



Annual Results 2025/26 Webinar Transcript

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(Amended in places to improve accuracy and readability)

Nationwide Attendees:

Debbie Crosbie, Group Chief Executive Officer

Muir Mathieson, Group Chief Financial Officer

Vikas Sidhu, Head of Investor Relations & Treasury Sustainability

Debbie Crosbie:

Hello and welcome to Nationwide's annual results call for investors. I'm Debbie Crosbie, the chief executive and delighted to be joined this morning by Muir Mathieson, our CFO.

So, delighted to say it's been another outstanding year for Nationwide.

We've delivered a standout year in personal current accounts with a record one million new openings as more people choose to switch to Nationwide than any other brand. In our core markets we were once again number one for growth in mortgages and in retail deposits. And we have built strong momentum in business banking; we've had a record year for new business current account openings under our Virgin Money brand.

We've also continued to set the pace for service, extending our lead over our peer group. And that matters because it really reflects that we're here to do: put members first and deliver consistently good outcomes.

Taken together and supported by a larger, more diversified balance sheet following our acquisition of Virgin Money, this has increased underlying profit, whilst delivering £1.8 billion of value back to our members.

I'm delighted that our performance continues to be recognised. Forbes named Nationwide as the best bank in the UK, and we led the retail banking sector in Britain's Most Admired Companies in 2025.

Our long-standing focus on better value products matched with outstanding service has once again translated into leading growth, despite a very competitive market.

Mortgage net lending exceeded £10.3 billion and that is the strongest performance across the UK banking sector over the twelve-month period. That was driven by highly competitive pricing and targeted enhancements in our proposition, including expansion into interest-only and increased support for first time buyers, and higher income multiples.

We've continued to enhance our leading digital mortgage journey - combining automated income verification and valuation tools to enable instant offers and delivering API integration with brokers, to make applications simpler and more straightforward. Our digital self-serve mortgage manager also enables over half of customers to switch to our best rates at deal maturity in minutes, supporting our market-leading retention.

We matched our market-leading growth in mortgages with market-leading growth in retail deposits, including strong flows into our ISA products. This was helped by deposit rates that were 28% higher than the market average, despite reductions in the Bank of England base rate.

Together with our competitive mortgage pricing, this contributed to that £1.8 billion of value delivered to our members, which included the Fairer Share payment. And because of our strong financial performance, I am delighted to announce this morning we will be making another £100 Fairer Share payment to eligible members in June.

Our momentum in current accounts has continued. We've delivered the strongest growth in balances in the market, achieved over one million new openings - and for the sixth consecutive quarter - achieved the highest volume of net switchers in the market. In fact, our net switcher gains were more than four times higher than the rest of the market

combined. So, I think that's a really clear sign that our relationship proposition is resonating and delivers what our members want.

We've also delivered a standout performance in the student account market, doubling new account openings and achieving a 43% share of the market. It shows that the appeal of Nationwide for younger people is as strong as it is in other demographics.

We're seeing positive momentum in business banking, with our best-ever year for business current accounts under the Virgin Money brand, with over 56,000 new openings. And the rate of growth in business deposits was around the strongest in the market.

Alongside this growth, we're continuing to excel in service, delivering outstanding experience - whether customers choose to interact with us digitally, by phone, through a broker, or indeed in person and branch.

Our continued investment in technology and innovation is improving the customer experience, supporting leading growth and delivering major productivity gains.

We recently completed the migration of 18 million customer accounts to a fully modernised SAP platform within the Nationwide Group. It's been a significant, multi-year undertaking that removes reliance on any outdated legacy technology and improves our ability to scale. And in an industry first, we migrated payments processing to a dual cloud platform to increase our overall resilience.

Our modern technology infrastructure is accelerating how we use AI - helping customer-facing colleagues with real-time insight, including things like call summarisation and better personalisation across our channels. The results are showing up in service metrics, including a material increase in our customer experience scores.

AI is helping us to accelerate integration-related change, including through AI-generated software and we now have over 2,000 of our engineers using AI for coding.

And throughout, we've kept a relentless focus on doing the basics brilliantly and delivering consistently good outcomes for customers and members.

We've committed to maintain our branch network until at least 2030, and our customers are continuing to value that choice. We saw more branch visits than ever and a 20% increase in new personal current account openings versus the same period last year. A brilliant fact is that out of those million current accounts, over 300,000 of them were opened in person, in branch. So, Nationwide alone was responsible for more than half of the entire market's branch-based product opening last financial year.

We've made a number of enhancements in our app, including our new digital hub. It provides a flexible space where customers can access useful features - such as viewing their insurance policy - in a single, easy place to find all they need.

And we're doing all of this while staying very disciplined on costs, consistent with our long-term objective to keep "business as usual" cost growth below the rate of inflation.

Alongside the momentum in our underlying business, we've also made some great strides in integrating Virgin Money.

In November, I set out the progress we'd already made: that was streamlining our governance and management structure, aligning our capital structure, and simplifying the business by disposing of Virgin Money investments.

In April, we completed the Part VII transfer of Virgin Money's banking assets and liabilities into Nationwide Building Society. This was a major milestone, involving the legal transfer of customers and colleagues, alongside the integration and migration of key back-office and enterprise systems, including things like Treasury and all of our HR systems.

So, we're now moving into the next phase of integration and, later this year, we'll begin to migrate Virgin Money customers into the Nationwide-branded systems and processes. We also remain on track to launch a Nationwide-branded business banking proposition in 2027 - combining Virgin Money's heritage and deep expertise with Nationwide's mutual ethos.

And as I've said before, expenditure on migration activities will increase over the coming twelve months. After that, we expect integration spend to decline - and overall delivery remains faster and more cost-efficient than our original business case assumptions.

And while we're confident in continued efficiency delivery, we'll keep taking a customer-first approach - prioritising good experiences at every stage to maximise our customer retention and drive further growth.

So, with that, I'm now going to hand over to Muir, who's going to take you through the financials in more detail.

Muir Mathieson:

Thank you Debbie, and good morning everyone.

Our strong growth in the year was delivered alongside £2 billion in underlying profit and a highly robust balance sheet.

Income is now more diversified than has ever been the case, and arrears remain low.

Our financial strength means we have been able to return significant value to our members, whilst continuing to lead on customer service.

Underlying profit increased by 9% year-on-year, to £2 billion.

Income, costs and impairments all increased reflecting twelve months as an enlarged group following acquisition, compared to only six months in the previous year.

Comparing the second half of this year to the same period last year, which followed the acquisition, underlying profit increased by 17%.

Member value totalled £1.8 billion in the period, including £400 million distributed through the Fairer Share payment announced in May 2025, and £1.4 billion from what we term Member Financial Benefit, which principally reflects the positive rate differential between the rates our members enjoy and the average of the rest of the market.

As Debbie highlighted, performance in our core products was market-leading, with mortgage net lending of £10.3 billion and an increase in retail deposit balances of £10.1 billion, including strong growth in personal current account balances.

Business deposits also increased by £1.7 billion, supported by those record business current account openings.

Our balance sheet ratios remain highly robust.

Net interest margin in the second half increased by 6 basis points on the prior six months, primarily reflecting ongoing structural hedge tailwinds and the absence of any bank base rate cuts in the period. This was partly offset by lower new business margins on both mortgages and customer deposits, in a highly competitive market.

Year-on-year, NIM was higher, principally due to the benefits of a larger and more diversified balance sheet following the acquisition.

Given the overall robust levels of profitability in the period, we once again chose to provide better rates for our members and sustain growth, rather than maximise profits.

As a reminder, structural hedging of our behaviourally rate insensitive liabilities is implemented to dampen net interest income volatility through the rate cycle. Since inception, Nationwide has followed a programmatic approach where 1/60th of the maturing balance is reinvested at prevailing rates each month.

The outstanding notional increased materially in the year, reflecting both organic growth in deposit balances and the impact of the acquisition, noting that our methodology is now fully aligned across the Group.

The overall structural hedge continued to provide an income tailwind in H2 with an average yield of 2.91% - up from 2.49% in the prior six months - as maturing balances were reinvested at higher rates.

Our strong mortgage performance was delivered through competitive new business pricing, enhanced propositions, and market-leading levels of retention.

New business completions in the period were written at 55 basis points over swap rates, broadly unchanged from the prior six-months. Pricing has been volatile in recent weeks, reflecting the uncertain market backdrop, and competition persists, with the pipeline circa 60 basis points over swaps.

Business lending was down marginally year-on-year reflecting both a number of specific redemptions and a highly competitive market, where we chose not to participate in some lending where margin and criteria did not meet our appetite. This was partly offset by growth in social housing balances, reflecting our long-standing relationship with the sector.

The consumer lending portfolio continued to perform well with modest growth in balances, led by our well-rounded credit card offering and an enhanced personal loans proposition.

Despite heightened competition in retail deposits over the last year, we recorded market-leading growth, supported by competitively priced products, strong inflows into ISAs and outperformance in personal current account balances.

Business deposits also increased in the period, ahead of the market, including a record number of business current account openings under the Virgin Money brand as Debbie mentioned earlier.

The average Nationwide member rate for retail deposits was 267 basis points, 58 basis points higher than the market average, as we chose to continue to return value to our savings members despite the decline in bank base rate.

Turning to our anticipated trajectory for NIM. Aligned with our base case economic assumption for unchanged bank base rate this year, our expectation is that the headwind from competition and the tailwind from structural hedging will remain broadly balanced over the next six to twelve months.

We continue to maintain strong cost discipline. The increase in underlying costs primarily reflects twelve months of a larger business following the acquisition, as well as integration costs totalling £127 million this year, which were incurred in order to progress the Part VII transfer work and preparation for migration activity.

However, on a like-for-like basis, costs grew by less than the rate of inflation, despite our market-leading growth.

This has been delivered through the ongoing productivity improvements that Debbie described earlier, and not to the detriment of our members, as evidenced through our growing lead in customer service satisfaction.

Below-the-line costs of £138 million relate to acquisition-specific items, most material of which is £113 million for amortisation of the intangible assets created as part of the Purchase Price Allocation accounting process. This amortisation is net neutral for our capital position, given intangible assets are already fully deducted from capital resources.

As indicated previously, our expenditure on integration will peak over the next twelve-months, as we commence customer systems migrations.

Overall integration progress continues to track ahead of plan, as mentioned by Debbie earlier, with the Part VII transfer and parallel activities now completed. Total integration spend is tracking lower than we originally expected, whilst end-state synergies are anticipated to be above our original expectations.

Our overarching ambition remains to contain like-for-like costs below the rate of inflation, and we continue to improve productivity across our business accordingly.

Asset quality across all portfolios remains robust, with low and stable levels of arrears. The multiple economic scenarios used for IFRS9 provisions remain broadly consistent with last year. The aggregate 45% weighting applied to the two downside scenarios - including 15% to the severe downside - reflects the ongoing heightened level of geopolitical uncertainty.

The net underlying impairment charge was £331 million in the period. This was equivalent to an 11 basis points cost of risk, in line with our prior guidance and lower than the peer group average. It is unchanged from the circa 10 to 11 basis points annualised cost of risk reported in H2 last year.

Mortgage three-month plus arrears fell slightly to 39 basis points and were around half the industry average. Mortgage forbearance balances were unchanged at £1.4 billion.

The average LTV of new mortgage business was broadly stable at 72%, reflecting our ongoing support for first-time buyers. The average stock LTV was 58%.

Consumer lending three-month plus arrears were almost unchanged year-on-year.

The twelve-month average LCR was 169%, marginally lower than the 174% reported at the end of last year. On-balance sheet liquidity totals £59 billion, which comprises cash and high-quality liquid assets. In addition, we have around £120 billion of estimated drawdown capacity at the central bank, much of which can be drawn intra-day, with our facilities regularly tested.

We issued 12.5 billion sterling equivalent of wholesale funding in the year across multiple currencies, with a further 1.2 billion following the year-end. Our expectation is that issuance will total 10-12 billion sterling equivalent this financial year across our secured and unsecured programmes. Our issuance plans continue to take account of credit rating agency requirements for loss absorbing capacity.

We have renewed our twelve-month general prior permission to repurchase CCDS, and as previously noted, we could also redistribute those already repurchased and held as Treasury shares on the balance sheet.

Capital resources remain comfortably above regulatory requirements, with substantial buffers across risk-based, leverage and MREL frameworks. The CET1 and leverage ratios were stable over the year at 19.1% and 5.3%, respectively. The CET1 surplus to MDAs increased by 70 basis points to 6.3 percentage points, primarily due to lower Pillar 2A requirements.

Across the year, retained earnings were sufficient to offset distributions including Fairer Share, balance sheet growth, and the IRB temporary model adjustment highlighted at the Interims.

The new Basel 3.1 standardised output floor is anticipated to eventually bind over current risk-based requirements, albeit towards the end of the transitional implementation period, which ends in January 2030. However, leverage requirements are expected to endure as our binding Tier 1 constraint throughout.

As a reminder, the small quantum of legacy Virgin Money instruments still outstanding are no longer eligible as group regulatory capital, but do continue to contribute towards MREL requirements.

Our performance in the 2025 Bank of England Capital Stress Test demonstrated the strength and resilience of the balance sheet, in the first Bank stress test exercise following the acquisition of Virgin Money. Even at the low point of the stress, Nationwide retained a 450 basis points CET1 buffer to MDAs and we paid all capital distributions, including CCDS throughout the exercise.

Thank you, and I will now pass back to Debbie.

Debbie Crosbie:

Well look, thank you Muir. I hope that gives you a sense of the overarching performance. We are delighted. You know, we feel we've made great progress this year, and we're continuing to focus on our customers and members.

And we would be delighted to take your questions. I'm going to hand over to Vikas who's going to run the Q&A.

Q&A

Vikas Sidhu: Thanks a lot Debbie. Morning everyone. I can see lots of questions have already come in from our analyst community, so I will jump straight in if that's okay. I think this is a quite a good question from John Cronin from SeaPoint Insights for you, Debbie.

He asks that there's been a lot of talk in the industry about banks re-inventing customer propositions with AI, yet Nationwide continues to win the most net switchers, dominate the market for student account openings and top customer satisfaction surveys. Can you tell us what it is that is driving this performance beyond just the pricing lens? What are the ingredients?

Debbie Crosbie: So hi John, great question. As a member owned business, I think the key to this is we engage extensively and we ask people, what do you want - and what people want is great value, great service and consistently easy to deal with processes.

They want to be able to choose how they bank with us, and this is important. This doesn't mean that our branch network is the only thing that's important here. It's every channel. We have made huge investments and a lot of really important changes to our digital services, our online services, our chat services and our app services.

Our modernised platform really allows us to be very flexible in how we serve people. The core to this is that we are using AI extensively, but there is always a human in the loop. We are allowing our customers to interact in the way that we want, but we prompt our colleagues, we train them extensively using AI, using techniques that allow them to understand the individual circumstances of our customers and really be there for them.

So, it's a combination of all of those. It's price, service, its value, and it's how the mutual model actually, frankly, gives us a real key competitive advantage.

Vikas Sidhu: Thanks, Debbie. We have had quite a few questions from various analysts around integration and progress thereof. Can you just maybe say a few words about how you are feeling about that?

Debbie Crosbie: We are feeling very well positioned at the moment - a couple of things I would draw out. The Part VII was a huge unlock for us and that was executed very, very successfully. All our assets and all our employees are now under the one umbrella, and that allows us a great flexibility to get on with the customer migrations.

The plan has always been to migrate everything on to the Nationwide brand and we have heavily invested in systems and processes. We have a very modern, flexible and scalable platform which we have got great confidence in, that is in really good shape to receive. This year, we will be making strides to start those customer migrations. Importantly, given we are a mutual, we do this at the pace that matters to our customers, so we will be going as fast as our customers tell us they want us to go.

We have put extensive efforts into thinking through customer journeys and making sure that it's going to be a very smooth process. Next year, you should expect integration spending to peak and then following that year you should see it tail off. But yeah, great progress.

I think we're going to be the first AI-enabled integration, we are using AI extensively actually in things like data mapping and working through some of the detailed challenges that you inevitably will face.

We are well-positioned, great progress and looking forward to another important year.

Vikas Sidhu: Thanks, Debbie. Just changing gears slightly and into the financials.

Question from Lee Street - Muir, you have talked about NIM and trends in the mortgage and retail deposit markets. What level margin does it no longer make sense for Nationwide to write new mortgages, given current completion margins are around 55 basis points?

Muir Mathieson: Thanks for the question, Lee. At 55 basis points, absolutely we are making the right economic return on our mortgage lending and very comfortable there, and as you heard me say earlier, current pipeline would be a tad above that at about 60 basis points.

Over the last two or three years you have seen us write at levels even slightly below that, maybe 40, 45 basis points - around those sorts of levels we can still make an economic return.

Clearly, as our personal current account balances, BCAs, reserves balances etc. all continue to grow, that gives us more economic funding, that gives us a bigger structural hedge and hence means we can continue to be competitive even at those pretty competitive margins on mortgages. So around about this level or a handful of basis points lower, we are still making the right return.

Vikas Sidhu: Thanks Muir, and then a couple of questions just on the liability side. Could you talk a bit about competition in the savings market in particular, and how you expect that to play out over the coming months?

Muir Mathieson: I would say over the last year or so we have seen heightened competition in the savings market. That's coming both from our high street peers as well as non-high street players and non-traditional players I'd say - so really healthy levels of competition and that's great for savers and great for consumers who are wanting to get the best return on their money. We are pleased that we are able to compete in that market still.

As Debbie said, we are paying 28% higher than the average of the rest of the market on our deposits, and that has enabled us to remain number one for growth in deposits. We would like to stay there, and we have had a fantastic start to this ISA season. We will have to wait for all the market data to come out but we are feeling pretty good about the ISA season.

You may have seen in our overall results announcements earlier that we announced today a market-leading rate of 5% on a member exclusive bond. So, we are here to compete, we are here to give that value back to our members, but I expect competition to remain very heightened in deposits.

Vikas Sidhu: Thanks Muir. Perhaps one for you Debbie from Neel Shah and John's also asked a question along the similar lines. Where do you see loan growth opportunities? Are there any specific sectors and what's your ambition around business banking?

Debbie Crosbie: First of all, let's deal with the retail side. We have got a very strong proposition in both credit cards and personal lending and you will see from our numbers,

we are growing and we are doing very well. It's very important to our customers and our members that we offer those products. So, very happy with where we are there.

The Virgin Money acquisition brought a much broader set of capabilities, particularly in our credit card business, and we are really seeing the benefit of that in our net interest margin and being able to provide that wider set products.

Business lending is very exciting and our lending pipeline is the highest it's been since 2024 at the moment. We have taken a very disciplined approach to business lending. We wanted to make sure that all of the risk and control settings that we think are very, very important were well in place. So we've done a lot of work on that this year.

We are there to support customers. We are delighted that Hannah Bernard has joined us - she's leading the business banking proposition brilliantly and I think what's really exciting as we look forward is we will be launching a Nationwide branded business banking proposition in 2027, and of course, that's built off all the capability and the heritage that has been built over many years in Virgin Money.

That's where we see the growth. We are only 2% to 3% of the market in business banking. If you compare that to where we are in mortgages - over 16% of the market - this is a huge opportunity for us, and our members tell us they are very interested in us providing those services. So, we are really excited about that.

Vikas Sidhu: Thanks, Debbie. Question from Luis Garrido at Bank of America and I'm just going to combine it with another question from Domenico at Jefferies.

How do you look at the competitive threat from fintechs and new entrants, including from the US banks? And then maybe just to further add on to that, any reflections on the ring-fencing changes that were announced this week and how that changes the landscape?

Debbie Crosbie: I'll say a few words and then I'll let Muir comment more broadly on the ring-fencing change. We pay attention to all competition and one of the things that I think is very important is we have invested extensively in our digital online capabilities.

A good example of that is the student proposition where 90% of that was opened online. We have doubled our market share and we are getting really great results. Our app usage is up 12% this year which I think is peer-leading. So, we pay a lot of attention to all competitors and actually a lot of those fintech players do set the standard for the customer experience online. But, what's really important is people who choose Nationwide tend to choose us for their main bank.

If you look at our average balances in our current accounts, at over £3,000, and if you compare that to all of the fintech players, it would be significantly lower. So, whilst we pay attention, we want to have deep relationships with customers.

It's one of the reasons the Fairer Share payment schemes been so successful, because it really encourages people to think about us as their main banking provider and deepen the relationships right across their banking relationships. So that's the way that we think about it.

Muir Mathieson: Thanks, Debbie, agree with all of that. Just on the ring-fencing question, clearly, we are not a ring-fenced institution and so not directly applicable to us. It seems to

be quite a lot of devil in the detail and it is at consultation phase clearly at the moment, but the intent seems to be to somewhat moderate the effect of the ring-fence, with allowing a proportion of non-ring-fenced lending to take place within the ring-fence and potentially bringing down costs with more shared services.

I think that's going to be, if effective, good for the UK and good for the economy in terms of lending but like I say, we are probably not the most equipped to comment on it given we are not a ring-fenced bank.

Vikas Sidhu: Thanks Debbie, thanks Muir. Question from Lee at Citi. Just pivoting to capital Muir, what is your target for the leverage ratio?

Muir Mathieson: We don't have a specific published target. Clearly we like to keep our capital ratios in a very robust state and certainly, as you can see from the Bank of England stress test results, even in a Bank of England severity stress where house prices are dropping by more than they ever have done in the UK, or certainly since our records began, we are still 450 basis points above MDA. Incredibly resilient performance from our balance sheet.

We like it that way. We are not in a rush to take down capital ratios. We are unlike a PLC or a shareholder-owned bank, who have shareholders who want them potentially to distribute excess capital back and improve RoTEs. We are not under quite that same pressure, so we can maintain capital levels that are more robust and safe and secure through a cycle.

Look, 5.3% as we currently sit today is fine for us, and we are not uncomfortable with that. We will always look to the peer group and make sure that we are there or thereabouts in the pack, but pretty comfortable with where we sit today.

One final thing I'd just say on leverage and the outlook is - even though we are growing and we are number one for growth and that means a lot of additional leverage exposure, bigger balance sheet, I was pleased that our leverage ratio did tick forward from 5.2% to 5.3% and one of the ways in which we think about what's a sufficient level of profitability is 'are we continuing to maintain or even preferably grow our leverage ratio', so that should be your expectation looking forward.

Vikas Sidhu: Thank you Muir, and you have sort of alluded to it, just to follow on from Neel Shah around - our current MDA buffer is quite high versus UK and European peers - does Nationwide have a long-term MDA buffer target?

Muir Mathieson: No, we would we certainly don't have an upper end of the range. We do have lower end of the range and a risk appetite around that. Certainly, as we have said many, many times over the years, we don't want to be breaching MDAs even in a stress test. The severity of the Bank of England one, as you can see, we are significantly above there, and very comfortable with that position.

Vikas Sidhu: Thank you. Dan David at Autonomous has just asked - can you comment on your intentions around CCDS - why a portion is held on the balance sheet and not cancelled?

And then there's a follow up around, can you guide on the impact of the output floor on capital, but maybe on CCDS first?

Muir Mathieson: Yes, sure, thanks, Dan. CCDS, as I covered earlier, we have not only renewed that permission to potentially buy back and that remains an option open to us but as you rightly say Dan, we have chosen, for the CCDS we have bought back so far, to retain them as Treasury shares on the balance sheet rather than cancel them.

There's no real cost to us for doing that, and it keeps open the option if there is interest from the market, from investors, for new CCDS into the market, that we could then redistribute those to the market and potentially increase the investor base and the free flow of the instrument.

I think that's potentially quite an attractive and interesting option. I think it is always better for instruments to have a larger base and a larger free float. Very much in line with how a PLC bank would at times be buying back their own equity and at times potentially placing or redistributing those Treasury shares back to the market, you should think about it in a broadly a similar way. We have got both sets of tools at our disposal.

Vikas Sidhu: The second part of the question was just any guidance you can provide on the impact of the output floor?

Muir Mathieson: Thanks Dan. Day one, it will be a modest benefit to us as all of the puts and takes play through. Clearly, there are some elements that still have to land, including PRA review of what exactly they are going to do on Pillar 2. But all things being equal, and knowing what we know today, you should expect to see a modest day one small benefit.

As I said earlier, over the fullness of time, as the transition continues, by 2030 you should see a slightly higher set of capital requirements from the output floor than our current risk-based requirements today. Not particularly material, but slightly higher. All of that is still going to be lower on a Tier 1 basis than our leverage ratio requirements, as we sit with those requirements today.

Vikas Sidhu: Just a final question on capital Muir before we move on. Do you expect any lower leverage requirements after comments from the regulator late last year?

Muir Mathieson: I think as most on this call will know, the FPC is undertaking a review of capital requirements, and they will announce in July what their findings from all of that evidence gathering and reflection are. We, and the industry, have given lots of input into that and one specific area they are looking at is leverage buffers.

The PRA in the UK do have an option to potentially do something different on buffers for O-SIIs or domestically focused players, because the way they have introduced buffers in the UK is unique to the UK - it's not a Basel requirement.

So, they could make a change there and still be fully Basel compliant. Personally, I think that there is an argument to be made that given the advent of the output floor that we were just talking about, given the significant increase which we and others in the industry have made in our risk-based requirements, notably for mortgages as we've updated models in line with regulatory requirements, that there is a lot of capital in the system, and as we and many other institutions now are leverage bound.

I think there could be a sensible and safe moderation in those leverage buffer requirements that could unlock capital for lending in the UK, and I think that would potentially not be a bad thing for the economy.

Vikas Sidhu: Excellent, thanks Muir. Debbie, just coming back to you - a couple of questions from John and Domenico around now that we are through the Part VII transfer of Virgin Money, are Nationwide open to any potential further M&A activity and if so, what would be the key criteria?

Debbie Crosbie: I think at the moment, we are very focused on the acquisition that we have made and settling that down. I think on behalf of our members, we would set a very high bar for value. One of the great things, as you will remember, is the price that we managed to acquire Virgin Money at delivered significant value.

You will recall the significant gain we had on acquisition, which has meant that not only have we benefitted through a much stronger and more diversified business - and you can see the impact that it's having on our income and our profitability - it gave us a really significant buffer to make sure that we had significant means to make sure that we landed the acquisition safely. So, the same rules would apply - it would be a very high bar. The high bar that we set at the last time would apply but as I say right now, we're focused on doing the best job we can with the one that we have done.

Vikas Sidhu: Thanks, Debbie. Just very conscious of time and we are running towards the end of our questions. Final one here I have got from Lee Street, Debbie, quite an interesting question actually - over the longer term, what measures are Nationwide taking to position itself for intergenerational wealth transfer?

Debbie Crosbie: This is very interesting. I think the first thing I'd say is one of the things that we have really found is the service that our branch colleagues provide for people who are facing into difficult issues like power of attorney, bereavement, helping relatives make plans for the transition of that wealth - we are doing a great job of helping people in branches, and when you were there for them in that moment and they see you as a person who provides those services. When you find they are looking for places to deposit their cash, open their current accounts, have a strong banking relationship, you then put yourself in the best position to be front of mind and we are seeing a lot of people making those choices.

You can see not only our switching gains, but also the amount of people who are opening new current accounts. So that's where we will be most focused on - resonating with the segments where that intergenerational wealth transfer is occurring. And that tends to be where we are incredibly popular, which is families, which is people in their early 50s, into their 60s.

So, we are there for customers, we see it as a big opportunity, and we don't see ourselves as wealth managers. We see ourselves as really important relationship banking providers to the customers who really resonate with us. But we keep everything under review.

Vikas Sidhu: That's a great place to end Debbie, so thanks a lot for all the questions from our analyst community and just over to you Debbie to close.

Debbie Crosbie: I just want to say thank you for joining the call. Great set of questions. We are delighted - we are not complacent and this year, as ever, will be very focused on member value and delivering the best service we can. Thank you for joining, and thank you for your questions.

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