Country by Country Reporting

The disclosures set out in the table below are required by The Capital Requirements (Country by Country) Regulations 2013.

Substantially all of the Group’s activities are conducted in the United Kingdom. In addition there are some operations in the Republic of Ireland, the Isle of Man, and the Netherlands.

The country by country reporting (CBCR) disclosure for the year ended 4 April 2016 is shown below.

<table>
<thead>
<tr>
<th>Country</th>
<th>Nature of activities</th>
<th>Number of employees (average full time equivalent)</th>
<th>Total operating income (£m)</th>
<th>Pre-tax profit (£m)</th>
<th>Corporation tax paid (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>Provision of financial services</td>
<td>16,541</td>
<td>3,335</td>
<td>1,248</td>
<td>252</td>
</tr>
<tr>
<td>Republic of Ireland (2)</td>
<td>Deposit taking and commercial lending</td>
<td>22</td>
<td>59</td>
<td>57</td>
<td>-</td>
</tr>
<tr>
<td>Isle of Man (3)</td>
<td>Deposit taking</td>
<td>62</td>
<td>20</td>
<td>16</td>
<td>2</td>
</tr>
<tr>
<td>Netherlands (4)</td>
<td>Investment in financial assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Intra-group adjustments (5)</strong></td>
<td>N/A</td>
<td>-</td>
<td>(42)</td>
<td>(42)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>16,625</td>
<td>3,372</td>
<td>1,279</td>
<td>254</td>
</tr>
</tbody>
</table>

(1) Total operating income represents the ‘total income’ line on the Group’s income statement as disclosed in the Group’s Annual Report and Accounts, in accordance with the European Union’s Capital Requirements Directive (CRD IV) requirements. Total operating income is aggregated for all subsidiaries and branches, and adjusted for dividends and transactions between Group entities within each country.

(2) The majority of profits of the Society’s Irish branch relate to operations which are, by agreement with the Irish tax authorities, only subject to tax in the United Kingdom.

(3) As announced on 26 May 2016, Nationwide plans to close its Isle of Man operations in 2017.

(4) The Group has one legacy company based in the Netherlands which is in the process of being wound down, employs no staff, and recognised minimal operating income and pre-tax profit which round to nil.

(5) Intra-group adjustments include the elimination of dividends paid between the Group’s operations in different countries and other consolidation adjustments.

(6) No public subsidies were received by the Group during the year ended 4 April 2016.

(7) For a full list of Group entities and branches by jurisdiction, please refer to Appendix 1.

Basis of preparation

The Group’s CBCR disclosure has been prepared to comply with The Capital Requirements (Country by Country Reporting) Regulations 2013, which came into effect on 1 January 2014. The requirements place certain reporting obligations on financial institutions that are within the scope of CRD IV. CBCR requires annual publication of certain statutory information on a consolidated basis, by country where an institution has an establishment. Income and expenses relating to transactions between business units in the same jurisdiction have been eliminated.
Independent auditors’ report to the Directors of Nationwide Building Society

We have audited the accompanying schedule of Nationwide Building Society ("the Group") for the year ended 4 April 2016 ("the Schedule"). The Schedule has been prepared by the directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 ("the Regulations").

Directors’ Responsibility for the Schedule

The directors are responsible for the preparation of the Schedule in accordance with the Regulations, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the Schedule, and for such internal control as the directors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group’s preparation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the country-by-country information in the Schedule as at, and for the period ended 4 April 2016 is prepared, in all material respects, in accordance with the requirements of the Regulations.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to the basis of preparation. The Schedule is prepared to assist the directors to meet the requirements of the Regulations. As a result, the Schedule may not be suitable for another purpose.

Our report is intended solely for the benefit of the directors of the Group. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
24 November 2016
London, United Kingdom
Appendix 1 – Full listing of Nationwide group entities and branches as at 4 April 2016

United Kingdom
Nationwide Building Society
at.home nationwide Limited
Confederation Mortgage Services Limited
Derbyshire Home Loans Limited
Dunfermline BS Nominees Limited
E-Mex Home Funding Limited
Ethos Independent Financial Services Limited
Exeter Trust Limited
First Nationwide
Jubilee Mortgages Limited
LBS Mortgages Limited
Longwide Limited [joint venture]
Monument (Sutton) Limited
Nationwide Anglia Property Services Limited
Nationwide Covered Bonds LLP [consolidated structured entity]
Nationwide Financial Service Limited
Nationwide Home Loans Limited
Nationwide Housing Trust Limited
Nationwide International Limited
Nationwide Investments (No. 1) Limited
Nationwide Lease Finance Limited
Nationwide Mortgage Corporation Limited
Nationwide Overseas (UK) Limited
Nationwide Property Services (NBS) Limited
Nationwide Syndications Limited
Nationwide Trust Limited
NBS Fleet Services Limited
Silverstone Funding (No. 1) Limited [consolidated structured entity]
Silverstone Master Issuer plc [consolidated structured entity]
Staffordshire Leasing Limited
The Derbyshire (Premises) Limited
The Mortgage Works (UK) plc
UCB Home Loans Corporation Limited

Republic of Ireland
Nationwide Building Society Dublin branch
Ashton Employment Limited
Cromarty CLO Limited [consolidated structured entity]

Isle of Man
Nationwide Building Society Isle of Man branch
Nationwide (Isle of Man) Limited

Netherlands
Moulton Finance Overseas B.V.