nationwide

Nationwide Building Society Pillar 3 Disclosures

Q1 2025-26 | 30 June 2025

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Forward-looking statements

Certain statements in this document are forward-looking with respect to plans, goals and expectations relating to the future financial position, business performance and results of the Group. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, the Group can give no assurance that these expectations will prove to be an accurate reflection of actual results. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Group including, amongst other things, UK domestic and global economic and business conditions, market-related risks such as fluctuation in interest rates and exchange rates, inflation/deflation, the impact of competition, changes in customer preferences, risks concerning borrower credit quality, delays in implementing proposals, the timing, impact and other uncertainties of future acquisitions or other combinations involving the Society and/or within relevant industries, risks relating to sustainability and climate change, the policies and actions of regulatory authorities and the impact of tax or other legislation and other regulations in the jurisdictions in which the Group operates. The economic outlook remains uncertain and, as a result, the Group's actual future financial condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements. Due to such risks and uncertainties, the Group cautions readers not to place undue reliance on such forward-looking statements.

The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

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1 Introduction

1.1 Background

Nationwide's Pillar 3 disclosure Q1 2025-26 provides an update on the capital and liquidity position disclosed in Nationwide's annual Pillar 3 disclosure 2025 for the period ended 30 June 2025. The information has been prepared in accordance with the UK Prudential Regulation Authority (PRA) Rulebook (Capital Requirements Regulation (CRR)) with Annex conventions aligned to the 'Disclosure' part of the Rulebook. Capital and leverage ratios reported include profits for the quarter that have been externally verified, less foreseeable dividends.

1.2 Scope, Consolidation and Reporting

Nationwide's structure

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

Nationwide Building Society is regulated by the PRA and Financial Conduct Authority (FCA) as recognised on the Bank of England's website and the Financial Services Register hosted on the FCA website. The UK Capital Requirements Directive V (CRD V) framework applies to Nationwide Building Society and its subsidiary undertakings (the 'Group'). On 1 October 2024, Nationwide acquired Virgin Money UK PLC, which has become part of the Group as a subsidiary.

All information in the disclosure relates to the 'Group' unless denoted as 'Sub-group'. The Nationwide sub-group quantitative disclosures within this document are included from section 4 (page 9). The Pillar 3 disclosures in relation to Virgin Money UK PLC can be found at Results and reporting | Virgin Money PLC.

Basis and frequency of disclosure

The purpose of this disclosure is to provide information in relation to regulatory capital and liquidity requirements. The disclosures and basis of measurement are in accordance with the rules laid out in the PRA Rulebook (CRR).

Unless otherwise stated, all figures and narrative are at 30 June 2025, with comparative figures to the previous financial year-end where relevant. Full Pillar 3 disclosures are published annually, and concurrently with the Annual Report and Accounts, in accordance with regulatory guidelines. Pillar 3 summary disclosures are published quarterly, with more extensive disclosures published semi-annually.

2 Executive summary (Group)

2.1 Summary of key metrics

The Group's capital position remains strong, with the Common Equity Tier 1 (CET1) ratio of 18.8% and leverage ratio of 5.2% comfortably above regulatory capital requirements of 12.7% and 4.3% respectively. The CET1 capital requirement includes a 7.2% minimum Pillar 1 and Pillar 2A requirement and the UK CRD V combined buffer requirements of 5.5% of risk weighted assets (RWAs).

The CET1 ratio reduced to 18.8% (31 March 2025: 19.1%), primarily due to increased RWAs of £1.4 billion from increased residential mortgage balances. CET1 capital resources remained broadly flat in the period with underlying profit largely offset by the Nationwide Fairer Share Payment 2025.

UK CRD V requires firms to calculate a leverage ratio which is non-risk based, to supplement risk-based capital requirements. The leverage ratio remained at 5.2% (31 March 2025: 5.2%) with increased residential mortgage balances and Treasury activity increasing the leverage exposure by £5.2 billion. This was offset by increased Additional Tier 1 (AT1) capital resources of £0.2 billion, due to net AT1 external issuances of £0.1 billion, and a reduction of £0.1 billion in regulatory minority interest haircuts applied to Virgin Money sub-group AT1 external issuances.

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 are 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 detail on the Group's regulatory capital ratios, resources and risk weighted assets is included in Annex I (Key Metrics).

As part of the Bank Recovery and Resolution Directive, the Bank of England, in its capacity as the UK resolution authority, prescribes the minimum requirement for own funds and eligible liabilities (MREL). In line with the latest 2025 Bank of England MREL publication, the Group is required to hold twice the minimum capital requirements (amounting 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 30 June 2025, total MREL resources, which include total regulatory capital and eligible liabilities, were at 9.0% (31 March 2025: 8.9%) of leverage exposure, in excess of the loss-absorbing requirement of 7.55% described above.

The Group's Liquidity Coverage Ratio (LCR), which ensures sufficient high-quality liquid assets are held to survive a short-term severe but plausible liquidity stress, averaged 166% over the 12 months ended 30 June 2025 (31 March 2025: 174%). The Group's average Net Stable Funding Ratio (NSFR), which assesses the stability of funding relative to the liquidity of assets, was 144% for the four quarters ended 30 June 2025 (31 March 2025: 147%), which is in excess of the 100% minimum requirement. The Group continues to manage its liquidity against internal risk appetite which is more prudent than regulatory requirements.

2.2 Future regulatory developments

The Basel Committee published its final reforms to the Basel III framework in December 2017, now denoted by the PRA as Basel 3.1. The amendments include changes to the standardised approaches for credit and operational risks, including the introduction of an RWA standardised output floor to restrict the use of internal models. On 12 September 2024, the Bank of England published its last instalment of near-final rules for implementation of Basel 3.1 with a revised implementation date of 1 January 2026, following the consultation paper released on 30 November 2022. Although materially similar to the original Basel reforms the near-final rules include interpretations and some divergences from Basel standards in relation to market, counterparty credit, and operational risks as well as credit risk and the output floor. However, on 17 January 2025, the PRA announced the decision to delay the implementation of Basel 3.1 in the UK by one year until 1 January 2027.

The near-final rules include a phased introduction of the RWA standardised output floor until fully implemented by 2030. The day-one impact of Basel 3.1 on the Group's CET1 ratio is expected to be positive with a small increase in the CET1 ratio anticipated, based on the Group's current interpretation of the near-final rules. This is primarily due to the impact of changes to prescribed Internal Ratings Based (IRB) model calculations. The Basel 3.1 RWA standardised output floor is expected to bind for the Group's risk-based capital assessment towards the end of the implementation period. The exact impact of Basel 3.1 on the Group position, and the point where the output floor becomes binding, will be influenced by the Group's interpretation of the final rules and the evolution of the balance sheet.

In 2022 regulatory changes were introduced 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. Virgin Money's IRB models have been redeveloped to meet the revised regulatory requirements, although the models are yet to be finalised and approved by the PRA. Until approved, a temporary model adjustment continues to be made to ensure outcomes are consistent with the revised IRB regulations. Nationwide's updated IRB models were approved by the PRA in October 2024.

3 Annex I | Key metrics and overview of risk-weighted exposure amounts (Group)

3.1 UK KM1 - Key metrics template

UK KM1 - Key metrics template - Group

		a	b	c	d	e
£m		**30 Jun 25**	31 Mar 25	31 Dec 24	30 Sep 24	30 Jun 24
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	**15,657**	15,611	15,727	15,087	14,800
2	Tier 1 capital	**18,028**	17,732	17,845	17,170	16,136
3	Total capital	**20,300**	19,489	19,639	18,323	17,334
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**83,232**	81,871	80,801	53,067	55,137
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	**18.8**	19.1	19.5	28.4	26.8
6	Tier 1 ratio (%)	**21.7**	21.7	22.1	32.4	29.3
7	Total capital ratio (%)	**24.4**	23.8	24.3	34.5	31.4
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	**2.7**	2.7	2.7	2.8	2.9
UK 7b	Additional AT1 SREP requirements (%)	**0.9**	0.9	0.9	0.9	1.0
UK 7c	Additional T2 SREP requirements (%)	**1.2**	1.2	1.2	1.2	1.3
UK 7d	Total SREP own funds requirements (%)	**12.7**	12.7	12.7	12.9	13.1
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	**2.5**	2.5	2.5	2.5	2.5
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	**–**	–	–	–	–
9	Institution specific countercyclical capital buffer (%)	**2.0**	2.0	2.0	2.0	2.0
UK 9a	Systemic risk buffer (%)	**–**	–	–	–	–
10	Global Systemically Important Institution buffer (%)	**–**	–	–	–	–
UK 10a	Other Systemically Important Institution buffer	**1.0**	1.0	1.0	1.0	1.0
11	Combined buffer requirement (%)	**5.5**	5.5	5.5	5.5	5.5
UK 11a	Overall capital requirements (%)	**18.2**	18.2	18.2	18.4	18.6
12	CET1 available after meeting the total SREP own funds requirements (%)	**11.6**	11.1	11.6	21.1	18.3
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	**349,199**	344,018	344,331	255,315	261,947
14	Leverage ratio excluding claims on central banks (%)	**5.2**	5.2	5.2	6.7	6.2
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.2**	5.2	5.2	6.7	6.2
14b	Leverage ratio including claims on central banks (%)	**4.7**	4.8	4.7	6.0	5.6
14c	Average leverage ratio excluding claims on central banks (%)	**5.1**	5.1	5.0	6.3	6.3
14d	Average leverage ratio including claims on central banks (%)	**4.7**	4.7	4.6	5.7	5.7
14e	Countercyclical leverage ratio buffer (%)	**0.7**	0.7	0.7	0.7	0.7
	Liquidity Coverage Ratio[1]					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	**54,925**	54,509	53,741	53,539	54,361
UK 16a	Cash outflows - Total weighted value	**35,555**	33,907	32,675	31,187	30,591
UK 16b	Cash inflows - Total weighted value	**2,324**	2,358	2,259	2,218	2,170
16	Total net cash outflows (adjusted value)	**33,231**	31,549	30,416	28,969	28,421
17	Liquidity coverage ratio (%)	**166**	174	179	186	192
	Net Stable Funding Ratio[1]					
18	Total available stable funding	**304,902**	284,316	263,916	246,175	245,427
19	Total required stable funding	**211,823**	194,273	177,646	162,712	161,795
20	NSFR ratio (%)	**144**	147	149	151	152

Note:

[1] The Liquidity Coverage and Net Stable Funding Ratios are calculated as a simple average of twelve month end and four quarter end observations respectively

3.2 UK KM2 - Key metrics template – MREL

UK KM2 - Key metrics template - MREL (at resolution group level)		a	b	c	d	e
£m		**30 Jun 25**	31 Mar 25	31 Dec 24	30 Sep 24	30 Jun 24
1	Total own funds and eligible liabilities available	**31,370**	30,733	29,291	24,910	23,115
2	Total risk weighted assets	**83,232**	81,871	80,801	53,067	55,137
3	Total own funds and eligible liabilities available as a percentage of total risk weighted assets (%)	**37.7**	37.5	36.3	46.9	41.9
4	UK leverage exposure ratio measure	**349,199**	344,018	344,331	255,315	261,947
5	Total own funds and eligible liablities available as a percentage of UK leverage exposure ratio measure (%)	**9.0**	8.9	8.5	9.8	8.8

3.3 UK OV1 - Overview of risk weighted exposure amounts[1]

UK OV1 – Overview of risk weighted exposure amounts		a	b	c
		Group		
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
£m		**30 Jun 25**	31 Mar 25	**30 Jun 25**
1	**Credit risk (excluding CCR)**	**72,320**	71,094	**5,786**
2	Of which the standardised approach	**10,788**	10,793	**863**
3	Of which the foundation IRB (FIRB) approach	**11,493**	11,377	**919**
4	Of which slotting approach	**1,077**	1,003	**86**
UK 4a	Of which equities under the simple riskweighted approach	**235**	234	**19**
5	Of which the advanced IRB (AIRB) approach	**48,727**	47,687	**3,898**
6	**Counterparty credit risk - CCR**	**930**	801	**74**
7	Of which the standardised approach	**363**	299	**29**
8	Of which internal model method (IMM)	**–**	–	**–**
UK 8a	Of which exposures to a CCP	**188**	163	**15**
UK 8b	Of which credit valuation adjustment - CVA	**378**	338	**30**
9	Of which other CCR	**1**	1	**0**
15	**Settlement risk**	**–**	–	**–**
16	**Securitisation exposures in the non-trading book (after the cap)**	**170**	164	**14**
17	Of which SEC-IRBA approach	**–**	–	**–**
18	Of which SEC-ERBA (including IAA)	**170**	164	**14**
19	Of which SEC-SA approach	**–**	–	**–**
UK 19a	Of which 1250%/ deduction	**–**	–	**–**
20	**Position, foreign exchange and commodities risks (Market risk)[2]**	**–**	–	**–**
21	Of which the standardised approach	**–**	–	**–**
22	Of which IMA	**–**	–	**–**
UK 22a	**Large exposures**	**–**	–	**–**
23	**Operational risk**	**9,812**	9,812	**785**
UK 23a	Of which basic indicator approach	**–**	–	**–**
UK 23b	Of which standardised approach	**9,812**	9,812	**785**
UK 23c	Of which advanced measurement approach	**–**	–	**–**
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**879**	867	**70**
29	**Total**	**83,232**	81,871	**6,659**

Notes:
[1] Specific rows of this table have not been presented as they are not applicable in the UK
[2] The Group's Pillar 1 capital requirement for market risk is currently zero (as Nationwide does not have a trading book and FX exposures are below the threshold of 2% of total capital resources) and hence no figures are disclosed

Nationwide Building Society

Pillar 3 Disclosures (Sub-group)

4 Annex I | Key metrics and overview of risk-weighted exposure amounts (Sub-group)

4.1 UK KM1 - Key metrics template

UK KM1 - Key metrics template - Sub-group

£m		a 30 Jun 25	b 31 Mar 25	c 31 Dec 24	d 30 Sep 24	e 30 Jun 24
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	**12,980**	13,052	13,316	15,087	14,800
2	Tier 1 capital	**14,645**	14,537	14,794	17,170	16,136
3	Total capital	**15,756**	15,664	15,977	18,323	17,334
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**60,949**	59,513	57,572	53,067	55,137
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	**21.3**	21.9	23.1	28.4	26.8
6	Tier 1 ratio (%)	**24.0**	24.4	25.7	32.4	29.3
7	Total capital ratio (%)	**25.9**	26.3	27.8	34.5	31.4
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	**2.8**	2.8	2.8	2.8	2.9
UK 7b	Additional AT1 SREP requirements (%)	**0.9**	0.9	0.9	0.9	1.0
UK 7c	Additional T2 SREP requirements (%)	**1.2**	1.2	1.2	1.2	1.3
UK 7d	Total SREP own funds requirements (%)	**12.9**	12.9	12.9	12.9	13.1
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	**2.5**	2.5	2.5	2.5	2.5
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	**–**	–	–	–	–
9	Institution specific countercyclical capital buffer (%)	**2.0**	2.0	2.0	2.0	2.0
UK 9a	Systemic risk buffer (%)	**–**	–	–	–	–
10	Global Systemically Important Institution buffer (%)	**–**	–	–	–	–
UK 10a	Other Systemically Important Institution buffer	**–**	–	–	1.0	1.0
11	Combined buffer requirement (%)	**4.5**	4.5	4.5	5.5	5.5
UK 11a	Overall capital requirements (%)	**17.4**	17.4	17.4	18.4	18.6
12	CET1 available after meeting the total SREP own funds requirements (%)	**12.9**	13.4	14.8	21.1	18.3
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	**270,206**	263,603	262,386	255,315	261,947
14	Leverage ratio excluding claims on central banks (%)	**5.4**	5.5	5.6	6.7	6.2
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.4**	5.5	5.6	6.7	6.2
14b	Leverage ratio including claims on central banks (%)	**5.0**	5.2	5.2	6.0	5.6
14c	Average leverage ratio excluding claims on central banks (%)	**5.3**	5.5	5.6	6.3	6.3
14d	Average leverage ratio including claims on central banks (%)	**5.0**	5.1	5.2	5.7	5.7
14e	Countercyclical leverage ratio buffer (%)	**0.7**	0.7	0.7	0.7	0.7
	Liquidity Coverage Ratio[1]					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	**44,085**	47,302	50,183	53,539	54,361
UK 16a	Cash outflows - Total weighted value	**28,170**	29,034	30,276	31,187	30,591
UK 16b	Cash inflows - Total weighted value	**1,981**	2,111	2,156	2,218	2,170
16	Total net cash outflows (adjusted value)	**26,189**	26,923	28,120	28,969	28,421
17	Liquidity coverage ratio (%)	**169**	176	179	186	192
	Net Stable Funding Ratio[1]					
18	Total available stable funding	**250,848**	248,209	245,846	246,175	245,427
19	Total required stable funding	**174,211**	169,231	165,058	162,712	161,795
20	NSFR ratio (%)	**144**	147	149	151	152

Note:

[1] The Liquidity Coverage and Net Stable Funding Ratios are calculated as a simple average of twelve month end and four quarter end observations respectively

4.2 UK OV1 - Overview of risk weighted exposure[1]

UK OV1 – Overview of risk weighted exposure amounts		a	b	c
		Sub-group		
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
£m		**30 Jun 25**	31 Mar 25	**30 Jun 25**
1	**Credit risk (excluding CCR)**	**53,343**	51,717	**4,267**
2	Of which the standardised approach	**6,137**	5,397	**491**
3	Of which the foundation IRB (FIRB) approach	**3,646**	3,652	**292**
4	Of which slotting approach	**372**	385	**30**
UK 4a	Of which equities under the simple riskweighted approach	**4,041**	4,037	**323**
5	Of which the advanced IRB (AIRB) approach	**39,147**	38,246	**3,131**
6	**Counterparty credit risk - CCR**	**740**	614	**59**
7	Of which the standardised approach	**244**	192	**19**
8	Of which internal model method (IMM)	**–**	–	**–**
UK 8a	Of which exposures to a CCP	**183**	158	**15**
UK 8b	Of which credit valuation adjustment - CVA	**313**	263	**25**
9	Of which other CCR	**–**	1	**–**
15	**Settlement risk**	**–**	–	**–**
16	**Securitisation exposures in the non-trading book (after the cap)**	**170**	164	**14**
17	Of which SEC-IRBA approach	**–**	–	**–**
18	Of which SEC-ERBA (including IAA)	**170**	164	**14**
19	Of which SEC-SA approach	**–**	–	**–**
UK 19a	Of which 1250%/ deduction	**–**	–	**–**
20	**Position, foreign exchange and commodities risks (Market risk)[2]**	**–**	322	**–**
21	Of which the standardised approach	**–**	322	**–**
22	Of which IMA	**–**	–	**–**
UK 22a	**Large exposures**	**–**	–	**–**
23	**Operational risk**	**6,696**	6,696	**536**
UK 23a	Of which basic indicator approach	**–**	–	**–**
UK 23b	Of which standardised approach	**6,696**	6,696	**536**
UK 23c	Of which advanced measurement approach	**–**	–	**–**
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**4,201**	4,211	**336**
29	**Total**	**60,949**	59,513	**4,876**

Notes:
[1] Specific rows of this table have not been presented as they are not applicable in the UK
[2] Nationwide's sub-group Pillar 1 capital requirement for market risk is currently zero (as Nationwide does not have a trading book and FX exposures are below the threshold of 2% of total capital resources) and hence no figures are disclosed. The reduction below 2% since 31 March 2025 was driven by an increase in total capital resources as shown in UK KM1

5 Annex XIII | Liquidity requirements (Sub-group)

5.1 UK LIQB – Qualitative information on LCR, which complements template UK LIQ1

(a) Main drivers of LCR results

Nationwide's sub-group LCR is driven by a combination of the size of the liquid asset buffer, modelled stressed retail net outflows, wholesale funding requirements from upcoming maturities and collateral outflows that could arise in a stress. As Nationwide is predominantly retail funded, retail deposit outflows continue to be the largest contributor to net outflows in the LCR.

(b) Explanations on the changes in the LCR over time

The 12-month average sub-group LCR has declined reflecting lower liquid asset balances offset by a decrease in net cash outflow requirements. Liquid asset balances declined following the final repayment of Nationwide's sub-group drawings from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) and the completion of Nationwide's acquisition of Virgin Money. Lower net cash outflow requirements reflect lower unsecured debt (row 8) and derivative exposure and other collateral outflows (row 11), offset by higher requirements for retail deposits (rows 2).

(c) Explanations on the actual concentration of funding sources

Nationwide sub-group is predominantly retail deposit funded and also has a wholesale funding platform which 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.

(d) High-level description of the composition of the institution's liquidity buffer

Nationwide's sub-group liquid assets, which predominantly comprise reserves held at central banks and highly rated debt securities issued or guaranteed by a restricted range of governments, central banks and supranationals, are held and managed centrally by its Treasury function. The assets held in the liquid asset buffer are primarily Sterling, US dollar and Euro.

(e) Derivative exposures and potential collateral calls

The sub-group only uses derivatives to manage and mitigate exposures to market risks, and not for trading or speculative purposes. The LCR net cash outflows related to derivative transactions primarily reflects the risk of potential additional collateral outflows due to adverse market rate changes. Credit ratings downgrades by external credit rating agencies could also lead to collateral outflows which are considered when determining LCR outflows.

(f) Currency mismatch in the LCR

Liquid assets are primarily denominated in Sterling, US dollar or Euro, with the currency mix of the liquid asset buffer being subject to internal risk limits and policy requirements. This ensures that no undue level of currency mismatch arises between the currency composition of the liquid asset buffer and currency profile of stressed outflows in the LCR.

(g) Other items in the LCR calculation that are not captured in the LCR disclosure template

There are no other relevant items.

5.2 UK LIQ1 – Quantitative information of LCR

UK LIQ1 - Quantitative information of LCR - Sub-group		a	b	c	d	e	f	g	h
£m		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on (DD Month YYY)	**30 Jun 25**	31 Mar 25	31 Dec 24	30 Sep 24	**30 Jun 25**	31 Mar 25	31 Dec 24	30 Sep 24
UK 1b	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets (HQLA)**					**44,085**	47,302	50,183	53,539
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	**205,770**	202,627	199,534	196,834	**12,741**	12,328	12,040	11,747
3	*Stable deposits*	**133,648**	132,598	131,112	130,620	**6,682**	6,630	6,556	6,531
4	*Less stable deposits*	**47,350**	44,839	43,260	41,298	**6,055**	5,694	5,479	5,209
5	Unsecured wholesale funding	**7,139**	7,222	7,895	8,531	**6,119**	6,459	7,138	7,898
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	**–**	–	–	–	**–**	–	–	–
7	*Non-operational deposits (all counterparties)*	**2,617**	2,259	2,315	2,260	**1,597**	1,496	1,558	1,627
8	*Unsecured debt*	**4,522**	4,963	5,580	6,271	**4,522**	4,963	5,580	6,271
9	Secured wholesale funding					**33**	46	58	74
10	Additional requirements	**9,339**	10,180	11,206	12,041	**5,588**	6,511	7,501	8,267
11	*Outflows related to derivative exposures and other collateral requirements*	**5,494**	6,228	7,098	7,853	**4,881**	5,767	6,698	7,438
12	*Outflows related to loss of funding on debt products*	**142**	160	213	239	**142**	160	213	239
13	*Credit and liquidity facilities*	**3,703**	3,792	3,895	3,949	**565**	584	590	590
14	Other contractual funding obligations	**210**	207	203	224	**32**	41	45	65
15	Other contingent funding obligations	**22,582**	22,263	21,670	20,325	**3,657**	3,649	3,494	3,136
16	**TOTAL CASH OUTFLOWS**					**28,170**	29,034	30,276	31,187
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	**4,072**	5,101	4,109	4,080	**107**	178	204	202
18	Inflows from fully performing exposures	**1,978**	1,987	2,010	1,992	**1,642**	1,652	1,662	1,640
19	Other cash inflows	**232**	281	290	376	**232**	281	290	376
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					**–**	–	–	–
UK-19b	(Excess inflows from a related specialised credit institution)					**–**	–	–	–
20	**TOTAL CASH INFLOWS**	**6,282**	7,369	6,409	6,448	**1,981**	2,111	2,156	2,218
UK-20a	*Fully exempt inflows*	**–**	–	–	–	**–**	–	–	–
UK-20b	*Inflows subject to 90% cap*	**–**	–	–	–	**–**	–	–	–
UK-20c	*Inflows subject to 75% cap*	**6,282**	7,369	6,409	6,448	**1,981**	2,111	2,156	2,218
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER					**44,085**	47,302	50,183	53,539
22	TOTAL NET CASH OUTFLOWS					**26,189**	26,923	28,120	28,969
23	**LIQUIDITY COVERAGE RATIO**					**169**	176	179	186

6 Annex XXI | IRB approach to credit risk (Sub-group)

6.1 UK CR8 - RWEA flow statements of credit risk exposures under the IRB approach

UK CR8 – RWEA flow statements of credit risk exposures under the IRB approach - Sub-group

£m		a Risk weighted exposure amount
1	**Risk weighted exposure amount at 31 March 2025**	**46,320**
2	Asset size (+/-)	**937**
3	Asset quality (+/-)	**(51)**
4	Model updates (+/-)	**–**
5	Methodology and policy (+/-)	**–**
6	Acquisitions and disposals (+/-)	**–**
7	Foreign exchange movements (+/-)	**–**
8	Other (+/-)	**–**
9	**Risk weighted exposure amount at 30 June 2025**	**47,206**

In the quarter period, there was a £0.9 billion increase in RWAs, for exposures risk weighted under IRB approach, driven by increased residential mortgage balances.

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