatives	**-**	**2**	**-**	**2**	-	-	2	2
Total derivative financial instruments	**-**	**1,478**	**-**	**1,478**	-	1,610	27	1,637
Total financial liabilities	**-**	**1,478**	**-**	**1,478**	-	1,610	27	1,637

The Level 1 portfolio comprises government and other highly rated securities for which traded prices are readily available. Asset valuations for Level 2 investment securities are sourced from consensus pricing or other observable market prices. None of the Level 2 investment securities are valued using models. Level 2 derivative assets and liabilities are valued using observable market data for all significant valuation inputs. More detail on the Level 3 portfolio is provided in note 22.

Transfers between fair value hierarchies

Instruments move between fair value hierarchies primarily due to increases or decreases in market activity or changes to the significance of unobservable inputs to valuation. Transfers are recognised at the date of the event or change in circumstances which caused the transfer. There were no transfers between the Level 1 and Level 2 portfolios during the current year or prior period.

22. Fair value of financial assets and liabilities held at fair value – Level 3 portfolio

During the year, the main constituents of the Level 3 portfolio were:

- certain loans and advances to customers, including a closed portfolio of residential mortgages;
- certain investment securities, including investments made in Fintech companies; and
- inflation swaps where seasonality is significant to the valuation.

The table below sets out movements in the Level 3 portfolio, including transfers in and out of Level 3. The majority of the Group's Level 3 assets and liabilities are held within the Society, with the exception of its Level 3 investment securities which are predominantly held in a subsidiary of the Society.

Movements in Level 3 portfolio

	2026				2025			
Group	**Investment securities (note i) £m**	**Derivative financial assets £m**	**Derivative financial liabilities £m**	**Loans and advances to customers £m**	Investment securities (note i) £m	Derivative financial assets £m	Derivative financial liabilities £m	Loans and advances to customers £m
At 1 April (2025: 5 April)	65	47	(27)	38	63	195	(5)	42
Gains/(losses) recognised in the income statement, within:								
Net interest income	-	4	-	1	-	95	5	1
Gains/(losses) from derivatives and hedge accounting (note ii)	1	(13)	(7)	-	-	(163)	16	-
Other operating income	-	-	3	(1)	(3)	99	1	-
Gains/(losses) recognised in other comprehensive income, within:								
Fair value through other comprehensive income reserve	1	-	-	-	(2)	-	-	-
Additions	15	-	-	-	6	-	-	-
Acquisition of Virgin Money	-	-	-	-	2	-	-	-
Disposals	(1)	-	(3)	-	(1)	(97)	(1)	-
Settlements/repayments	-	(26)	(39)	(4)	-	(82)	(47)	(5)
Transfers out of Level 3 portfolio (note iii)	-	(12)	73	-	-	-	4	-
At 31 March	**81**	-	-	**34**	65	47	(27)	38
Unrealised (losses)/gains recognised in the income statement attributable to assets and liabilities held at the end of the period	-	(14)	(7)	(1)	3	(58)	17	-

Notes:
i. Includes £75 million (2025: £60 million) of equity investments which have been designated at FVOCI as the investments are being held for long-term strategic purposes.
ii. Includes foreign exchange revaluation gains/(losses).
iii. The proportional impact of seasonality on the value of USD-denominated and EUR-denominated inflation swaps reduced during the years ended 31 March 2026 and 31 March 2025, respectively, resulting in these instruments no longer being categorised within Level 3 of the fair value hierarchy.

22. Fair value of financial assets and liabilities held at fair value – Level 3 portfolio (continued)

Level 3 portfolio sensitivity analysis of valuations using unobservable inputs

The fair value of financial instruments is, in certain circumstances, measured using valuation techniques based on market prices that are not observable in an active market or significant unobservable market inputs. Reasonable alternative assumptions can be applied for sensitivity analysis, taking account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historic data. The following table shows the sensitivity of the Level 3 fair values to reasonable alternative assumptions (as set out in the table of significant unobservable inputs below) and the resultant impact of such changes in fair value on the income statement or other comprehensive income.

Sensitivity of Level 3 fair values

	2026					2025				
		Income statement		Other comprehensive income			Income statement		Other comprehensive income	
Group	Fair value £m	Favourable changes £m	Unfavourable changes £m	Favourable changes £m	Unfavourable changes £m	Fair value £m	Favourable changes £m	Unfavourable changes £m	Favourable changes £m	Unfavourable changes £m
Investment securities	**81**	**1**	**(1)**	**19**	**(19)**	65	1	(1)	15	(15)
Net derivative financial instruments	**-**	**-**	**-**	**-**	**-**	20	5	(5)	-	-
Loans and advances to customers	**34**	**1**	**(1)**	**-**	**-**	38	2	(1)	-	-
Total	**115**	**2**	**(2)**	**19**	**(19)**	123	8	(7)	15	(15)

Alternative assumptions are considered for each product and varied according to the quality of the data and variability of the underlying market. The following table discloses the significant unobservable inputs underlying the above alternative assumptions for assets and liabilities recognised at fair value and classified as Level 3, along with the range of values for those significant unobservable inputs. Where sensitivities are described, the inverse relationship will also generally apply.

Significant unobservable inputs

	2026							2025						
Group	Total assets £m	Total liabilities £m	Valuation technique	Significant unobservable inputs	Range (note i)		Units	Total assets £m	Total liabilities £m	Valuation technique	Significant unobservable inputs	Range (note i)		Units
Investment securities	**81**	**-**	**Internal assessment**	**Various (note ii)**	**-**	**-**	**£**	65	-	Internal assessment	Various (note ii)	-	-	£
Derivative financial instruments	**-**	**-**	**Discounted cash flows**	**Seasonality**	**-**	**-**	**%**	47	(27)	Discounted cash flows	Seasonality	0.02	0.54	%
Loans and advances to customers	**34**	**-**	**Discounted cash flows**	**Discount rate**	**5.56**	**7.56**	**%**	38	-	Discounted cash flows	Discount rate	5.11	7.11	%

Notes:
i. The range represents the values of the highest and lowest levels used in the calculation of favourable and unfavourable changes as presented in the table of sensitivities above.
ii. Given the wide range of investments and variety of inputs to modelled values, which may include inputs such as observed market prices, discount rates or probability weightings of expected outcomes, the Group does not disclose ranges as they are not meaningful without reference to individual underlying investments, which would be impracticable. Some of the significant unobservable inputs used in the fair value measurement of investment securities may be interdependent.

22. Fair value of financial assets and liabilities held at fair value – Level 3 portfolio (continued)

Discount rate

The discount rate is used to determine the present value of future cash flows. The level of the discount rate takes into account the time value of money, but also the risk associated with the investment at the time the investment was made. Typically, the greater the risk, the higher the discount rate. A higher discount rate leads to a lower valuation and vice versa.

Seasonality

An inflation swap curve is built using inflation swap quotes to project future levels of the inflation indices in each of the markets in which the Group is active. These curves are used to calculate future cash flows. While inflation swap instruments give a good indication of annual growth in inflation, monthly index fixings throughout the year tend to behave differently and so the inflation swap curve is adjusted for this seasonality accordingly. The higher the seasonality, the greater the adjustment to the inflation swap curve.

23. Fair value of financial assets and liabilities measured at amortised cost

The following tables summarise the Group's and Society's carrying value and fair value of financial assets and liabilities measured at amortised cost on the balance sheet:

Fair value of financial assets and liabilities (note i)										
	2026					2025				
	Carrying value	**Fair values based on**			**Total fair value**	Carrying value	Fair values based on			Total fair value
		Level 1	**Level 2**	**Level 3**			Level 1	Level 2	Level 3	
Group	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Financial assets										
Loans and advances to banks and similar institutions	**1,758**	**-**	**1,758**	**-**	**1,758**	1,810	-	1,810	-	1,810
Loans and advances to customers:										
Residential mortgages	**285,946**	**-**	**-**	**282,080**	**282,080**	275,539	-	-	272,365	272,365
Consumer lending	**10,749**	**-**	**-**	**11,093**	**11,093**	10,283	-	-	10,596	10,596
Business lending	**14,718**	**-**	**1,029**	**13,367**	**14,396**	14,982	-	995	13,632	14,627
Total	**313,171**	**-**	**2,787**	**306,540**	**309,327**	302,614	-	2,805	296,593	299,398
Financial liabilities										
Shares	**217,052**	**-**	**216,789**	**-**	**216,789**	207,428	-	207,459	-	207,459
Deposits from banks and similar institutions	**5,453**	**-**	**5,453**	**-**	**5,453**	6,053	-	6,053	-	6,053
Other deposits	**76,766**	**-**	**76,702**	**-**	**76,702**	74,667	-	74,568	13	74,581
Debt securities in issue	**54,821**	**21,104**	**34,033**	**-**	**55,137**	51,109	18,719	32,722	-	51,441
Subordinated liabilities	**2,931**	**-**	**2,959**	**-**	**2,959**	2,444	-	2,464	-	2,464
Subscribed capital	**46**	**-**	**47**	**-**	**47**	129	-	129	-	129
Total	**357,069**	**21,104**	**335,983**	**-**	**357,087**	341,830	18,719	323,395	13	342,127

23. Fair value of financial assets and liabilities measured at amortised cost (continued)

Fair value of financial assets and liabilities (note i)										
	2026					2025				
	Carrying value	Fair values based on			Total fair value	Carrying value	Fair values based on			Total fair value
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
Society	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Financial assets										
Loans and advances to banks and similar institutions	**1,204**	**-**	**1,204**	**-**	**1,204**	1,339	-	1,339	-	1,339
Loans and advances to customers:										
Residential mortgages	**184,247**	**-**	**-**	**181,538**	**181,538**	174,414	-	-	171,410	171,410
Consumer lending	**4,681**	**-**	**-**	**4,602**	**4,602**	4,069	-	-	4,003	4,003
Business lending	**5,463**	**-**	**-**	**5,072**	**5,072**	5,322	-	-	4,890	4,890
Amounts due from Group undertakings (note ii)	**47,461**	**-**	**4,022**	**43,455**	**47,477**	42,833	-	752	42,079	42,831
Total	**243,056**	**-**	**5,226**	**234,667**	**239,893**	227,977	-	2,091	222,382	224,473
Financial liabilities										
Shares	**217,052**	**-**	**216,789**	**-**	**216,789**	207,428	-	207,459	-	207,459
Deposits from banks and similar institutions	**4,449**	**-**	**4,449**	**-**	**4,449**	5,102	-	5,102	-	5,102
Other deposits (note ii)	**4,056**	**-**	**4,055**	**-**	**4,055**	4,283	-	4,270	13	4,283
Debt securities in issue	**46,374**	**17,351**	**28,678**	**-**	**46,029**	39,429	14,274	25,039	-	39,313
Amounts due to Group undertakings (note ii)	**333**	**-**	**333**	**-**	**333**	242	-	242	-	242
Subordinated liabilities	**2,932**	**-**	**2,958**	**-**	**2,958**	1,674	-	1,692	-	1,692
Subscribed capital	**46**	**-**	**47**	**-**	**47**	129	-	129	-	129
Total	**275,242**	**17,351**	**257,309**	**-**	**274,660**	258,287	14,274	243,933	13	258,220

Notes:
i. The tables above exclude cash and certain other financial assets and liabilities such as accruals, trade receivables, trade payables and settlement balances which are short-term in nature and for which fair value approximates carrying value.
ii. Comparatives have been restated as detailed in note 1.

Fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It does not reflect the economic benefits and costs that the group expects to flow from an instrument's cash flows over its expected future life. The assumptions and methodologies underlying the calculation of fair values of financial instruments at the balance sheet date are set out below.

Loans and advances to banks and similar institutions

The fair value of loans and advances to banks and similar institutions is estimated by discounting expected cash flows at a market discount rate.

Loans and advances to customers

The fair value of loans and advances to customers is estimated by discounting expected cash flows at rates that reflect current pricing for similar lending. Loans are segregated into portfolios with similar characteristics, with fair values estimated using valuation models incorporating a range of input assumptions considered consistent with those that would be used by market participants in valuing such loans, including expected credit losses and customer prepayment rates. Cash flows are discounted at rates which are appropriate based on the underlying portfolios.

23. Fair value of financial assets and liabilities measured at amortised cost (continued)

Amounts due from Group undertakings

Level 2 amounts due from Group undertakings represent debt instruments issued by Virgin Money UK PLC to Nationwide Building Society. The fair value of these instruments is estimated using a discounted cash flow model applying yields on similar externally issued instruments. Level 3 amounts due from Group undertakings represent other loans to subsidiaries where carrying value approximates fair value as the rate payable resets biannually based on current market conditions.

Shares, deposits and amounts due to Group undertakings

Fair values of shares, deposits and amounts due to Group undertakings are estimated using discounted cash flow valuation techniques. In many cases, the fair value disclosed approximates carrying value because the instruments are short-term in nature or have interest rates that reprice frequently. The fair value for deposits with longer-term maturities, such as time deposits, are estimated using discounted cash flows applying either market rates or current rates for deposits of similar remaining maturities.

Debt securities in issue, subordinated liabilities and subscribed capital

The estimated fair values of longer dated liabilities are calculated based on quoted market prices where available or using similar instruments as a proxy for those liabilities that are not of sufficient size or liquidity to have an active market quote. For those notes for which quoted market prices are not available, a discounted cash flow model is used based on a current yield curve appropriate for the remaining term to maturity.

24. Offsetting financial assets and financial liabilities

The Group has financial assets and liabilities for which there is a legally enforceable right to set off the recognised amounts, and there is an intention to settle on a net basis or realise the asset and liability simultaneously. In accordance with IAS 32 'Financial Instruments: Presentation,' where the right to set off is not unconditional in all circumstances this does not result in an offset of balance sheet assets and liabilities.

The following table shows:

- Amounts which have been offset, where there is an enforceable master netting arrangement or similar agreement in place, an unconditional right to offset exists and there is an intention to settle net ('amounts offset'); and
- Amounts which have not been offset, where there is an enforceable master netting arrangement or similar agreement in place, but the offset criteria are otherwise not satisfied ('master netting arrangements') and/or where financial collateral has been paid or received ('financial collateral').

24. Offsetting financial assets and financial liabilities (continued)

Offsetting financial assets and financial liabilities

	2026						2025					
	Gross amounts recognised	**Amounts offset (note i)**	**Net amounts reported on the balance sheet**	**Master netting arrangements**	**Financial collateral (note ii)**	**Net amounts**	Gross amounts recognised	Amounts offset (note i)	Net amounts reported on the balance sheet	Master netting arrangements	Financial collateral (note ii)	Net amounts
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Financial assets												
Derivative financial assets	**11,911**	**(8,570)**	**3,341**	**(1,029)**	**(2,237)**	**75**	13,986	(9,244)	4,742	(1,236)	(3,467)	39
Reverse repurchase agreements	**993**	**(993)**	**-**	**-**	**-**	**-**	624	(624)	-	-	-	-
Total financial assets	**12,904**	**(9,563)**	**3,341**	**(1,029)**	**(2,237)**	**75**	14,610	(9,868)	4,742	(1,236)	(3,467)	39
Financial liabilities												
Derivative financial liabilities	**9,047**	**(7,869)**	**1,178**	**(1,029)**	**(12)**	**137**	10,491	(8,944)	1,547	(1,236)	(100)	211
Repurchase agreements	**3,102**	**(993)**	**2,109**	**-**	**(2,109)**	**-**	2,169	(624)	1,545	(10)	(1,535)	-
Total financial liabilities	**12,149**	**(8,862)**	**3,287**	**(1,029)**	**(2,121)**	**137**	12,660	(9,568)	3,092	(1,246)	(1,635)	211

Notes:

i. Amounts offset for derivative financial assets of £8,570 million (2025: £9,244 million) include cash collateral netted of £1,289 million (2025: £720 million). Amounts offset for derivative financial liabilities of £7,869 million (2025: £8,944 million) include cash collateral netted of £588 million (2025: £420 million).

ii. Financial collateral for repurchase agreements and reverse repurchase agreements may include investment securities or mortgage balances, with amounts presented limited to the net amounts reported on the balance sheet.

Master netting arrangements consist of agreements such as an International Swaps and Derivatives Association (ISDA) Master Agreement, global master repurchase agreements and global master securities lending agreements, whereby outstanding transactions with the same counterparty can be offset and settled net, either unconditionally or following a default or other predetermined event.

Financial collateral on derivative financial instruments consists of cash paid or received, typically daily or weekly, to mitigate the credit risk on the fair value of derivative contracts. Financial collateral on repurchase agreements typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

The net amounts after offsetting presented above show the exposure to counterparty credit risk for derivative contracts after netting benefits and collateral, and are not intended to represent the Group's actual exposure to credit risk. This is due to a variety of credit mitigation strategies which are employed in addition to netting and collateral arrangements.

25. Intangible assets

Group							
	Computer software		Total computer software	Core deposit intangible	Purchased credit card and other relationships	Goodwill	Total
2026	Externally acquired £m	Internally developed £m	£m	£m	£m	£m	£m
Cost							
At 1 April 2025	359	2,903	3,262	360	292	12	3,926
Additions	**3**	**336**	**339**	**-**	**-**	**-**	**339**
Disposals	**(13)**	**(164)**	**(177)**	**-**	**(4)**	**-**	**(181)**
At 31 March 2026	**349**	**3,075**	**3,424**	**360**	**288**	**12**	**4,084**
Accumulated amortisation and impairment							
At 1 April 2025	300	2,088	2,388	28	29	-	2,445
Amortisation charge	**21**	**406**	**427**	**55**	**58**	**-**	**540**
Impairment in the year	**2**	**9**	**11**	**-**	**-**	**-**	**11**
Disposals	**(13)**	**(164)**	**(177)**	**-**	**-**	**-**	**(177)**
At 31 March 2026	**310**	**2,339**	**2,649**	**83**	**87**	**-**	**2,819**
Net book value							
At 31 March 2026	**39**	**736**	**775**	**277**	**201**	**12**	**1,265**

Group							
	Computer software		Total computer software	Core deposit intangible	Purchased credit card and other relationships	Goodwill	Total
2025	Externally acquired £m	Internally developed £m	£m	£m	£m	£m	£m
Cost							
At 5 April 2024	342	2,592	2,934	-	-	12	2,946
Additions	33	275	308	-		-	308
Acquisition of Virgin Money	-	116	116	360	292	-	768
Disposals	(16)	(80)	(96)	-	-	-	(96)
At 31 March 2025	359	2,903	3,262	360	292	12	3,926
Accumulated amortisation and impairment							
At 5 April 2024	290	1,808	2,098	-	-	-	2,098
Amortisation charge	26	347	373	28	29	-	430
Impairment in the period	-	13	13	-	-	-	13
Disposals	(16)	(80)	(96)	-	-	-	(96)
At 31 March 2025	300	2,088	2,388	28	29	-	2,445
Net book value							
At 31 March 2025	59	815	874	332	263	12	1,481

The Group's core deposit intangible and purchased credit card relationships relate to the Society's acquisition of Virgin Money.

The Group's goodwill relates to the Society's acquisition of The Mortgage Works (UK) PLC.

25. Intangible assets (continued)

Society	2026			2025		
	Computer software		Total	Computer software		Total
	Externally acquired £m	Internally developed £m	£m	Externally acquired £m	Internally developed £m	£m
Cost						
At 1 April 2025 (2024: 5 April)	359	2,787	3,146	342	2,592	2,934
Additions	**3**	**326**	**329**	33	275	308
Disposals	**(13)**	**(164)**	**(177)**	(16)	(80)	(96)
At 31 March	**349**	**2,949**	**3,298**	359	2,787	3,146
Accumulated amortisation and impairment						
At 1 April 2025 (2024: 5 April)	300	2,064	2,364	290	1,808	2,098
Amortisation charge	**21**	**333**	**354**	26	323	349
Impairment in the period	**2**	**9**	**11**	-	13	13
Disposals	**(13)**	**(164)**	**(177)**	(16)	(80)	(96)
At 31 March	**310**	**2,242**	**2,552**	300	2,064	2,364
Net book value						
At 31 March	**39**	**707**	**746**	59	723	782

Computer software capitalised during the year primarily relates to the Group's investment in digital services, data capabilities and modernisation of the Group's technology estate. The total cost includes £149 million (2025: £119 million) for the Group and £141 million (2025: £119 million) for the Society, of assets in the course of construction which, to the extent that they are not yet ready for use by the business, have no amortisation charged against them. For all other computer software capitalised the estimated useful life of individual assets is predominantly four years.

An impairment loss of £11 million (2025: £13 million) was recognised in the year for the Group and Society, primarily as a result of software becoming obsolete earlier than envisaged due to ongoing investment to ensure the Group's technology estate is fit for the future. In addition, during the year ended 31 March 2026, the useful economic life of certain intangible assets was reduced to reflect management's best estimate of the expected life, considering the impact of technological change, planned integration activities and anticipated future investment resulting in technological obsolescence of the assets. This change resulted in additional amortisation charges of £48 million and £11 million being recognised by Group and Society respectively in the year ended 31 March 2026.

Capital expenditure contracted for, but not accrued, at 31 March 2026 was £17 million for the Group and Society (2025: £17 million for the Group and Society).

26. Property, plant and equipment

	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Branches and non-specialised buildings	**139**	141	**130**	133
Specialised administration buildings	**68**	71	**68**	71
Investment properties (note i)	**34**	35	**2**	2
Plant and machinery	**43**	49	**37**	45
Equipment, fixtures, fittings and vehicles	**285**	292	**252**	258
Right-of-use branches and non-specialised buildings	**190**	208	**98**	106
Total	**759**	796	**587**	615

Note:
i. Included within investment properties for the Group is £29 million (2025: £30 million) of right-of-use investment properties.

Property, plant and equipment includes £9 million (2025: £6 million) for the Group and £6 million (2025: £5 million) for the Society of assets in the course of construction. Capital expenditure contracted for but not accrued at 31 March 2026 was £18 million for the Group and Society (2025: £6 million for the Group and Society). As at 31 March 2026, branches and non-specialised buildings includes £3 million for the Group and Society (2025: £6 million for the Group and Society) of properties which are classified as held for sale.

Branches and non-specialised buildings are valued annually at the balance sheet date by independent surveyors. The current use of all branches and non-specialised buildings represents the highest and best use, and there have been no changes to the valuation technique during the period.

IFRS 13 requires that all assets held at fair value are classified according to a hierarchy that reflects the significance of observable market inputs in calculating those fair values. Branches and non-specialised buildings valuations are classified within Level 2 of the fair value hierarchy.

Branches and non-specialised buildings revalued annually would have a carrying value under the historic cost model of £63 million (2025: £65 million) for the Group and £51 million (2025: £53 million) for the Society. Investment properties revalued annually would have a carrying value under the historic cost model of £33 million (2025: £35 million) for the Group and £1 million (2025: £2 million) for the Society.

27. Provisions for liabilities and charges

	Group					Society				
	Customer-related	**Legal and regulatory**	**Property-related**	**Other provisions**	**Total**	**Customer-related**	**Legal and regulatory**	**Property-related**	**Other provisions**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 April 2025	21	-	28	21	70	8	-	11	7	26
Charge for the year	**28**	**56**	**9**	**27**	**120**	**16**	**44**	**2**	**16**	**78**
Release for the year	**(7)**	**-**	**(4)**	**(11)**	**(22)**	**(4)**	**-**	**(1)**	**(4)**	**(9)**
Net income statement charge (note i)	**21**	**56**	**5**	**16**	**98**	**12**	**44**	**1**	**12**	**69**
Provisions utilised	**(8)**	**(56)**	**(2)**	**(24)**	**(90)**	**(2)**	**(44)**	**-**	**(16)**	**(62)**
At 31 March 2026	**34**	**-**	**31**	**13**	**78**	**18**	**-**	**12**	**3**	**33**

Note:
i. The net income statement charge is included within administrative expenses.

27. Provisions for liabilities and charges (continued)

Customer-related provisions

During the course of its business, the Group receives complaints from customers in relation to past sales or ongoing administration and is subject to enquiries from regulators or other public bodies, including the Financial Ombudsman Service, on a range of customer-related matters. In addition, the Group may identify through its own investigations matters which require redress.

Consideration of these matters may result in a provision, a contingent liability or both, depending upon relevant facts and circumstances. No provision is made where it is concluded that it is not probable that a quantifiable payment will be made; this will include circumstances where the facts are unclear or further time is required to reasonably quantify the expected cost. Provisions are based upon detailed reviews completed to date and represent the Group's best estimate of the liability.

The Group held provisions of £34 million (2025: £21 million) and the Society held provisions of £18 million (2025: £8 million) for the potential costs of remediation and redress in relation to issues with historical quality control procedures, past sales and administration of customer accounts, and other matters requiring redress. This includes amounts held as a result of the Group's investigation into some legacy data quality matters. The provision has been based on reviews performed to date; as additional work is undertaken, it is possible that the ultimate liability may be higher or lower than the total amount provided. An estimate of the potential impact of any contingent liabilities associated with ongoing investigations has not been provided as it is not practicable to do so.

Whilst there is uncertainty as to the timing of the utilisation of customer-related provisions, the Group expects the majority to have been utilised within the next year.

Legal and regulatory provisions

The Group is also subject to enquiries from, and discussions with, its regulators and other government bodies, including tax authorities, on a range of matters, and may be engaged in legal proceedings in the course of its business.

During the year, the FCA fined the Society £44 million for historical weaknesses in its anti-money laundering controls in periods prior to July 2021.

The Group does not disclose further information in the case of matters subject to active legal proceedings where such disclosure could be seriously prejudicial to the conduct of the claims.

Property-related provisions

Property-related provisions include estimated costs relating to vacant properties and costs for restoring leased properties to the condition required under lease agreements at the end of the lease term. Provisions relating to vacant properties are utilised over the remaining lease terms. Provisions relating to reinstatement obligations are utilised upon exit from the properties.

Other provisions

Other provisions include amounts for severance costs and expected credit losses on irrevocable lending commitments. Whilst there is uncertainty as to the timing of the utilisation of provisions, the Group expects the majority to have been utilised within the next two years.

28. Leasing

The Group and Society lease various offices, branches and other premises under leasing arrangements. The following tables show the amounts recognised in the income statement and on the balance sheet arising from these leases:

Leasing amounts recognised in the income statement					
		Group		**Society**	
	Income statement classification	**2026 £m**	2025 £m	**2026 £m**	2025 £m
Finance lease interest income	Interest receivable and similar income	**62**	31	**-**	-
Interest expense	Interest expense and similar charges	**(8)**	(6)	**(4)**	(4)
Depreciation and impairment of right-of-use assets	Administrative expenses	**(33)**	(26)	**(22)**	(20)
Lease expense in respect of short-term and low value leases	Administrative expenses	**(11)**	(10)	**(10)**	(9)
Amounts receivable under leases where the Group is a lessor	Other operating income	**3**	3	**3**	3

Leasing amounts recognised at the balance sheet date					
		Group		**Society**	
	Balance sheet classification	**2026 £m**	2025 £m	**2026 £m**	2025 £m
Right-of-use assets	Property, plant and equipment	**219**	238	**98**	106
Lease liabilities	Other liabilities	**(297)**	(315)	**(146)**	(156)
Finance lease receivables	Loans and advances to customers	**1,074**	1,066	**-**	-

Total leasing cash outflows in the period for the Group were £52 million (2025: £49 million) and £37 million (2025: £40 million) for the Society. No lease commitments (2025: £nil) were entered into that had not yet commenced at the balance sheet date for the Group or the Society.

Future undiscounted minimum payments under lease liabilities were as follows:

Leasing commitments				
	Group		**Society**	
	2026 £m	2025 £m	**2026 £m**	2025 £m
Amounts falling due:				
Within one year	**40**	44	**25**	29
Between one and two years	**37**	40	**22**	26
Between two and three years	**34**	37	**20**	23
Between three and four years	**33**	34	**18**	21
Between four and five years	**29**	33	**15**	18
After five years	**169**	193	**53**	64
Total	**342**	381	**153**	181

28. Leasing (continued)

Right-of-use assets recognised on the balance sheet and the movements during the period were as follows:

Right-of-use assets				
	Group		**Society**	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
At 1 April 2025 (2024: 5 April)	**238**	116	**106**	116
Additions	**15**	11	**14**	11
Acquisition of Virgin Money	**-**	137	**-**	-
Revaluation	**(1)**	1	**-**	-
Disposals	**-**	(1)	**-**	(1)
Depreciation and impairment	**(33)**	(26)	**(22)**	(20)
At 31 March	**219**	238	**98**	106
Of which:				
Branches and non-specialised buildings	**190**	208	**98**	106
Investment property	**29**	30	**-**	-

The Group leases a variety of assets to third parties under finance lease and hire purchase arrangements, including vehicles and general plant and machinery.

Future undiscounted minimum lease payments receivable in respect of leased assets were as follows:

Finance lease receivable		
	Group	
	2026	2025
	£m	£m
Amounts falling due:		
Within one year	**458**	461
Between one and two years	**292**	282
Between two and three years	**204**	206
Between three and four years	**124**	117
Between four and five years	**66**	77
After five years	**28**	26
Total	**1,172**	1,169
Unearned finance income	**(98)**	(103)
Net investment in finance lease and hire purchase receivables	**1,074**	1,066

The Society had no finance lease receivables falling due at the current year end or prior period end.

At the balance sheet date, the Group had £17 million (2025: £12 million) of future minimum lease payments receivable under operating leases where the Group was the lessor, of which £7 million (2025: £4 million) were receivable under non-cancellable subleases. The Society had £16 million (2025: £12 million) of future minimum lease payments receivables under operating leases, of which £4 million (2025: £2 million) was receivable under non-cancellable subleases.

29. Contingent liabilities, contingent assets and commitments

Contingent liabilities and contingent assets

During the ordinary course of business, the Group may be subject to complaints, disputes and threatened or actual legal proceedings brought by or on behalf of current or former employees, customers, investors or other third parties. The Group may also be subject to legal and regulatory reviews, challenges, investigations and enforcement actions which may result in, among other things, actions being taken by governmental, tax and regulatory authorities, increased costs being incurred in relation to remediation of systems and controls, or fines. Any such material cases are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of incurring a liability and any ability to recover any losses in future periods. For further information on the approach for contingent liabilities associated with customer-related provisions, see note 27.

During the year, a recovery was made on a litigation matter disclosed as a contingent asset at 31 March 2025 in the Annual Report and Accounts 2025. The amount of the settlement has not been disclosed on the basis it would be prejudicial to the settled outcome.

There are no other current complaints, disputes, threatened or actual legal proceedings, regulatory or other matters, the resolution of which are expected to have a material adverse impact on its financial position. However, in light of the uncertainties involved in such matters there can be no assurance that the outcome of a particular matter or matters may not ultimately be material to the Group's results.

29. Contingent liabilities, contingent assets and commitments (continued)

Commitments

The following table summarises the nominal principal amount for commitments which are not recorded on the balance sheet. Since a significant portion of guarantees and commitments are expected to expire without being drawn upon, the total of the contract amounts is not representative of future liquidity requirements.

Commitments	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Financial guarantees	**83**	100	**-**	-
Other loan commitments	**20,954**	19,358	**14,067**	11,734
Other financial commitments	**30**	5	**-**	920

The Group provides guarantees in the normal course of business on behalf of its customers. Guarantees written are conditional commitments issued by the Group to guarantee the performance of a customer to a third party and are primarily issued to support direct financial obligations such as commercial bills or other debt instruments issued by a counterparty. The maximum amount that the Group could be required to pay under a guarantee is its principal amount as disclosed in the table above.

The other financial commitments balance in the Society at 31 March 2025 included amounts drawn by Clydesdale Bank PLC under the Sterling Monetary Framework, which were previously guaranteed by the Society.

In addition to the amounts shown above, the Group has revocable commitments of £25,966 million (2025: £23,352 million) in respect of credit card, overdraft, and asset finance facilities. These commitments represent agreements to lend in the future, subject to certain considerations. Such commitments are cancellable by the Group, subject to notice requirements, and given their nature are not expected to be drawn down to the full level of exposure.

Detail of commitments in respect of capital expenditure contracted for, but not provided for, can be found in notes 25 and 26. Future undiscounted minimum payments due in respect of lease liabilities are disclosed in note 28.

30. Retirement benefit obligations

During the year, the Group operated three defined contribution pension schemes in the UK – the Nationwide Group Personal Pension Plan (GPP), Virgin Money's My Retirement scheme and the Nationwide Temporary Workers Pension Scheme. There is also a defined contribution pension scheme for a small number of employees in the Isle of Man.

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

The Group's largest pension scheme is the Nationwide Pension Fund (NPF). This is a defined benefit pension scheme, with both final salary and career average revalued earnings (CARE) sections. The NPF was closed to new entrants in 2007 and was closed to future accrual in 2021. Following the acquisition of Virgin Money in 2024, the Group also has funding obligations to the Yorkshire and Clydesdale Bank Pension Scheme (YCBPS). This scheme, with both final salary and CARE sections, was closed to new entrants in 2004 and to future accrual for almost all current employees in 2017.

In line with UK pensions legislation, a formal actuarial valuation (Triennial Valuation) of the assets and liabilities of each of the defined benefit pension schemes is carried out at least every three years by independent actuaries. The main differences between the assumptions used for assessing defined benefit liabilities for purposes of the actuarial funding valuation and those used for accounting under IAS 19 'Employee Benefits' are that the financial and demographic assumptions used for the funding valuation are generally more prudent than those used for the IAS 19 valuation. The 31 March 2025 NPF Triennial Valuation has been completed and indicated a funding surplus, and therefore a recovery plan requiring employer deficit contributions was not needed. The 30 September 2025 YCBPS Triennial Valuation is ongoing and will be completed by 31 December 2026. The previous YCBPS Triennial Valuation as at 30 September 2022 also indicated a funding surplus, and therefore a recovery plan requiring employer deficit contributions was not needed.

Further information on the Group's obligations to defined benefit pension schemes is set out below.

Defined benefit pension schemes

Retirement benefit assets and liabilities				
	Group		**Society**	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Fair value of fund assets	**6,626**	6,767	**4,089**	4,165
Present value of funded obligations	**(5,910)**	(5,875)	**(3,740)**	(3,631)
Surplus at 31 March	**716**	892	**349**	534
Other liabilities	**(4)**	(4)	**(3)**	(3)

Retirement benefit obligations for the Society relate to the NPF. Approximately 46% (2025: 55%) of the NPF's pension obligations relate to deferred members (current and former employees not yet drawing their pension) and 54% (2025: 45%) to current pensioners and dependants. The weighted average duration of the NPF's pension obligation is approximately 14 years (2025: 14 years), reflecting an average duration of 17 years for deferred members and 11 years for current pensioners.

Less than 1% (2025: less than 1%) of the YCBPS obligations are attributable to current employees still accruing benefits, 45% (2025: 45%) relate to deferred members and 54% (2025: 55%) to current pensioners and dependants. The weighted average duration of the YCBPS' pension obligation is approximately 12 years (2025: 13 years) reflecting an average duration of 14, 15 and 9 years for active members, deferred members and current pensioners respectively.

The Group's retirement benefit obligations include a surplus of £1 million (2025: surplus £1 million) relating to Nationwide (Isle of Man) Limited, which has a defined benefit scheme providing benefits based on both final salary and CARE, which was closed to new entrants in 2009.

The Group's retirement benefit obligations also include £4 million (2025: £4 million) in respect of unfunded legacy defined benefit arrangements. This obligation is included within other liabilities.

30. Retirement benefit obligations (continued)

The amounts recognised in the income statement are as follows:

Retirement benefit obligations recognised in the income statement				
	Group		**Society**	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Defined contribution cost	**(249)**	(197)	**(178)**	(164)
Defined benefit schemes - administrative expenses	**(9)**	(7)	**(5)**	(5)
Included in employee costs (note 8)	**(258)**	(204)	**(183)**	(169)
Interest on net defined benefit asset (note 3)	**51**	45	**31**	30
Total	**(207)**	(159)	**(152)**	(139)

Changes in the present value of the net defined benefit asset are as follows:

Movements in net defined benefit asset				
	Group		**Society**	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
At 1 April (2024: 5 April)	892	610	534	610
Interest on net defined benefit asset	**51**	45	**31**	30
Return on assets less than discount rate (note i)	**(212)**	(800)	**(130)**	(551)
Contributions by employer	**6**	7	**-**	-
Acquisition of Virgin Money	**-**	429	**-**	-
Administrative expenses	**(9)**	(7)	**(5)**	(5)
Actuarial (losses)/gains on defined benefit obligations (note i)	**(12)**	608	**(81)**	450
At 31 March	**716**	892	**349**	534

Note:

i. The net impact before tax on the surplus of return on assets and actuarial (losses)/gains is a decrease of £224 million (2025: £192 million) for Group and a decrease of £211 million (2025: £101 million) for Society in other comprehensive income.

The loss relating to the return on assets being less than the discount rate of £212 million (2025: £800 million) for the Group and £130 million (2025: £551 million) for Society is driven by decreases in value of the liability matching assets due to increases in long-term government bond yields in the year.

As the NPF is closed to future accrual, there have been no current service costs, past service costs or employer contributions made in respect of future benefit accrual during the current or prior year. The YCBPS has a very small number of active members in the scheme which gives rise to employer contributions and service costs made in respect of future benefit accrual.

There have been no employer deficit contributions required into the NPF or the YCBPS and there are no such contributions scheduled in the year ending 31 March 2027 or future years under the current Schedules of Contributions, other than the ongoing funding of the YCBPS administrative expenses. Employer deficit contributions of less than £1 million (2025: less than £1 million) were made in respect of the Group's defined benefit scheme in its Nationwide (Isle of Man) Limited subsidiary and there are no deficit contributions scheduled in the year ending 31 March 2027 or future years under the Schedule of Contributions.

30. Retirement benefit obligations (continued)

The actuarial loss on defined benefit obligations for the Group of £12 million (2025: £608 million gain) and the Society of £81 million (2025: £450 million gain) is due to:

- A gain of £179 million (2025: £639 million) in the Group and £102 million (2025: £473 million) in the Society from changes in financial assumptions, driven by a 0.40% increase in the discount rate (which decreases the value of liabilities) partially offset by a 0.20% increase in assumed Retail Price Index (RPI) inflation (which increases the value of the liabilities).
- A loss of £48 million (2025: £1 million gain) in the Group and £50 million (2025: £nil) in the Society arising from the impacts of updates to demographic assumptions and applying the latest industry views for future longevity improvements.
- An experience loss of £143 million (2025: £32 million) in the Group and £133 million (2025: £23 million) in the Society primarily reflecting updated membership experience from the NPF's 31 March 2025 Triennial Valuation, as well as the impact of differences between estimates of long-term inflation, compared to actual inflation.

Changes in the present value of defined benefit obligations are as follows:

Movements in defined benefit obligations				
	Group		**Society**	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
At 1 April (2024: 5 April)	(5,875)	(4,069)	(3,631)	(4,060)
Interest expense on retirement obligation	**(329)**	(257)	**(204)**	(194)
Experience loss on plan assumptions	**(143)**	(32)	**(133)**	(23)
Changes in demographic assumptions	**(48)**	1	**(50)**	-
Changes in financial assumptions	**179**	639	**102**	473
Acquisition of Virgin Money	**-**	(2,394)	**-**	-
Benefits paid	**306**	237	**176**	173
At 31 March	**(5,910)**	(5,875)	**(3,740)**	(3,631)

Changes in the fair value of plan assets for the pension schemes are as follows:

Movements in plan assets				
	Group		**Society**	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
At 1 April (2024: 5 April)	6,767	4,679	4,165	4,670
Interest income on assets	**380**	302	**235**	224
Return on assets less than discount rate	**(212)**	(800)	**(130)**	(551)
Administrative expenses	**(9)**	(7)	**(5)**	(5)
Contributions by employer	**6**	7	**-**	-
Acquisition of Virgin Money	**-**	2,823	**-**	-
Benefits paid	**(306)**	(237)	**(176)**	(173)
At 31 March	**6,626**	6,767	**4,089**	4,165

30. Retirement benefit obligations (continued)

The major categories of assets held for the pension schemes, stated at fair value, are as follows:

Categories of plan assets						
	2026			2025		
	Quoted	**Unquoted**	**Total**	Quoted	Unquoted	Total
Group	**£m**	**£m**	**£m**	£m	£m	£m
Listed equities	**-**	**-**	**-**	9	-	9
Government bonds	**4,766**	**-**	**4,766**	4,694	-	4,694
Corporate bonds and other credit investments	**1,171**	**21**	**1,192**	1,141	-	1,141
Infrastructure	**-**	**435**	**435**	-	437	437
Property	**-**	**452**	**452**	-	540	540
Private equity investments	**-**	**947**	**947**	-	1,059	1,059
Private debt investments	**-**	**535**	**535**	-	629	629
Cash and derivatives	**-**	**214**	**214**	-	281	281
Liability relating to repurchase agreement	**-**	**(2,019)**	**(2,019)**	-	(2,100)	(2,100)
Insurance policies	**-**	**91**	**91**	-	97	97
Longevity swaps	**-**	**(10)**	**(10)**	-	(42)	(42)
Other assets and liabilities	**-**	**23**	**23**	-	22	22
Total	**5,937**	**689**	**6,626**	5,844	923	6,767

Categories of plan assets						
	2026			2025		
	Quoted	**Unquoted**	**Total**	Quoted	Unquoted	Total
Society	**£m**	**£m**	**£m**	£m	£m	£m
Listed equities	**-**	**-**	**-**	8	-	8
Government bonds	**3,316**	**-**	**3,316**	3,325	-	3,325
Corporate bonds and other credit investments	**174**	**21**	**195**	74	-	74
Infrastructure	**-**	**253**	**253**	-	217	217
Property	**-**	**447**	**447**	-	511	511
Private equity investments	**-**	**675**	**675**	-	751	751
Private debt investments	**-**	**535**	**535**	-	629	629
Cash and derivatives	**-**	**116**	**116**	-	139	139
Liability relating to repurchase agreement	**-**	**(1,563)**	**(1,563)**	-	(1,589)	(1,589)
Insurance policies	**-**	**91**	**91**	-	97	97
Longevity swaps	**-**	**1**	**1**	-	(18)	(18)
Other assets and liabilities	**-**	**23**	**23**	-	21	21
Total	**3,490**	**599**	**4,089**	3,407	758	4,165

The NPF does not invest in the Group's own financial instruments or property. At 31 March 2026, the YCBPS held investments of £1 million (2025: £2 million) in the Group's own financial instruments or property.

Private market investments, including private equity, private debt, infrastructure and property, totalled £2,639 million (2025: £2,665 million). As these investments are not quoted in active markets, valuations are based on the most recent valuation provided by the asset manager and adjusted for cash movements up to the balance sheet date.

30. Retirement benefit obligations (continued)

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

In 2023, the NPF and YCBPS each entered into longevity swap transactions to manage longevity risk. The swaps covered approximately 7,000 and 9,000 pensioners of the NPF and YCBPS respectively. These transactions provide income to the schemes in the event that pensions are paid out for longer than expected, mitigating the financial impact and reducing the schemes' longevity risk exposure by approximately one third. The swaps are included in plan assets of NPF and YCBPS at fair values of £1 million and £(11) million at 31 March 2026 (2025: £(18) million and £(24) million), respectively. Future changes to the fair value of these longevity swaps are expected to broadly offset changes in the schemes' liabilities relating to updates to life expectancy for those pensioners covered.

In January 2022 the NPF Trustee completed a pensioner buy-in for the smaller Cheshire & Derbyshire section of the NPF, removing the investment and longevity risk to the NPF in relation to members in this section. At 31 March 2026, the value of the insurance asset for the Cheshire & Derbyshire section buy-in was £91 million (2025: £97 million).

The pension scheme investments are monitored by both the Group and the trustees to ensure they remain appropriate given the long-term objectives of the schemes.

The principal actuarial assumptions used are as follows:

Financial assumptions		
	2026	2025
	%	%
Discount rate	**6.15**	5.75
Future pension increases (maximum 5%)	**3.05**	2.90
Retail Price Index (RPI) inflation	**3.20**	3.00
Consumer price index (CPI) inflation	**2.70**	2.40

Life expectancy assumptions		
	2026	2025
	Years	Years
Age 60 at 31 March 2026:		
Males	**27.2**	27.0
Females	**29.3**	28.9
Age 60 at 31 March 2046:		
Males	**28.5**	28.3
Females	**30.6**	30.3

The assumptions for mortality rates are based on standard mortality tables which allow for future improvements in life expectancy and are adjusted to represent the membership profiles of the Group's pension schemes. The assumptions made are illustrated in the table above, showing how long the Group would expect the average member to live for after the age of 60, based on reaching that age at 31 March 2026 and in 20 years' time.

30. Retirement benefit obligations (continued)

Related party transactions

The Group provides a number of services to its pension schemes, including:

- Banking services to the YCBPS, with deposits outstanding of £11 million at 31 March 2026 (2025: £12 million).
- Administrative services to the NPF and YCBPS, and investment management services to the NPF.
- Provision of a £7 million BACS facility held for the YCBPS in relation to payments to its members (£nil drawn at 31 March 2026 and 2025).
- Provision of a contingent asset to the NPF in the form of self-issued residential mortgage-backed securities to provide additional security to the NPF in the case of certain events, such as insolvency of the Society.

Critical accounting estimates and judgements

The key assumptions used to calculate the defined benefit obligation which represent significant sources of estimation uncertainty are the discount rate, inflation assumptions and mortality assumptions. If different assumptions were used, this could have a material effect on the reported surplus. The sensitivity of the Group results to these assumptions is shown below.

Change in key assumptions at 31 March 2026

	Increase in defined benefit obligation
	£m
1.0% decrease in discount rate	**814**
0.1% increase in inflation assumption	**60**
1 year increase in life expectancy at age 60 in respect of all members	**133**

The above sensitivities apply to individual assumptions in isolation. In practice, changes to individual assumptions in isolation are unlikely to occur, and changes in some of the assumptions may be correlated. The inflation assumption sensitivity includes the impact on the rate of increases to pensions, both before and after retirement.

31. Core capital deferred shares

Group and Society

	Number of shares	CCDS	Share premium	Treasury share reserve	Total
		£m	£m	£m	£m
At 31 March 2026 (note i)	**9,122,345**	**11**	**1,323**	**(177)**	**1,157**
At 31 March 2025 (note i)	9,122,345	11	1,323	(177)	1,157

Note:
i. The total number of shares outstanding at 31 March 2026 and 31 March 2025 is 10,555,500, which includes 1,433,155 shares repurchased and retained by the Society.

Core capital deferred shares (CCDS) are a form of Common Equity Tier 1 (CET1) capital which has been developed to enable the Group to raise capital from the capital markets. CCDS are perpetual instruments. They rank equally to each other and are junior to claims against the Society of all depositors, creditors and investing members.

31. Core capital deferred shares (continued)

In the event of a winding up or dissolution of the Society, if a surplus was available, the amount that the investor would receive for each CCDS held is limited to the average principal amount in issue, which is currently £126.39 per share.

There is a cap on the distributions that can be paid to holders of CCDS in any financial year. The cap is currently set at £21.56 per share and is adjusted annually in line with CPI. A final distribution of £47 million (£5.125 per share) for the financial year ended 31 March 2025 was paid on 20 June 2025 and an interim distribution of £47 million (£5.125 per share) in respect of the period to 30 September 2025 was paid on 22 December 2025. These distributions have been recognised in the statement of movements in members' interests and equity.

Since the balance sheet date, the directors have declared a distribution of £5.125 per share in respect of the period to 31 March 2026, amounting in aggregate to £47 million. This has not been reflected in these financial statements as it will be recognised in the year ending 31 March 2027, by reference to the date at which it was declared.

32. Other equity instruments

					Group and Society	
					2026	2025
	Issuance date	**Call period commencement date**	**Next reset date**	**Reset rate**	**£m**	£m
Nationwide 7.875% Additional Tier 1	10 June 2025	20 December 2031	20 December 2031	Benchmark gilts + 3.59%	**700**	-
Nationwide 7.5% Additional Tier 1	16 September 2024	20 December 2030	20 June 2031	Benchmark gilts + 3.852%	**750**	750
Nationwide 5.75% Additional Tier 1	10 June 2020	20 June 2027	20 December 2027	Benchmark gilts + 5.625%	**750**	750
					2,200	1,500
Issuance costs					**(22)**	(15)
Total					**2,178**	1,485

Other equity instruments are Nationwide's Additional Tier 1 (AT1) capital instruments. The AT1 instruments rank equally to each other and are junior to claims against the Society of all depositors, creditors and investing members, other than the holders of CCDS.

The AT1 instruments pay a fully discretionary, non-cumulative fixed rate of interest. Coupons are paid semi-annually in June and December. AT1 instruments have no maturity date but are repayable at the option of the Society from the first day of the call period to the first reset date, and on every reset date thereafter. If they are not repaid the interest rate resets at the rates shown in the table above.

If the CET1 ratio for the Society, on either a consolidated or unconsolidated basis, falls below 7% the AT1 instruments convert to CCDS instruments at the rate of one CCDS share for every £100 of AT1 holding.

Interest payments totalling £128 million were made in the year ended 31 March 2026 (2025: £93 million), representing the maximum non-cumulative fixed coupon amounts. These payments have been recognised in the statement of movements in member's interest and equity. A coupon payment of £77 million is expected to be paid on 20 June 2026 and will be recognised in the statement of movements in members' interests and equity in the year ending 31 March 2027.

33. Investments in Group undertakings

Society investments in Group undertakings		
	2026	2025 (note i)
	£m	£m
At 1 April 2025 (2024: 5 April)	4,056	376
Additions (note ii)	806	3,679
Impairment release	2	1
At 31 March	4,864	4,056

Notes:
i. Comparatives have been restated as detailed in note 1.
ii. Additions reflect the issuance of £520 million of Additional Tier 1 instruments and £286 million of share capital issuances. Prior year additions relate to the acquisition of Virgin Money UK PLC, including £800 million of share capital issuances.

The Society received dividends and distributions from Group undertakings during the year ended 31 March 2026 totalling £167 million (2025: £2 million).

33. Investments in Group undertakings (continued)

Subsidiary undertakings

The interests of the Society in its subsidiary undertakings as at 31 March 2026 are set out below.

Active subsidiaries			
Name of undertaking	**Country of incorporation**	**Registered office**	**Notes**
CGF No. 9 Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER	i
Clydesdale Bank Asset Finance Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER	i
Clydesdale Bank PLC	Scotland	177 Bothwell Street, Glasgow, G2 7ER	ii
CYB Intermediaries Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	ii
CYB Investments Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	i
Derbyshire Home Loans Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
Dunfermline BS Nominees Limited	Scotland	1 Masterton Park, Carnegie Campus, Dunfermline, Fife, KY11 8NX	i
E-Mex Home Funding Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
Home Propositions Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	i
Nationwide (Isle of Man) Limited	Isle of Man	Atlantic House, Circular Road, Douglas, Isle of Man, IM1 1AG	
Nationwide Syndications Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	i
NBS Ventures Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	i
NBS Ventures Management Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	i
Piper Javelin Holding Company Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	i
Piper Javelin No 1 Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	i
St Vincent (Equities) Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER	i
The Mortgage Works (UK) PLC	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
UCB Home Loans Corporation Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW	ii
Virgin Money Holdings (UK) Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	i
Virgin Money Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	i
Virgin Money Personal Financial Service Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	i
Virgin Money UK PLC	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	ii
Yorkshire Bank Home Loans Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL	ii

Notes:
i. For these companies, the Group has adopted the audit exemption for the year ended 31 March 2026 under Section 479A of the Companies Act 2006. The Society guarantees all outstanding liabilities of the exempted subsidiary undertakings.
ii. Audited accounts are prepared for entities which are either listed or regulated.

33. Investments in Group undertakings (continued)

Dormant subsidiaries		
Name of undertaking	**Country of incorporation**	**Registered office**
C.B. Nominees Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER
Confederation Mortgage Services Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
CYB SSP Trustee Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Exeter Trust Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
Nationwide Home Loans Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
Nationwide Housing Trust Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
Nationwide Trust Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
NBS CoSec Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
NLF1 Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
NOK1 Limited	England	Nationwide House, Pipers Way, Swindon, SN38 1NW
Virgin Money Giving Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Virgin Money Retirement Savings Plan Trustee Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER
YCBPS Property Nominee Company Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Yorkshire and Clydesdale Bank Pension Trustee Limited	Scotland	177 Bothwell Street, Glasgow, G2 7ER
Yorkshire Bank Limited	England	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL

The Society directly or indirectly holds 100% of the issued share capital of each subsidiary undertaking. All of the subsidiary undertakings are limited liability companies, with the exception of C.B. Nominees Limited which is limited by guarantee.

There are no significant restrictions on any of the Society's subsidiaries in paying dividends or repaying loans, subject to their financial and operating performance and availability of distributable reserves.

Investments in associates and joint ventures are recognised in the financial statements using the equity method and are included within other assets. The interests of the Group in associates and joint ventures as at 31 March 2026 are set out below.

Associates and joint ventures				
Name of undertaking	**Status**	**% of share class held by immediate parent company and Group**	**Registered office**	**Financial year end**
Argot Properties Limited	Joint venture	50%	Ground Floor T3 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES	31 December
Eagle Place Covered Bonds Finance Limited	Associate	20%	5 Churchill Place, 10th Floor, London, E14 5HU	31 March
Longwide Limited	Joint venture	50%	Nationwide House, Pipers Way, Swindon, SN38 1NW	31 March

33. Investments in Group undertakings (continued)

The Group's interests in equity shares of unconsolidated entities are included in investment securities as set out in note 13.

Interest in charitable foundations

The Group has an interest in The Virgin Money Foundation, a charitable foundation registered in England as a company limited by guarantee. Clydesdale Bank PLC acts as a guarantor for £1 and is also a donor.

Non-controlling interests

The Group has a non-controlling interest, represented by Virgin Money UK PLC's AT1 equity instruments, which reduced to £204 million (2025: £759 million), as a portion of the instruments were redeemed during the year. Distributions of £45 million (2025: £34 million) were paid in the year to non-controlling interests.

Subsidiaries by virtue of control

Details of consolidated and unconsolidated structured entities are set out in note 34.

34. Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are consolidated when the substance of the relationship indicates control. The Group considers factors such as the purpose and design of the entity, the nature of its relationship with the entity, the size of its holding and its exposure to variability of returns.

Consolidated structured entities

The following structured entities are consolidated in the Group's results:

Structured entity name	Nature of business	Registered office
Eagle Place Covered Bonds LLP	Mortgage acquisition and guarantor of covered bonds	Jubilee House, Gosforth, Newcastle upon Tyne, NE3 4PL
Lanark Funding Limited	Funding company	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lanark Holdings Limited	Holding company	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lanark Master Issuer PLC	Issuer of securitised notes	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lanark Trustees Limited	Mortgages trustee	Suite 2, Seventh Floor, 50 Broadway, London, SW1H 0DB
Lannraig Funding Limited	Funding company (in liquidation)	18a Capricorn Centre Cranes Farm Road, Basildon, Essex, SS14 3JJ
Lannraig Holdings Limited	Holding company (under strike off)	5 Churchill Place, 10th Floor, London, E14 5HU
Lannraig Master Issuer PLC	Issuer of securitised notes (in liquidation)	18a Capricorn Centre Cranes Farm Road, Basildon, Essex, SS14 3JJ
Nationwide Covered Bonds LLP	Mortgage acquisition and guarantor of covered bonds	Nationwide House, Pipers Way, Swindon, SN38 1NW
Silverstone Funding (No.1) Limited	Funding company	Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF
Silverstone Master Issuer PLC	Issuer of securitised notes	Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London, EC2R 7AF

34. Structured entities (continued)

Further details on the activities of the above structured entities are included in note 14.

Unconsolidated structured entities

The Group has interests in structured entities which it does not sponsor or control. These largely consist of holdings of mortgage-backed securities and covered bonds issued by entities that are sponsored by other unrelated financial institutions. The entities are financed primarily by investments from investors, such as the purchase of issued notes.

The Group's direct interests in unconsolidated structured entities comprise primarily investments in asset-backed securities which are reported within investment securities on the balance sheet. The total carrying value of these interests at 31 March 2026 is £4,554 million (2025: £5,620 million). Further details on the credit risk that the Group is exposed to in respect of these assets can be found in the Credit risk - Treasury assets section of the Risk report.

Management has concluded that the Group has no control or significant influence over these entities and that the carrying value of the interests held in these entities represents the maximum exposure to loss. During the period the Group has not provided any non-contractual financial or other support to these entities and has no current intention of providing any such support.

35. Related party transactions

Key management personnel

From 1 September 2025, the Group and Society's key management personnel are considered to be the Group Executive Committee and the non-executive directors of Nationwide Building Society, as defined by IAS 24 'Related Party Disclosures'. Prior to 1 September 2025, the Group's key management personnel were the Group Management Committee and non-executive directors of Nationwide Building Society and the Society's key management personnel were the members of the Executive Committee and the non-executive directors of Nationwide Building Society.

Key management personnel compensation

Key management personnel compensation				
	Group		**Society** (note i)	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Short-term employee benefits	**11,970**	9,871	**11,363**	10,406
Long-term benefits	**6,352**	2,468	**6,417**	2,565
Share based payments	**3,717**	3,031	**3,894**	2,990
Contractual/other settlements	**465**	-	**927**	-
Total	**22,504**	15,370	**22,601**	15,961

Note:

i. Society key management personnel provide services to the Group as a whole and their principal activities are not limited to the Society. Where Society key management personnel are remunerated by the Society, amounts presented include all compensation paid or payable, with no reduction for amounts attributable to services provided to subsidiaries. Where Society key management personnel are remunerated by a subsidiary within the Group, their compensation is excluded from Society total compensation on the basis that it does not relate to services provided directly to Nationwide Building Society.

Long-term benefits include amounts relating to long-term bonus schemes, some of which will be paid in future periods. Further information on these can be found in note 8. Share-based payments include amounts that are dependent on the performance of CCDS.

Further information on the remuneration of executive and non-executive directors is included in the Report of the directors on remuneration.

35. Related party transactions (continued)

Transactions with key management personnel

Balances with key management personnel	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Loans receivable	**3.2**	1.6	**3.1**	0.8
Deposits payable	**10.3**	5.0	**6.1**	3.4

All loans and deposits with key management personnel were made in the ordinary course of business on substantially the same terms, including interest rates and security, as generally available to other members and customers for comparable transactions. These transactions did not involve more than normal risk of repayment or present other unfavourable features.

A register is maintained by the Society containing details of loans and arrangements made between the Society or its subsidiary undertakings and directors of the Society or persons connected with directors of the Society. The register will be available for inspection by members at the Annual General Meeting on 15 July 2026 and during normal office hours at the Society's principal office (Nationwide House, Pipers Way, Swindon, SN38 1NW) during the period of 15 days prior to the meeting.

Subsidiary, parent and ultimate controlling party

The Group is controlled by Nationwide Building Society, the ultimate parent, which is registered in England and Wales. Details of subsidiary undertakings are shown in note 33.

Transactions with related parties

A number of transactions are entered into with related parties in the normal course of business. These include loans, deposits and the payment and recharge of administrative expenses. The outstanding balances between Society and its subsidiaries for these related party transactions at the year end, and the associated income and expenses for the year, are as follows:

Income statement	**2026**	2025
	£m	£m
Interest receivable and similar income	**1,835**	1,623
Interest expense and similar charges	**(145)**	(137)
Income from investments in Group undertakings (note i)	**167**	2
Recharges for services to Group undertakings (note i)	**105**	83
Recharges for services from Group undertakings (note ii)	**(17)**	-

Notes:
i. Income from investments in Group undertakings and recharges for services to Group undertakings are reported in other operating income (note 6).
ii. Recharges for services from Group undertakings are reported in other operating costs in administrative expenses (note 8).

35. Related party transactions (continued)

Transactions with related parties (continued)

Balance sheet		
	2026	2025
	£m	£m
Assets		
Loans to subsidiaries	**43,455**	42,079
Other debt instruments	**4,006**	754
Other assets	**293**	-
Amounts due from Group undertakings (note i)	**47,754**	42,833
Derivative financial instruments	**688**	679
Liabilities		
Other deposits	**333**	242
Other liabilities	**2,908**	2,706
Amounts due to Group undertakings (note i)	**3,241**	2,948
Derivative financial instruments	**428**	331

Note:
i. Comparatives have been restated as detailed in note 1.

The Group received £7 million of interest from joint ventures during the year ended 31 March 2026 (2025: £7 million). At 31 March 2026 the Group held no material intra-Group balances with joint ventures (2025: £211 million loans receivable and £12 million deposits payable).

Transactions with Group companies

Transactions with Group companies arise in the normal course of business. Interest on outstanding loans and deposits accrues at a transfer pricing rate agreed between the Society and its subsidiary undertakings. The Society does not charge the net defined benefit cost to the subsidiary undertakings that participate in the Nationwide Pension Fund.

36. Notes to the cash flow statements

Non-cash items included in profit before tax	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Net increase/(decrease) in impairment provisions	**47**	507	**45**	(64)
Net increase/(decrease) in provisions for liabilities and charges	**8**	(117)	**7**	(119)
Amortisation and (gains)/losses on investment securities	**41**	432	**33**	436
Amortisation of acquisition fair value adjustments	**34**	39	**-**	-
Depreciation, amortisation and impairment	**694**	592	**483**	499
Impairment (release) on investment in Group undertakings	**-**	-	**(2)**	(1)
Loss/(profit) on property, plant and equipment and write downs of inventory	**6**	-	**7**	(1)
Net credit in respect of retirement benefit obligations	**(42)**	(38)	**(26)**	(25)
Interest on financing liabilities	**867**	771	**765**	643
Gains from derivatives and hedge accounting	**(35)**	(12)	**(79)**	(46)
Gain on acquisition of Virgin Money	**-**	(2,300)	**-**	-
Total	**1,620**	(126)	**1,233**	1,322

Changes in operating assets and liabilities	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Loans and advances to banks and similar institutions and payment scheme collateral	**(522)**	(8)	**153**	(24)
Net derivative financial instruments	**1,290**	251	**1,653**	(285)
Loans and advances to customers	**(10,745)**	(16,719)	**(10,700)**	(13,856)
Other operating assets	**91**	278	**(2,060)**	(1,656)
Shares	**9,624**	14,062	**9,624**	14,062
Deposits from banks and similar institutions and other deposits (note i)	**1,496**	(12,981)	**(883)**	(11,465)
Debt securities in issue	**740**	4,808	**1,373**	3,209
Contributions to defined benefit pension schemes	**(6)**	(7)	**-**	-
Other operating liabilities (note i)	**(1,090)**	451	**(412)**	1,344
Total	**878**	(9,865)	**(1,252)**	(8,671)

Note:
i. Comparatives have been restated as detailed in note 1.

Cash and cash equivalents	Group		Society	
	2026	2025	**2026**	2025
	£m	£m	**£m**	£m
Cash and balances at central banks	**36,052**	27,187	**21,007**	17,153
Loans and advances to banks and similar institutions repayable in 3 months or less	**826**	1,338	**783**	968
Total	**36,878**	28,525	**21,790**	18,121

36. Notes to the cash flow statements (continued)

Balances required to be maintained with the Bank of England in support of participation in payment schemes totalled £2,359 million (2025: £2,296 million) for the Group and £1,247 million (2025: £1,448 million) for the Society. These balances are included within cash and balances at central banks on the balance sheet and are not included in cash and cash equivalents in the cash flow statement as they are not liquid in nature. Cash collateral and other deposit balances relating to derivative activities, totalling £933 million (2025: £472 million) for Group and £421 million (2025: £371 million) for Society, are also excluded from cash and cash equivalents.

Taxation paid presented on the Society's statement of cash flows includes amounts paid to taxation authorities and amounts paid under group relief arrangements.

Movements in liabilities arising from financing activities are set out below.

Movements in liabilities arising from financing activities

	2026					2025				
	Subordinated liabilities	**Debt securities in issue (note i)**	**Subscribed capital**	**Lease liabilities**	**Total**	Subordinated liabilities	Debt securities in issue (note i)	Subscribed capital	Lease liabilities	Total
Group	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
At 1 April 2025 (2024: 5 April)	2,444	10,762	129	315	13,650	2,075	5,150	173	172	7,570
Acquisition of Virgin Money	-	-	-	-	-	766	2,672	-	165	3,603
Issuances/additions	**951**	**3,728**	**-**	**14**	**4,693**	426	3,734	-	10	4,170
Redemptions/repayments	**(475)**	**(955)**	**(83)**	**(45)**	**(1,558)**	(842)	(839)	(44)	(40)	(1,765)
Foreign exchange	**(6)**	**126**	**-**	**-**	**120**	(50)	(140)	-	-	(190)
Fair value and other movements	**17**	**(53)**	**-**	**13**	**(23)**	69	185	-	8	262
At 31 March	**2,931**	**13,608**	**46**	**297**	**16,882**	2,444	10,762	129	315	13,650

Movements in liabilities arising from financing activities

	2026					2025				
	Subordinated liabilities	**Debt securities in issue (note i)**	**Subscribed capital**	**Lease liabilities**	**Total**	Subordinated liabilities	Debt securities in issue (note i)	Subscribed capital	Lease liabilities	Total
Society	**£m**	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
At 1 April 2025 (2024: 5 April)	1,674	8,092	129	156	10,051	2,075	5,150	173	172	7,570
Issuances/additions	**1,246**	**5,268**	**-**	**12**	**6,526**	426	3,734	-	10	4,170
Redemptions/repayments	**-**	**(105)**	**(83)**	**(29)**	**(217)**	(842)	(839)	(44)	(32)	(1,757)
Foreign exchange	**(6)**	**95**	**-**	**-**	**89**	(50)	(104)	-	-	(154)
Fair value and other movements	**18**	**(53)**	**-**	**7**	**(28)**	65	151	-	6	222
At 31 March	**2,932**	**13,297**	**46**	**146**	**16,421**	1,674	8,092	129	156	10,051

Note:
i. Debt securities in issue in the table above comprise MREL eligible liabilities.

Derivative financial instruments used to hedge financing liabilities include interest rate and cross-currency swaps. Financing cash flows relating to these swaps include:

- interest paid of £235 million (2025: £376 million) for the Group and £179 million (2025: £315 million) for the Society;
- payments on redemption of £9 million (2025: £97 million) for the Group and the Society; and
- proceeds on issuance of £2 million (2025: £nil) for the Group and £53 million (2025: £nil) for the Society.

Other changes in the value of these derivatives in the year ended 31 March 2026 include decreases of £122 million (2025: £275 million) for the Group and decreases of £173 million (2025: £251 million) for the Society due to foreign exchange, fair value and other movements.

37. Capital management

The Group is subject to the regulatory capital requirements applied by its regulator, the Prudential Regulation Authority (PRA). Regulatory capital comprises the Group's general reserve, fair value through other comprehensive income reserve, revaluation reserve, core capital deferred shares, other equity instruments and subordinated debt, subject to various adjustments and transitional arrangements required by the capital rules.

During the year the Group complied with the capital requirements applied by the PRA. Further unaudited details about the Group's capital position can be found in the Capital risk section of the Risk report.

38. Registered office

Nationwide is a building society, incorporated and domiciled in the United Kingdom. The address of its registered office is:

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

39. Events after the balance sheet date

Transfer of the business of Clydesdale Bank PLC to the Society

On 23 February 2026, at a hearing in the High Court of Justice, London, the Court sanctioned a scheme for the transfer of the majority of the banking business of Clydesdale Bank PLC to the Society under Part VII of the Financial Services and Markets Act 2000 (FSMA) (Part VII Transfer). The scheme effective date was 2 April 2026.

In addition, the Society and Clydesdale Bank PLC entered into separate legal agreements to effect the transfer of certain other balances (Other Transfers) where not covered by the Part VII Transfer. These agreements had effective dates of 2 and 3 April 2026.

The Part VII Transfer and the Other Transfers (collectively, the Transfers) have resulted in an increase to total assets and total liabilities of the Society of approximately £88.6 billion and £82.4 billion, respectively. Consideration of £140 million was paid. These amounts will be reflected in the financial statements of the Society for the year ending 31 March 2027.

As a result of the Transfers, in April 2026 the Society impaired the carrying value of its investment in the share capital of Virgin Money UK PLC, the parent holding company of Clydesdale Bank PLC, by £3.8 billion, reflecting that the majority of the net assets of Clydesdale Bank PLC are now held directly by Society.

Both the excess of net assets acquired above the value of consideration paid and impairment of the Society's investment will be recognised directly in general reserves in the Society's statement of movement in members' interests and equity for the year ending 31 March 2027.

As the Transfers represent a hive-up of business from a subsidiary to its parent, there are no impacts to the total assets, liabilities, members' interests and equity or results of the Group.

Nationwide Fairer Share payment

On 20 May 2026, the Board approved a Nationwide Fairer Share payment to be made to eligible members in June 2026, amounting to approximately £440 million. This has not been reflected in these financial statements as it will be recognised in the year ending 31 March 2027, by reference to the date at which it was announced.

Other information

Annual business statement 276
1. Statutory percentages
2. Other percentages
3. Information relating to directors at 31 March 2026

Country-by-country report 279

Alternative performance measures 280

Forward-looking statements 280

Glossary 280

Annual business statement for the year ended 31 March 2026

1. Statutory percentages

Statutory percentages	2026	Statutory limit
	%	%
Lending limit	**12.25**	25.00
Funding limit	**37.45**	50.00

The above percentages have been calculated in accordance with the provisions of the Building Societies Act 1986 as amended by the Building Societies Act 1997 and the Modification of the Lending Limit and Funding Limit Calculations Order 2004.

The lending limit measures the proportion of business assets not in the form of loans fully secured on residential property and is calculated as (X-Y)/X where:

X = business assets, being the total assets of the Group plus impairment provisions on loans and advances to customers, less liquid assets, property, plant and equipment, intangible fixed assets and investment properties included in the Group balance sheet.

Y = the principal of, and interest accrued on, loans owed to the Group which are fully secured on residential property.

The funding limit measures the proportion of shares and borrowings not in the form of shares held by individuals and is calculated as (X-Y)/X where:

X = shares and borrowings, being the aggregate of:

i) the principal value of, and interest accrued on, shares in the Society,
ii) the principal value of, and interest accrued on, sums deposited with the Society or any subsidiary undertaking of the Society, and
iii) the principal value of, and interest accrued under, bills of exchange, instruments or agreements creating or acknowledging indebtedness and accepted, made, issued or entered into by the Society or any such undertaking, less any amounts qualifying as own funds.

Y = the principal value of, and interest accrued on, shares in the Society held by individuals otherwise than as bare trustees (or, in Scotland, simple trustees) for bodies corporate or for persons who include bodies corporate.

The statutory limits are as laid down under Buildings Society Act 1986 as amended by the Building Societies Act 1997 and ensure that the principal purpose of a building society is that of making loans which are secured on residential property and are funded substantially by its members.

2. Other percentages

Other percentages	2026	2025
	%	%
As a percentage of shares, deposits and debt securities in issue:		
Gross capital	**6.9**	6.8
Free capital	**6.6**	6.3
Liquid assets	**18.6**	17.6
Profit for the financial year as a percentage of mean total assets	**0.29**	0.72
Management expenses as a percentage of mean total assets	**1.11**	1.10

The above percentages have been prepared from the Group's consolidated financial statements in accordance with The Buildings Societies (Accounts and Related Provisions) Regulations 1998.

Gross capital represents total members' interests and equity, non-controlling interests, subscribed capital and subordinated liabilities.

Free capital represents the aggregate of gross capital and provisions for collective impairment losses on loans and advances to customers less property, plant and equipment and intangible assets.

Liquid assets represent the total of cash in hand and balances with the Bank of England, loans and advances to credit institutions and investments in debt securities.

Mean total assets represent the amount produced by halving the aggregate of total assets at the beginning and end of the financial year.

Management expenses represent administrative expenses including depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

3. Information relating to directors at 31 March 2026

All directors of the Society are also appointed as directors of Virgin Money (UK) PLC and Clydesdale Bank PLC.

Name and date of birth	Occupation	Date of appointment	Other directorships
K A H Parry OBE 29 January 1962	Chairman	23 May 2016	Daily Mail and General Trust plc K A H Parry Limited Marie Curie Rothermere Continuation Holdings Limited
T Graham 20 July 1965	Senior Independent Director	28 September 2022	Close Brothers Group plc Close Brothers Limited Pension Insurance Corporation plc Pension Insurance Corporation Group Limited
D A Crosbie DBE 30 March 1970	Group Chief Executive Officer	2 June 2022	SSE plc
G L T Bainbridge 13 September 1960	Non-executive director	1 February 2026	Ice Clear Europe Limited Manulife Financial Corporation The Manufacturers Life Insurance Company 71-72 Oakley Street Limited
A M Keir 16 October 1958	Non-executive director	1 March 2022	
D Klein 10 August 1968	Non-executive director	1 March 2021	Guardian Media Group plc Gwanda Global Limited Gwanda Properties Limited Showmax Africa Holdings Limited Xyon Health Inc
M J Mathieson 15 August 1974	Group Chief Financial Officer	6 September 2024	CYB Intermediaries Limited Derbyshire Home Loans Limited E-Mex Home Funding Limited Nationwide Housing Trust Limited Nationwide Syndications Limited NBS Ventures Management Limited Silverstone Securitisation Holdings Limited The Mortgage Works (UK) plc UCB Home Loans Corporation Limited Yorkshire Bank Home Loans Limited
S Orton 5 March 1970	Non-executive director	1 June 2023	
T Rajah MBE 24 August 1982	Non-executive director	1 September 2020	Live Better With LTD parkrun Global Limited
C Rhodes 17 March 1963	Chief Executive Officer VMUK	30 September 2025	CYB Intermediaries Limited Yorkshire Bank Home Loans Limited
G Riley 6 December 1967	Non-executive director	1 April 2022	Roynat Capital Incorporation St Michael's Hospital Foundation
P G Rivett 27 June 1955	Non-executive director	1 September 2019	Standard Chartered PLC Standard Chartered Bank

3. Information relating to directors at 31 March 2026 (continued)

Directors' service address

Documents may be served on any of the directors c/o Addleshaw Goddard LLP, One St Peter's Square, Manchester M2 3DE, United Kingdom, REF: NBSAG.

Directors' service contracts

Executive directors' terms and conditions of employment are detailed in their individual contracts or service agreements which include a notice period of 12 months from Nationwide to the individual and a notice period of 12 months from the individual to Nationwide. The notice period offered to any new executive director would be in line with this approach.

Directors' share options

Following the publication of the joint PRA and FCA policy statement in October 2025, new rules apply to how variable pay awards can be paid to executive directors. The deferred proportion of executive directors' variable pay is linked to the value of Nationwide's core capital deferred shares (CCDS), details of which have been provided in the Report of the directors on remuneration. No directors held securities in Nationwide Building Society during the year.

Country-by-country report (audited)

The Group is required to comply with the Capital Requirements (country-by-country reporting) Regulations 2013 which implement article 89 of the Capital Requirements Directive IV. These regulations require disclosure of certain statutory information on a consolidated basis, by country, where an institution has a subsidiary or branch.

The country-by-country reporting disclosures for the year ended 31 March 2026 are shown below.

All activities of the Group are conducted in the United Kingdom. Details of the Society's subsidiaries and consolidated structured entities can be found in notes 33 and 34 to the financial statements.

Country	Nature of activities	Number of employees (average full time equivalent)	Turnover (note i) £m	Profit before tax £m	Corporation tax paid £m
United Kingdom (note ii)	Provision of financial services	24,789	6,379	1,490	84

Notes
i. Turnover represents 'total income' on the Group's income statement.
ii. The Group has a subsidiary incorporated in the Isle of Man which had an average of 5 full time equivalent employees during the year and which provides IT services to the Group. The entity is reported under the United Kingdom where it is managed, controlled and subject to corporation tax.

No public subsidies were received during the year.

Alternative performance measures

The Group uses a number of alternative performance measures in presenting business and financial performance. In addition to statutory results, underlying measures, such as underlying profit before tax, are used to assist with like-for-like comparisons of performance across periods. Underlying profit before tax is not designed to measure sustainable levels of profitability as that potentially requires exclusion of non-recurring items even though they are closely related to (or even a direct consequence of) the Group's core business activities. Further information on our alternative performance measures is presented within the Financial review on pages 31 to 39, with definitions presented in the Glossary.

Forward-looking statements

This document contains certain forward-looking statements. By their nature, all forward-looking statements involve risk and uncertainty because they are based on assumptions, expectations, valuations, targets, estimates and/or forecasts about the Group, its business and the environment in which it operates. These include, amongst other things, UK domestic and global economic and business conditions, market-related risks such as fluctuation in interest rates and exchange rates, inflation/deflation, the impact of competition, changes in customer preferences, risks concerning borrower credit quality, delays in implementing proposals, the timing, impact and other uncertainties of future acquisitions or other combinations involving the Group, risks relating to sustainability and climate change, the policies and actions of regulatory authorities, the impact of tax or other legislation and regulations, developments with the UK's relationship with the EU, Eurozone instability, the Russia-Ukraine war, the conflict in the Middle East, and any UK or global cost of living crisis or recession.

Although the Group believes that these forward-looking statements are reasonable, it gives no assurance that they will prove to be accurate. The economic outlook remains uncertain and, as a result, the Group's actual future financial condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these statements. No member of the Group or their respective directors, employees, agents, advisers or affiliates give any representation, warranty or assurance that any such plans, goals and expectations will be realised or that actual results will not be materially lower than those anticipated. Consequently, readers should not place reliance on these forward-looking statements.

The information in this document is subject to change and no undertaking or commitment to update such information, whether as a result of new information, future events or otherwise, is given.

This document does not constitute or form part of any public or private offer, invitation or solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or instruments or the solicitation of any vote or approval in any jurisdiction. No securities are being offered to the public by means of this document. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering to be made in the United States will be made by means of a prospectus that may be obtained from the Group and will contain detailed information about the Group and its management, as well as its financial statements.

Certain industry, market and competitive position data contained in this document comes from official or third-party sources. There is no guarantee of the accuracy or completeness of such data. While the Group reasonably believes that each of these publications, studies and surveys has been prepared by a reputable source, no member of the Group or their respective directors, officers, employees, agents, advisers or affiliates have independently verified the data. In addition, certain industry, market and competitive position data contained in this document comes from the Group's own internal research and estimates based on the knowledge and experience of the Group's management in the markets in which the Group operates. While the Group reasonably believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness, and are subject to change. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this document.

Glossary

The glossary for the Annual Report and Accounts 2026 is available at:
https://www.nationwide.co.uk/about-us/governance-reports-and-results/results-and-accounts/

Nationwide Building Society Head Office: Nationwide House, Pipers Way, Swindon, Wiltshire SN38 1NW.
nationwide.co.uk
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