nationwide

Pillar 3 Disclosures 2024

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1 Executive summary

1.1. Background

Nationwide holds a unique position in UK financial services. As the largest building society, we can deliver the value, service and benefits of mutuality to our customers and members that others cannot. As a mutual, we are owned by our members, which means we think about profit in a different way from our banking peers. We do not have to pursue profit to pay shareholders dividends. Instead, we balance our need to retain sufficient profit to remain financially strong, with rewarding members and our commitment to share our success.

The past year has remained challenging as our members, customers and colleagues faced into economic uncertainties, including interest rate rises and higher costs of living. As a member-owned modern mutual, we support our customers by offering valuable banking and savings products to help them plan and save for their financial futures, and mortgages to help them buy their homes.

Throughout the year Nationwide maintained its financial strength with strong underlying profits improving capital. Our leverage and Common Equity Tier 1 (CET1) ratios, which demonstrate our financial strength by measuring our ability to withstand economic shocks, increased to 6.5% (2023: 6.0%) and 27.1% (2023: 26.5%) respectively, well above our minimum regulatory thresholds. By focusing on maintaining strong capital and liquidity through the economic cycle, we will be able to continue to provide competitive products and excellent service, and to support our customers through difficult times.

The strength of our finances enabled the Society to launch the Nationwide Fairer Share payment and Fairer Share Bond in May 2023. This included Fairer Share payments made in June 2023, returning £344 million directly to our eligible members, as well as a Fairer Share Bond available to all members. In addition, in March 2024, Nationwide confirmed an offer to buy Virgin Money. Virgin Money shareholders have voted in favour of the acquisition, with completion expected in Q4 2024, subject to regulatory approval. As the acquisition has not yet completed, there is no impact on the Group's consolidated financial statements or the Pillar 3 disclosures for the year ended 4 April 2024.

This document provides a detailed view of Nationwide's capital resources, the components of capital risk, risk management policy and objectives and other financial and business risks. Further detail about Nationwide Building Society can be found in the Annual Report and Accounts 2024 at nationwide.co.uk.

1.2. Summary of key metrics

The capital resources included in this report are in line with UK Capital Requirements Directive V (UK CRD V) and on an end-point basis with IFRS 9 transitional arrangements applied. In addition, the disclosures are on a consolidated Group basis, including all subsidiary entities, unless otherwise stated.

Nationwide's capital position remains strong, with both the CET1 ratio and leverage ratio comfortably above regulatory capital requirements of 12.9% and 4.3% respectively. The CET1 capital requirement includes a 7.4% 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 increased to 27.1% (2023: 26.5%). The leverage ratio increased to 6.5% (2023: 6.0%).

The CET1 ratio increase is as a result of an increase in CET1 capital of £1.1 billion, partially offset by an increase in RWAs of £2.9 billion. The CET1 capital resources increase was driven by £1.3 billion profit after tax, partially offset by £0.2 billion of capital distributions. The RWA increase was predominantly driven by an increase in residential mortgage credit risk RWAs.

Further detail on regulatory capital ratios, resources and risk weighted assets is included in Annex I (Key Metrics) and Annex XXI (IRB approach).

UK CRD V requires firms to calculate a leverage ratio, which is non-risk-based, to supplement risk-based capital requirements. Nationwide's leverage ratio is 6.5% (2023: 6.0%), with Tier 1 capital increasing by £1.1 billion as a result of the CET1 capital movements outlined above, and leverage exposure remaining at £249 billion.

The leverage ratio remains in excess of Nationwide'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, in force from July 2023, and a 0.35% additional leverage ratio buffer.

Leverage requirements continue to be Nationwide'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 the leverage ratio, which forms part of risk appetite (see section 2.3).

Further detail on leverage is included in Annex XI (Leverage ratio).

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 the minimum requirement for own funds and eligible liabilities (MREL). From 1 January 2024, Nationwide's requirement is to hold twice the minimum capital requirements (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 4 April 2024, total MREL resources were 9.4% (2023: 8.8%) of leverage exposure, in excess of the loss-absorbing requirement of 7.55% (2023: 7.2%) described above. A breakdown of all MREL eligible instruments is included in template UK CCA.

Nationwide'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 191% over the 12 months ended 4 April 2024 (2023: 180%). The average Net Stable Funding Ratio (NSFR), which assesses the stability of funding relative to the liquidity of assets, was 151% for the four quarters ended 4 April 2024 (2023: 147%), which is in excess of the 100% minimum requirement. Nationwide continues to manage its liquidity against internal risk appetite which is more prudent than regulatory requirements. Further detail is included in Annex XIII (Liquidity requirements).

Chart 1: Capital Ratios

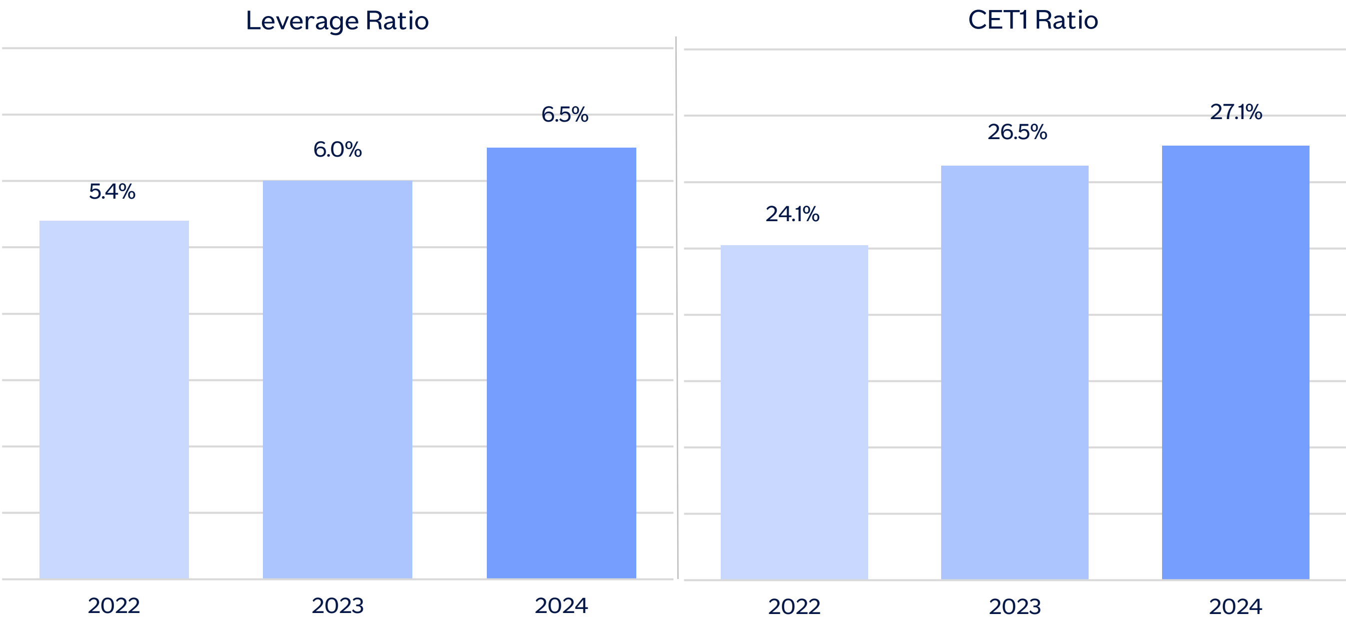
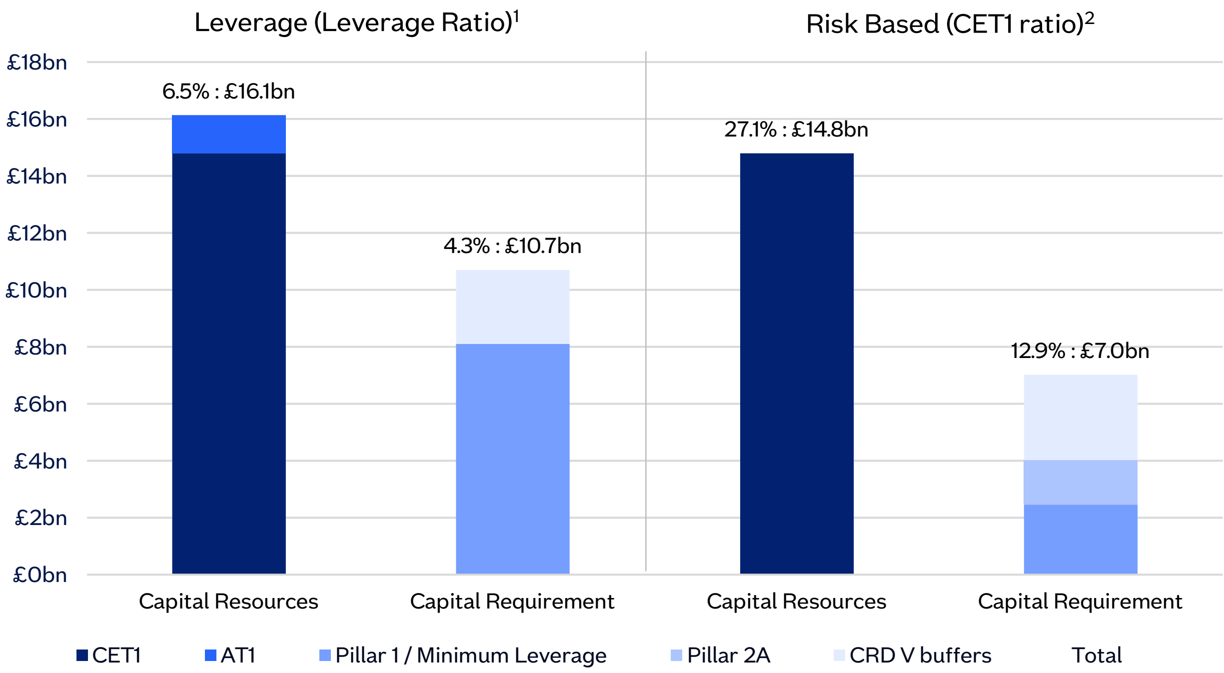


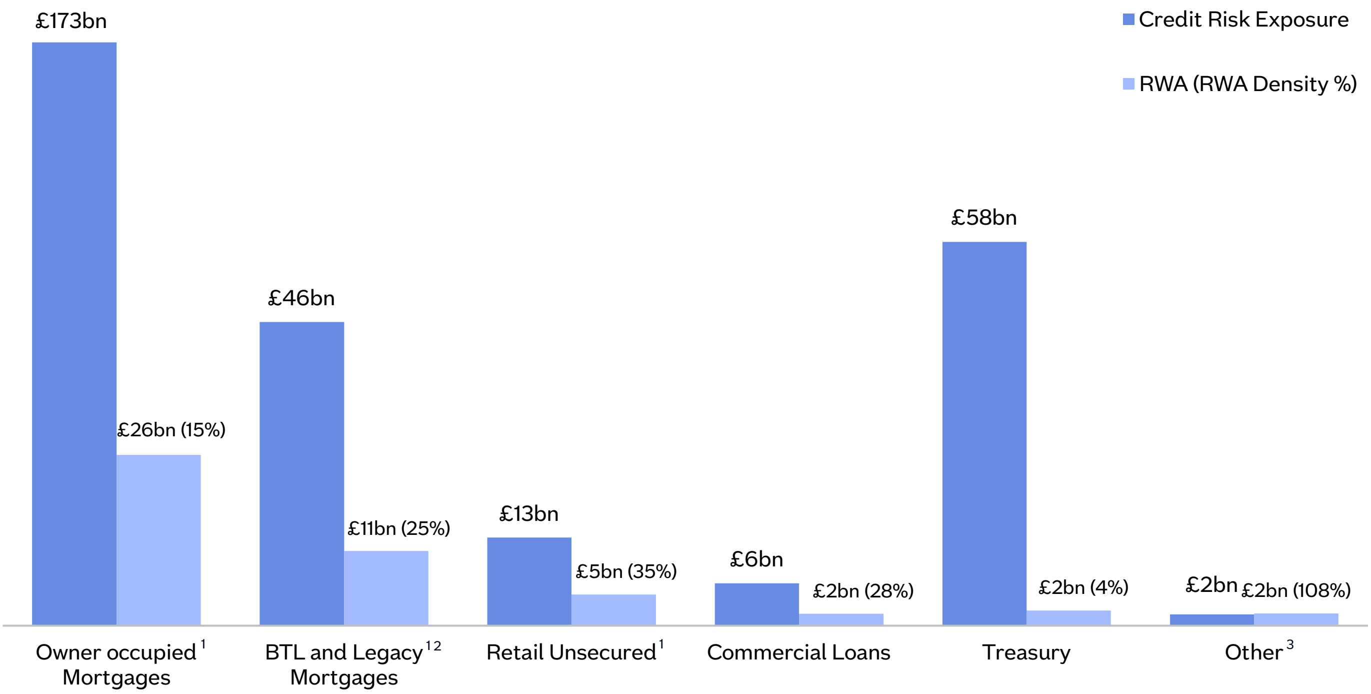
Chart 2: Capital resources and regulatory requirements (2024)



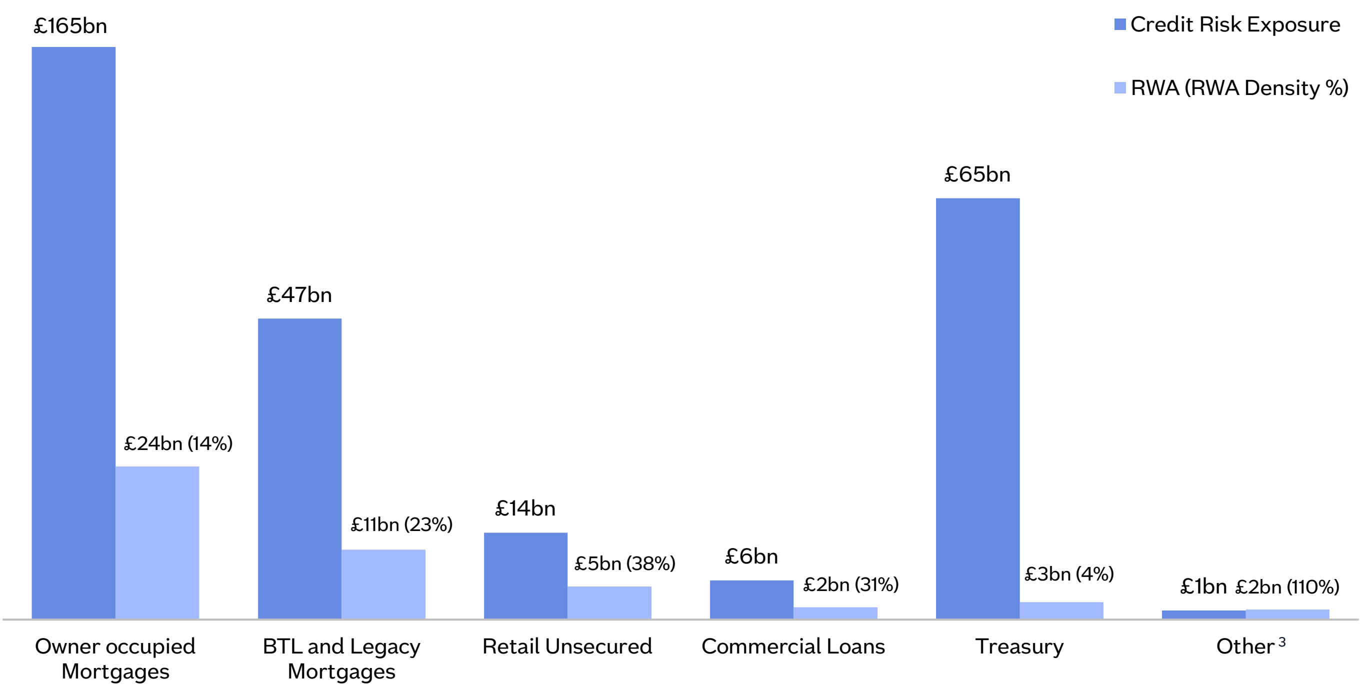
Notes:
[1] There is a requirement that at least 75% of the leverage requirements (including buffers) are met with CET1 capital
[2] Surplus to CET1 maximum distributable allowance (MDA) is equal to 14.0% rather than the 14.2% presented above due to 0.2% of unutilised Tier 2 capacity. This is because Tier 2 Pillar 1 and Pillar 2A requirements are equal to 3.3% of RWAs, with Tier 2 capital resources equal to 3.1% of RWAs

Chart 3: Exposure & risk weighted assets

2024



2023



Notes:

[1] Mortgage RWA density increased in the period due to a higher portfolio average loss given default (LGD) linked to property valuations and an increase in mortgage arrears, although overall levels remain low. Retail unsecured RWA density alternatively reduced partly due to lower Personal Loan balances, which have a higher RWA density than other retail unsecured products. In addition, overdrawn current account RWAs reduced with customers benefitting from the offer of overdraft rate suppression as part of Nationwide's measures to combat the cost of living crisis

[2] 'BTL and Legacy Mortgages' comprise of £45 billion of BTL mortgages and £1 billion of legacy mortgages

[3] Excludes operational risk RWAs, as they do not have a corresponding credit risk exposure amount. 'Other' includes deferred tax assets risk weighted at 250%

1.3. Future regulatory developments

The Basel Committee published its final reforms to the Basel III framework in December 2017, now denoted by the Prudential Regulatory Authority (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 30 November 2022, the Bank of England issued CP16/22 'Implementation of the Basel 3.1 standards'. The consultation paper, although materially similar to the original Basel reforms, includes interpretations and some divergences from Basel standards. A near-final policy statement covering market, counterparty credit and operational risks was published on 12 December 2023. Near-final rules covering credit risk and the output floor are due in Q2 2024.

The reforms may lead to an increase in Nationwide's RWAs relative to the current position, mainly due to the application of the standardised RWA output floor. The expected implementation date is 1 July 2025, with a phased introduction of the standardised RWA output floor until fully implemented by 2030. Based on Nationwide's latest interpretation of the draft rules, there will not be a material day-one impact on Nationwide's CET1 ratio. However, if Nationwide's CET1 ratio was restated to an endpoint position, reflecting full implementation of the standardised RWA output floor, it would reduce to a low-to-mid 20% range compared to the 27.1% reported at 4 April 2024.

Nationwide will remain engaged in the development of the regulatory approach to ensure it is prepared for any resulting change.

During 2024, Nationwide repurchased Core Capital Deferred Shares (CCDS) at a gross cost of £76 million (2023: £101 million). For further information see the Annual Report and Accounts 2024, note 33 to the financial statements. The PRA has granted a renewed 12-month general prior permission to repurchase CCDS up to 2% of existing CET1 capital resources (£296 million at 4 April 2024), though this does not mean further repurchase exercises will necessarily follow. The permission will expire in January 2025.

2 Introduction

2.1. Background

The European Union Capital Requirements Directive, which applies to banks and building societies, came into effect on 1 January 2007. This introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel II accord, and included disclosure requirements known as 'Pillar 3', which are designed to promote market discipline through the disclosure of key information about risk exposures and risk management processes. Following publication of the Basel III accord, this was replaced by the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (together referred to as CRD IV) which came into force on 1 January 2014 and was superseded by PS22/21 on 1 January 2022.

PS22/21 'Implementation of Basel standards: Final rules' included revisions to the Pillar 3 disclosure framework to align to Basel international standards. The revised requirements aim to increase the efficiency of institutions' disclosures and reinforce market discipline and consistency. The implementation date in the UK was 1 January 2022 and this document includes those revisions.

In May 2008, the Financial Services Authority (FSA) granted Nationwide permission to use Internal Ratings Based (IRB) approaches for credit risk and capital management. This permission was updated to become a CRR IRB permission from 1 January 2014. The disclosures in this document are based on IRB approaches for most portfolios, including the majority of Owner Occupier, buy to let and legacy mortgages, commercial loans, personal loans, credit cards and overdrafts as detailed in Annex XXI 'IRB approach to credit risk'. The Standardised Approach (SA) is used for the remainder of credit risk and for operational risk, as detailed in Annex XIX 'Standardised approach' and Annex XXXI 'Operational risk'.

As a building society subject to the Building Societies Act 1997, Nationwide is required to maintain at least 75% of its 'business assets' (total assets less fixed assets and liquid assets) in loans that are fully secured on residential property. For this reason, a higher proportion of Nationwide's lending is in the form of residential mortgages when compared with many of the high-street Plc banks. As a building society, Nationwide does not maintain a trading book and may only use derivatives to hedge risk. For this reason, Nationwide does not calculate RWAs for market risk, as exposures are below the minimum threshold in the CRR.

2.2. Scope

Nationwide's structure

Nationwide is regulated by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). Following the UK's withdrawal from the European Union the CRD V framework continues to apply to Nationwide Building Society and its subsidiary undertakings (together, the 'Group'), as recognised on the Bank of England's website: Capital Requirements Directive | Bank of England.

Nationwide is required to calculate and maintain regulatory capital on both a Group (consolidated) basis and on an Individual consolidation basis. There are no differences between the basis of consolidation of the Group for accounting and prudential purposes. Full details of the Society's subsidiary undertakings are included in the Annual Report and Accounts 2024, note 33 to the financial statements and in template UK LI3.

The subsidiaries included in the Individual consolidation are:

- Nationwide Building Society ('Society' as denoted in the financial statements);
- The Mortgage Works (UK) plc (TMW);
- UCB Home Loans Corporation Limited (UCB);
- Derbyshire Home Loans Limited;
- E-Mex Home Funding Limited; and
- Nationwide Syndications Limited.

All information in the disclosure relates to the 'Group' unless denoted as 'Individual' (see section 2.4 for further detail).

Basis and frequency of disclosure

The purpose of this disclosure is to provide information in line with Basel III capital requirements and on the management of risks faced by Nationwide. The disclosures and basis of measurement are in accordance with the rules laid out in the UK PRA Rulebook (CRR). The disclosures may differ from similar information in the Annual Report and Accounts 2024 which is prepared in accordance with International Financial Reporting Standards ('IFRS'). Therefore, the information in these disclosures may not be directly comparable.

Unless otherwise stated, all figures and narrative are at 4 April 2024, Nationwide's financial year end, with comparative figures for 4 April 2023 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. The Pillar 3 disclosures in full have not been subject to external audit. However, regulatory capital resources have been audited as part of the Annual Report and Accounts 2024 disclosure process.

2.3. Risk appetite

Several tools are employed to support the management of capital risk, credit risk, liquidity risk and interest rate risk in the banking book (IRRBB). The Board is responsible for setting risk appetite with respect to these risks, which is articulated through its risk appetite statements. These statements are translated into specific risk metrics, which are monitored by the Board Risk Committee (BRC), Executive Risk Committee (ERC), Assets and Liabilities Committee (ALCO) and Credit Committee.

The capital, liquidity and interest rate risk profile is managed to ensure that both risk appetite and minimum regulatory requirements are met, based on actual and forecast stressed performance, as well as meeting the expectations of key stakeholders and maintaining a robust financial position to protect our customers. Any planned changes to the balance sheet, regulatory developments and other factors (such as trading outlook) are considered when calibrating risk appetite and the capital and funding plans.

2.4. Individual consolidation

Capital requirements are calculated on a Group and Individual basis. The Individual consolidation includes entities that meet certain criteria as set out in UK CRD V and for Nationwide represent only lending entities. The differences between the Group and Individual consolidations relate primarily to reserves held by entities that sit outside of the scope of Individual consolidation but are included in the Group consolidation, and the impact from the RWAs of these entities. The only Individual quantitative disclosures within this document are included in UK OV1, UK KM1 & UK CC1. In line with UK PRA Rulebook (CRR) article 432, some tables are not disclosed on an Individual basis as they are consistent with Group disclosures or are deemed immaterially different.

2.5. Reporting

Key aspects of Nationwide's Financial Risk position are reported monthly to the Board in Nationwide's Business Performance Pack and to ALCO in the monthly management information pack. A range of risk indicators are routinely monitored (using both actual and forecast metrics) by management, and by the Board and its sub-committees (primarily BRC), to ensure that appropriate actions are taken should triggers be breached.

2.6. Capital instruments

Core capital deferred shares (CCDS)

CCDS are a form of Common Equity Tier 1 capital which has been developed to enable Nationwide 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. Each holder of CCDS has one vote, regardless of the number of CCDS held. In the financial year ended 4 April 2024, the Society repurchased 657,547 (6.2% of the issued shares) of £1 CCDS at £114.42 per share. The repurchased CCDS were not cancelled, instead being retained by the Society. The gross cost of the repurchase of £76 million has been deducted from CET1 capital resources, see 3.4 Capital Flow (row 9).

Other equity instruments

Other equity instruments are Additional Tier 1 (AT1) capital instruments and are included within Tier 1 capital resources. 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.

Subscribed capital

Permanent Interest-Bearing Shares (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. PIBS do not meet the UK CRD V definition of capital and were phased out of the calculation of capital resources from 1 January 2022 under the transitional rules. However, they are eligible for the purposes of meeting MREL and consequently are included within eligible liabilities as shown in template UK KM2.

Subordinated liabilities

Tier 2 eligible subordinated notes rank equally with each other and ahead of claims against the Society of holders of PIBS, AT1 instruments and CCDS.

Senior non-preferred notes are a class of subordinated 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, PIBS, AT1 instruments and CCDS. Senior non-preferred notes do not meet the UK CRD V definition of capital but contribute to meeting the Society's minimum requirement for own funds and eligible liabilities (MREL) and loss absorbing requirements.

Individual details of Nationwide's eligible regulatory capital instruments and eligible liabilities can be found in template UK CCA.

2.7. Capital buffers

Introduction

Under UK CRD V, institutions are required to meet the following own funds requirements: a CET1 capital ratio of 4.5%, a Tier 1 capital ratio of 6% and a total capital ratio of 8%. These form the institution's Pillar 1 requirements. Pillar 2A covers firm specific risks and those that are not fully addressed by Pillar 1. In addition to the minimum capital requirements, UK CRD V requires institutions to hold capital buffers, together the Combined Capital Buffer, that can be utilised to absorb losses in stressed conditions. The three buffers that make up Nationwide's Combined Capital Buffer are described below.

Capital conservation buffer

The capital conservation buffer is designed to ensure that institutions build up capital buffers outside times of stress that can be drawn upon if required. From January 2019 the capital conservation buffer requirement was 2.5% of RWAs.

Countercyclical buffer (CCyB)

The CCyB requires financial institutions to hold additional capital to reduce systemic risks associated with the excess build-up of credit by providing additional loss absorbing capacity and acting as an incentive to limit further credit growth.

Each institution's specific countercyclical buffer rate is a weighted average of the countercyclical capital buffers that apply in the jurisdictions where the relevant credit exposures are located. The Financial Policy Committee (FPC) is responsible for setting the UK CCyB rate (for credit exposures located in the UK) and indicated that this will be set at 2% in normal economic conditions.

On 5 July 2023 the UK CCyB rate was increased to 2% from 1% by the FPC. This led to an increase in Nationwide's risk-based capital requirements. Nationwide's leverage requirements also increased as the countercyclical leverage ratio buffer is calculated as approximately 35% of the risk-based CCyB rate. Capital surpluses reduced as a result of these changes; however, remained comfortably above Board risk appetite.

G-SII buffer

Financial institutions that are considered to represent a higher risk to the global financial system, based on several key factors, are defined as globally systemically important institutions (G-SIIs). G-SIIs are categorised into buckets based on size, interconnectedness, substitutability, complexity and global activity. As a result of its bucket allocation, each G-SII's capital requirement is determined from within the range of 1% to 2.5% of RWAs. Nationwide does not currently meet the definition of a G-SII so this buffer is not applicable.

Other systemically important institutions (O-SII) buffer

The O-SII (previously named the systemic risk buffer) was introduced by the PRA to mitigate long-term non-cyclical systemic or macro-prudential risks. The O-SII buffer only applies to ring fenced banks and large building societies. The buffer rate is between 0% and 3% depending on the average quarter-end leverage exposure over a calendar year. A 1% buffer is currently applicable for Nationwide.

PRA buffer

Under the Pillar 2 framework, the PRA may also set a firm specific capital buffer, known as the PRA buffer, over and above the Combined Capital Buffers. This should be maintained in non-stressed conditions as a mitigation against future possible stress periods. The PRA requires that the level of this buffer is not publicly disclosed. All buffers must be met with CET1 resources.

2.8. Stress testing

Nationwide's stress testing activity is designed to test its business model using the sources of risks identified in the PRA rulebook and emerging risks identified internally. Stress testing scenarios can comprise a firm-specific (idiosyncratic) stress, a market-wide (systemic) stress or a combination of the two to build an understanding of the resilience of Nationwide's business model, including the appropriateness of its early-warning indicators, capital and liquidity adequacy and management action capacity.

Insights generated by stress testing activities are provided to senior management and the Board and are used to support the financial planning process and decision making within Nationwide, for example informing risk appetite. Stress testing results are additionally used to inform management of the impact and availability of strategic actions that can be deployed in a range of scenarios, which in turn supports Nationwide's Recovery Plan (which considers actions available to support the Society's capital and liquidity position during a stress). Stress testing forms an integral part of the planning process and is a key element of the overall risk management framework.

Management activity associated with stress testing is embedded across Nationwide, with a dedicated team to support the execution and enhancement of the approach to all forms of stress testing. A Scenario Planning Group supports this process by considering Nationwide's most relevant internal and external risks to explore via a range of stress testing activities. The range of risks explored, and the results of each stress testing exercise are reviewed, challenged and approved by key internal forums and the Stress Testing Committee, with ultimate approval by Board Risk Committee.

Stress testing activities cover Nationwide Building Society and its subsidiaries, including TMW. Whilst the majority of Nationwide's assets are concentrated in residential mortgages, with approximately 75% of the balance sheet comprising owner occupied, BTL and legacy lending, our stress testing activities consider all of Nationwide portfolios. This includes risks which could emerge during stressed scenarios as a result of unsecured lending, the commercial real estate portfolio and Treasury assets.

The calibration, severity and timing of our internal stress tests are influenced by the risks identified by internal macroeconomic and business forecasts, strategic risk assessment and existing and future regulatory requirements. These risks are identified through a qualitative assessment of Nationwide's risks and vulnerabilities and are assessed in terms of their potential impact and likelihood of occurring, alongside any second-order impacts.

A range of methodologies is used to create stress test scenarios, including both detailed bottom-up modelling and top-down modelling which targets specific risk areas of interest. This flexibility enables a broad range of stress test scenarios to be explored, as described below.

Stress testing activity during the year

Over the course of 2023/24, a range of stress testing analysis was undertaken to understand the impact of key external and internal risks and Nationwide's resilience to these risks. Stress testing activity undertaken included;

- A stress test exploring a severe but plausible stress in which monetary policy responds to persistent inflationary pressures, resulting in the UK entering a major recession and house purchase activity falling to record low levels;
- A severe idiosyncratic liquidity stress scenario exploring the impact of a ransomware attack and resultant failure to maintain member confidence, in addition to the temporary loss of access to wholesale funding markets;
- A severe capital and liquidity stress scenario based on a loss of member confidence due to misinformation on social media regarding the security of deposits, in addition to the temporary loss of access to wholesale funding markets, within the context of a macroeconomic stress;
- A climate change stress test to assess the financial risks arising from climate change, focusing on the macroeconomic, physical and transition risk of two climate change scenarios across a 30-year horizon; and
- A reverse stress test scenario which explores the financial impact of a failure to successfully deliver Nationwide's strategy. The purpose of the reverse stress test scenario is to test Nationwide's current business model to failure in order to enhance understanding of its business model vulnerabilities that could cause the current business model to become unviable.

This range of activity across the year continues to generate a wide range of insights, from liquidity and capital adequacy to understanding strategic and business model vulnerabilities.

Regulatory Stress testing

The Bank of England returned to the Annual Cyclical Scenario (ACS) Stress Test framework in September 2022. This followed two years of Covid-19 pandemic-related stress testing and its decision to postpone the test in March 2022. The 2022/23 ACS tested the resilience of the UK banking system to deep simultaneous recessions in the UK and global economies, large falls in asset prices and higher global interest rates, as well as a separate stress of misconduct costs. Nationwide's low point CET1 ratio through the scenario was 20.3% before strategic management actions. This was in excess of that of peers, showing Nationwide is well capitalised and positioned to meet stressed economic conditions. The leverage ratio low point was 5.6%, remaining in excess of the 3.6% regulatory requirement at that time.

On 10 October 2023, the Bank of England confirmed it intends to run a desk-based stress test exercise in 2024, rather than an ACS, which will use Bank of England models and expertise to test the UK banking system's resilience to multiple adverse macroeconomic scenarios. This is in order to support the FPC and PRA monitoring and assessment of the resilience of the UK banking system to potential downside risks.

2.9. Recovery planning and resolvability

Nationwide maintains a recovery plan under UK regulatory rules implementing the European Bank Recovery and Resolution Directive (BRRD). This contains a set of management actions that would be available to support Nationwide's capital and liquidity position in the event of a breach of one or more of the Group's internal risk appetite metrics. Nationwide submits its Recovery Plan to the PRA on a two-year cycle, with the latest scheduled submission due in June 2024. In October 2023, Nationwide submitted its second resolvability self-assessment to the Bank of England. This documented the capabilities that are designed to achieve the resolvability outcomes as prescribed within the Bank of England Resolvability Assessment Framework, and included enhancements made since the first self-assessment submission in 2021. A summary of Nationwide's approach to resolvability is available within the Resolvability Assessment Framework disclosure at nationwide.co.uk with updated disclosures expected to be available in Q3 2024. The next self-assessment submission will be made in October 2025 with disclosures to follow in June 2026.

2.10. Climate risk

There is no specific regulatory requirement to include information on climate risk within the Pillar 3 disclosure, however details can be found within the Climate-related Financial Disclosures 2024.

2.11. Policy, verification and sign off

Nationwide's Pillar 3 document has been verified and approved through internal governance procedures in line with Nationwide's Pillar 3 Disclosure Standard. The Pillar 3 Disclosure Standard requires that:

- capital data is produced under the Capital Reporting Controls Framework (CRCF), which provides assurance over its accuracy, integrity and completeness;
- data outside of the CRCF is subject to appropriate senior review and approval;
- appropriate reconciliations are performed on the disclosures;
- narrative content is subject to appropriate senior review and approval;
- compliance with regulatory requirements, as set out in the Disclosure (CRR) section of the PRA rulebook, is documented and met; and
- risk-based review activities are performed across the Three Lines of Defence, to provide assurance over the disclosures.

"We attest that, to the best of our knowledge, Nationwide's Pillar 3 disclosures have been prepared in accordance with Nationwide's Pillar 3 Disclosure Standard and the internal controls framework described within it."

Chris Rhodes	Gavin Smyth
Chief Financial Officer	Chief Risk Officer

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

3.1. UK KM1 - Key metrics template

UK KM1 - Key metrics template - Consolidated		a	b	c	d	e
£m		04 Apr 24	31 Dec 23	30 Sep 23	30 Jun 23	04 Apr 23
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	**14,798**	14,496	14,322	13,909	13,733
2	Tier 1 capital	**16,134**	15,832	15,658	15,245	15,069
3	Total capital	**17,808**	17,568	17,428	17,030	16,908
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**54,628**	54,174	52,311	51,806	51,731
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	**27.1**	26.8	27.4	26.8	26.5
6	Tier 1 ratio (%)	**29.5**	29.2	29.9	29.4	29.1
7	Total capital ratio (%)	**32.6**	32.4	33.3	32.9	32.7
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	**2.9**	2.9	2.5	2.5	2.5
UK 7b	Additional AT1 SREP requirements (%)	**1.0**	1.0	0.8	0.8	0.9
UK 7c	Additional T2 SREP requirements (%)	**1.2**	1.2	1.1	1.1	1.1
UK 7d	Total SREP own funds requirements (%)	**13.1**	13.1	12.5	12.5	12.5
	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	1.0	1.0
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	4.5	4.5
UK 11a	Overall capital requirements (%)	**18.6**	18.6	18.0	17.0	17.0
12	CET1 available after meeting the total SREP own funds requirements (%)	**19.5**	19.3	20.4	19.8	19.5
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	**249,263**	253,708	245,767	245,825	249,299
14	Leverage ratio excluding claims on central banks (%)	**6.5**	6.2	6.4	6.2	6.0
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**6.5**	6.2	6.4	6.2	6.0
14b	Leverage ratio including claims on central banks (%)	**5.9**	5.4	5.7	5.2	5.5
14c	Average leverage ratio excluding claims on central banks (%)	**6.3**	6.2	6.2	6.1	5.8
14d	Average leverage ratio including claims on central banks (%)	**5.6**	5.5	5.3	5.2	5.0
14e	Countercyclical leverage ratio buffer (%)	**0.7**	0.7	0.7	0.4	0.4
	Liquidity Coverage Ratio[1]					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	**56,061**	56,563	56,353	55,171	53,255
UK 16a	Cash outflows - Total weighted value	**31,514**	31,402	31,614	32,051	31,652
UK 16b	Cash inflows - Total weighted value	**1,987**	1,862	1,896	1,935	1,843
16	Total net cash outflows (adjusted value)	**29,527**	29,540	29,718	30,116	29,809
17	Liquidity coverage ratio (%)	**191**	192	191	184	180
	Net Stable Funding Ratio[1]					
18	Total available stable funding	**245,157**	244,972	245,053	244,855	242,726
19	Total required stable funding	**162,366**	163,138	163,935	165,278	165,466
20	NSFR ratio (%)	**151**	150	149	148	147

UK KM1 - Key metrics template - Individual (Solo)[2]						
		a	b	c	d	e
£m		**04 Apr 24**	31 Dec 23	30 Sep 23	30 Jun 23	04 Apr 23
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	**14,737**				13,648
2	Tier 1 capital	**16,073**				14,984
3	Total capital	**17,747**				16,823
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**54,575**				51,646
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	**27.0**				26.4
6	Tier 1 ratio (%)	**29.5**				29.0
7	Total capital ratio (%)	**32.5**				32.6
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	**2.9**				2.5
UK 7b	Additional AT1 SREP requirements (%)	**1.0**				0.9
UK 7c	Additional T2 SREP requirements (%)	**1.2**				1.1
UK 7d	Total SREP own funds requirements (%)	**13.1**				12.5
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	**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**				1.0
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 (%)	**5.5**				4.5
UK 11a	Overall capital requirements (%)	**18.6**				17.0
12	CET1 available after meeting the total SREP own funds requirements (%)	**19.4**				19.4
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	**249,476**				249,701
14	Leverage ratio excluding claims on central banks (%)	**6.4**				6.0
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**6.4**				6.0
14b	Leverage ratio including claims on central banks (%)	**5.9**				5.5
14c	Average leverage ratio excluding claims on central banks (%)	**6.0**				5.5
14d	Average leverage ratio including claims on central banks (%)	**5.3**				4.7
14e	Countercyclical leverage ratio buffer (%)	**0.7**				0.4
	Liquidity Coverage Ratio[1]					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	**56,061**				53,255
UK 16a	Cash outflows - Total weighted value	**31,514**				31,652
UK 16b	Cash inflows - Total weighted value	**1,987**				1,843
16	Total net cash outflows (adjusted value)	**29,527**				29,809
17	Liquidity coverage ratio (%)	**191**				180
	Net Stable Funding Ratio[1]					
18	Total available stable funding	**245,157**				242,726
19	Total required stable funding	**162,366**				165,466
20	NSFR ratio (%)	**151**				147

Notes:
[1] The Liquidity Coverage and Net Stable Funding Ratios are calculated as a simple average of twelve month and four quarter end observations respectively
[2] The disclosure of the individual consolidation is presented annually. The quarterly disclosures between year-ends are not published and thus have not been presented

3.2. IFRS 9 / Article 468 - Impact of IFRS 9 transitional arrangements & temporary treatment in accordance with CRR Article 468

IFRS9 - Key metrics template

£m		a 04 Apr 24	b 31 Dec 23	c 30 Sep 23	d 30 Jun 23	e 04 Apr 23
	Available own funds (amounts)					
1	CET1 if IFRS 9 transitional arrangements had not been applied	**14,798**	14,496	14,322	13,909	13,718
2	CET1 capital without applying the temporary treatment of gains and losses measured at fair value through OCI	**14,798**	14,496	14,322	13,909	13,733
3	Tier 1 if IFRS 9 transitional arrangements had not been applied	**16,134**	15,832	15,658	15,245	15,054
4	Tier 1 capital without applying the temporary treatment of gains and losses measured at fair value through OCI	**16,134**	15,832	15,658	15,245	15,069
5	Total capital if IFRS 9 transitional arrangements had not been applied	**17,808**	17,568	17,428	17,030	16,903
6	Total capital without applying the temporary treatment of gains and losses measured at fair value through OCI	**17,808**	17,568	17,428	17,030	16,908
	Risk-weighted exposure amounts					
7	Total risk weighted assets if IFRS 9 transitional arrangements had not been applied	**54,628**	54,174	52,311	51,806	51,735
	Capital ratios (as a percentage of risk-weighted exposure amount)					
8	CET1 ratio if IFRS 9 transitional arrangements had not been applied (%)	**27.1**	26.8	27.4	26.8	26.5
9	CET1 ratio without applying the temporary treatment of gains and losses measured at fair value through OCI (%)	**27.1**	26.8	27.4	26.8	26.5
10	Tier 1 ratio if IFRS 9 transitional arrangements had not been applied (%)	**29.5**	29.2	29.9	29.4	29.1
11	Tier 1 ratio without applying the temporary treatment of gains and losses measured at fair value through OCI (%)	**29.5**	29.2	29.9	29.4	29.1
12	Total regulatory capital ratio if IFRS 9 transitional arrangements had not been applied (%)	**32.6**	32.4	33.3	32.9	32.7
13	Total regulatory capital without applying the temporary treatment of gains and losses measured at fair value through OCI (%)	**32.6**	32.4	33.3	32.9	32.7
	Leverage ratio					
14	Leverage ratio exposure measure if IFRS 9 transitional arrangements had not been applied	**249,263**	253,708	245,767	245,825	249,299
15	Leverage ratio if IFRS 9 transitional arrangements had not been applied (%)	**6.5**	6.2	6.4	6.2	6.0
16	Leverage ratio without applying the temporary treatment of gains and losses measured at fair value through OCI (%)	**6.5**	6.2	6.4	6.2	6.0

3.3. UK KM2 - Key metrics template - MREL (at resolution group level)

UK KM2 - Key metrics template - MREL (at resolution group level)

£m		a 04 Apr 24	b 31 Dec 23	c 30 Sep 23	d 30 Jun 23	e 04 Apr 23
1	Total own funds and eligible liabilities available	**23,511**	23,313	22,139	22,039	22,001
2	Total risk weighted assets	**54,628**	54,174	52,311	51,806	51,731
3	Total own funds and eligible liabilities available as a percentage of total risk weighted assets (%)	**43.0**	43.0	42.3	42.5	42.5
4	UK leverage exposure ratio measure	**249,263**	253,708	245,767	245,825	249,299
5	Total own funds and eligible liablities available as a percentage of UK leverage exposure ratio measure (%)	**9.4**	9.2	9.0	9.0	8.8

3.4. Capital Flow

Capital Flow		
		a
£m		
1	**Common equity tier 1 capital as at 04 April 2023**	**13,733**
2	Issuance of CCDS	**–**
3	Profit for the year	**1,300**
4	Other comprehensive income recognised directly in the general reserve	**(365)**
5	Foreseeable distributions	**4**
6	Revaluation reserve	**(2)**
7	FVOCI reserve	**(24)**
8	Capital adjustments:	
9	Direct holdings of CET1 instruments	**(76)**
10	Prudential valuation adjustment	**46**
11	Own credit valuation adjustments	**16**
12	Intangible assets (net of deferred tax liabilities)	**27**
13	Defined-benefit pension fund assets (net of deferred tax liabilities)	**160**
14	Excess of expected loss over impairment	**(5)**
15	IFRS 9 transitional arrangements	**(16)**
16	**Common equity tier 1 capital as at 04 April 2024**	**14,798**
17	**Additional tier 1 capital as at 04 April 2023**	**1,336**
18	Redemption/Repurchase of AT1	**–**
19	Issuance of AT1	**–**
20	**Additional tier 1 capital as at 04 April 2024**	**1,336**
21	**Tier 2 capital as at 04 April 2023**	**1,839**
22	Redemption/Repurchase of subordinated debt	**–**
23	Amortisation of subordinated debt	**(160)**
24	Fair value adjustments of subordinated debt	**(25)**
25	Excess of impairment provisions over regulatory expected losses	**10**
26	IFRS 9 transitional arrangements	**10**
27	**Tier 2 capital as at 04 April 2024**	**1,674**
28	Total regulatory capital as at 04 April 2023	**16,908**
29	**Total regulatory capital as at 04 April 2024**	**17,808**

The CET1 capital resources (row 16) increase of £1.1 billion was primarily driven by £1.3 billion profit after tax (row 3), partially offset by £0.2 billion of capital distributions (included in row 4). In addition, £76 million of CCDS were repurchased (row 9).

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

UK OV1 – Overview of risk weighted exposure amounts

		a	b	c	a	b	c
		Group			Individual		
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements	Risk weighted exposure amounts (RWEAs)		Total own funds requirements
£m		04 Apr 24	04 Apr 23	04 Apr 24	04 Apr 24	04 Apr 23	04 Apr 24
1	**Credit risk (excluding CCR)**	47,169	44,647	3,774	47,116	44,562	3,769
2	Of which the standardised approach	3,742	3,463	299	3,754	3,463	300
3	Of which the foundation IRB (FIRB) approach	3,327	2,967	266	3,293	2,957	263
4	Of which slotting approach	473	681	38	473	681	39
UK 4a	Of which equities under the simple riskweighted approach	233	211	19	201	136	15
5	Of which the advanced IRB (AIRB) approach	39,394	37,325	3,152	39,395	37,325	3,152
6	**Counterparty credit risk - CCR**	777	989	62	777	989	62
7	Of which the standardised approach	273	358	22	273	358	22
8	Of which internal model method (IMM)	–	–	–	–	–	–
UK 8a	Of which exposures to a CCP	137	103	11	137	103	11
UK 8b	Of which credit valuation adjustment - CVA	362	517	29	362	517	29
9	Of which other CCR	5	11	–	5	11	–
15	**Settlement risk**	–	–	–	–	–	–
16	**Securitisation exposures in the non-trading book (after the cap)**	184	264	15	184	264	15
17	Of which SEC-IRBA approach	–	–	–	–	–	–
18	Of which SEC-ERBA (including IAA)	184	264	15	184	264	15
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**	6,498	5,831	520	6,498	5,831	521
UK 23a	Of which basic indicator approach	–	–	–	–	–	–
UK 23b	Of which standardised approach	6,498	5,831	520	6,498	5,831	521
UK 23c	Of which advanced measurement approach	–	–	–	–	–	–
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	293	305	23	306	305	24
29	**Total**	54,628	51,731	4,371	54,575	51,646	4,367

Notes:
[1] Specific rows of this table have not been presented as they are not applicable in the UK
[2] Nationwide'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 own funds capital requirements) and hence no figures are disclosed

3.5 UK OV1 - Overview of risk weighted exposure amounts (cont.)

RWAs increased by £2.9 billion, predominantly driven by a £2.1 billion increase in credit risk RWAs risk weighted under the advanced IRB approach (row 5), mainly in relation to retail mortgage credit risk RWAs. This was due to an increase in residential mortgage balances, in conjunction with a higher portfolio average loss given default linked to property valuations. In addition, operational risk RWAs (row 23) increased by £0.7 billion due to higher average total income over the previous three years, by reference to which they are calculated.

3.6. UK INS1 - Insurance participation

Nationwide has no own funds held in insurance or reinsurance firms, so this template has not been presented.

3.7. UK INS2 - Financial conglomerates information on own funds and capital adequacy ratio

Financial conglomerates are large groups with significant activities in more than one financial sector (banking, investment, insurance). Nationwide does not qualify as a financial conglomerate so this template has not been presented.

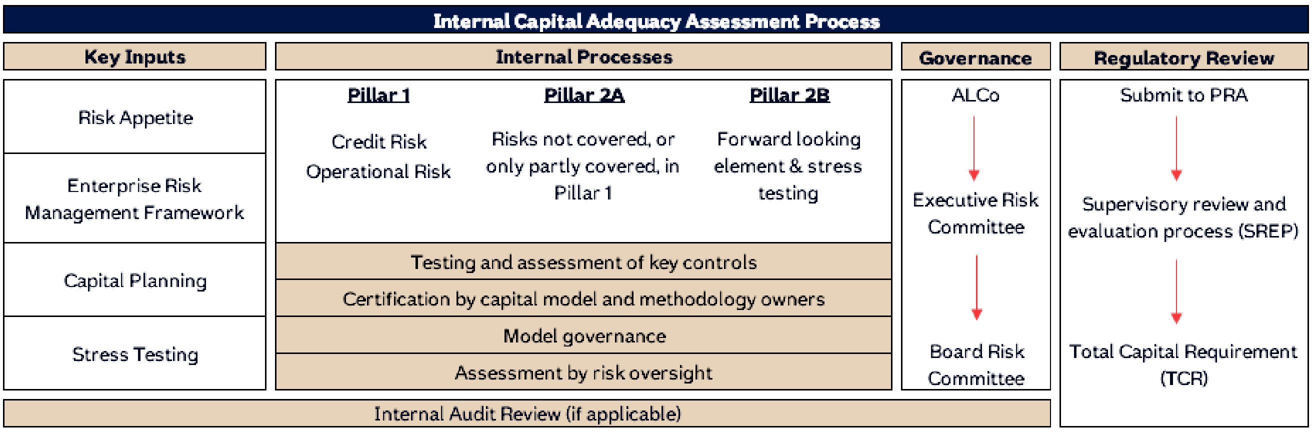
3.8. UK OVC - ICAAP information

(a) Approach to assessing the adequacy of the internal capital (Article 438(a) CRR)

Nationwide undertakes an ICAAP which is an internal assessment of Pillar 2A and Pillar 2B capital requirements. The Pillar 2A assessment considers firm-specific risks and risks not included in Pillar 1. The Pillar 2B element provides an assessment of Nationwide's stressed capital adequacy in the context of its business strategy, risk appetite, risk profile and capital plan throughout a five-year planning horizon. The capital plan provides the baseline for stress testing analysis which considers the impact of alternative scenarios on Nationwide's capital resources and requirements and the actions we can take to manage our capital position during periods of stress. The ICAAP is undertaken annually or more frequently should the need arise.

The outcome of the ICAAP is presented in an Internal Capital Assessment (ICA) document. This covers all the material risks for Nationwide and its subsidiaries to determine an internal assessment of capital requirements and ensures that Nationwide effectively plans to meet its future capital needs. Nationwide's capital strategy has established the target capital base that it aims to achieve over the planning horizon based on our financial plan and expectations of current and future capital quantity and quality needs. It also includes sufficient capital to cover the potential impact from severe but plausible economic scenarios, and considers the context of external stakeholders, including members, investors, rating agencies and regulators.

The ICA is presented to ALCO, ERC and BRC for review, challenge and approval ahead of submission to the PRA.



Governance for stress testing goes through the Stress Testing Committee, with the performance of the committee monitored by ALCO.

Pillar 2A

Capital is held to meet Pillar 1 requirements for credit, operational and market risks. In addition, the PRA requires firms to hold capital to meet Pillar 2A requirements. 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 ICAAP. This process confirms the amount of capital required to be held to meet risks which are not covered or only partly covered by Pillar 1 such as credit concentration, operational, pension and interest rate risk. The combination of Pillar 1 and Pillar 2A requirements form Nationwide's Total Capital Requirement (TCR). Pillar 2A requirements are set as a percentage of RWAs, with the exception of some fixed add-ons, such as pension risk.

(b) Result of Nationwide's internal capital adequacy assessment process (Article 438(a) CRR)

Nationwide's latest Pillar 2A and TCR were received in December 2023. Pillar 2A equates to 5.1% of risk weighted assets (RWAs) at 4 April 2024 (2023: 4.5% of RWA). Nationwide's Pillar 2A is equivalent to £2.8 billion at 4 April 2024, of which at least £1.6 billion must be met by CET1 capital. This largely reflects the low average risk weight density of Nationwide's balance sheet, given that approximately 82% (2023: 82%) of total assets, excluding central bank reserves, are in the form of secured residential mortgages.

4 Annex III | Risk management policies and objectives

4.1. UK OVA - Risk management approach

(a) Risk statement approved by the management body (Point (f) of Article 435(1) CRR)

Risk management is at the heart of Nationwide's business and has an important part to play in delivering our purpose: '*Banking - but fairer, more rewarding and for the good of society*', by making sure it is safe and secure for the future.

All business activities involve some degree of risk; to protect members, risks arising from business activities must be managed appropriately by:

- identifying risks through a robust assessment of principal risks and uncertainties facing Nationwide, including those that would threaten its business model, future performance, solvency or liquidity, or increase the potential for customer harm;
- effective decision making, ensuring the right risks are taken, in a way that is considered and supports the strategy, maintaining a reputation for high standards of business conduct;
- ensuring the risks taken are understood and controlled; and
- maintaining an appropriate balance between delivering customer value and remaining a prudent and responsible lender.

To ensure risks are managed consistently and rigorously, we operate a Board approved Enterprise Risk Management Framework (ERMF) which defines how risks are managed across the principal risks.

The framework sets out the risk management responsibilities of all colleagues within a Three Lines of Defence model. This ensures risk is properly managed throughout the Society and that all risks are appropriately identified, assessed, managed, monitored and reported consistently. The Society's independent risk function, which is led by the Chief Risk Officer, provides oversight and challenge of the Society's risk management practices, whilst the Internal Audit function provides assurance of the effectiveness of our control environment for the Board.

Through the framework, the Board formally sets its risk appetite, articulating how much risk it is prepared to take in the pursuit of its objectives. A robust suite of policies, standards and other resources translates this appetite into the localised risk management activities and controls which are operated on a day-to-day basis to protect Nationwide's members and their money. The Board and management committees receive regular reporting on the Society's risk profile and key risk metrics to support them in monitoring our position relative to risk appetite.

To provide a structure for Board Risk Appetite, Nationwide uses a risk categorisation model for the principal risks described below.

Principal risk	Definition	Risk Committee
Credit risk	The risk of loss as a result of a customer or counterparty failing to meet their financial obligations.	Credit Committee
Liquidity and funding risk	Liquidity risk is the risk that Nationwide is unable to meet its liabilities as they fall due and maintain member and other stakeholder confidence. Funding risk is the risk that Nationwide 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.	Assets and Liabilities Committee
Capital risk	The risk that Nationwide 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.	Assets and Liabilities Committee

Principal risk	Definition	Risk Committee
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. Nationwide does not have a trading book; therefore market risk only arises in the banking book.	Assets and Liabilities Committee
Pension risk	The risk that the value of the pension schemes' assets will be insufficient to meet the estimated liabilities, creating a pension deficit.	Assets and Liabilities Committee
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 or other external events) or internal factors (including the development and execution of the strategy).	Executive Risk Committee
Model risk	The risk of adverse consequences from model errors or the inappropriate use of modelled outputs. Model outputs may be affected by the quality of data inputs, choice and suitability of methodology and the integrity of implementation. The adverse consequences include financial loss, poor business or strategic decision making, or damage to Nationwide's reputation.	Model Risk Oversight Committee
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.	Conduct and Operational Risk Committee Economic Crime Risk Committee

Nationwide's risk appetite is aligned to these principal risks and is expressed in qualitative terms with measures supported by limits and triggers. Overall, these measures have consistently remained within appetite across the principal risk categories over the last 12 months, with the exception of operational and conduct risk, where some risk appetite limits have been exceeded within the financial year in respect of technology management and economic crime.

These measures are regularly reviewed and challenged by the relevant risk committees including any trigger or limit breaches to ensure the appropriate remedial actions are in place to return within appetite. Risk appetite breaches are escalated to the Executive Risk Committee (ERC) and Board Risk Committee (BRC) where relevant according to defined criteria.

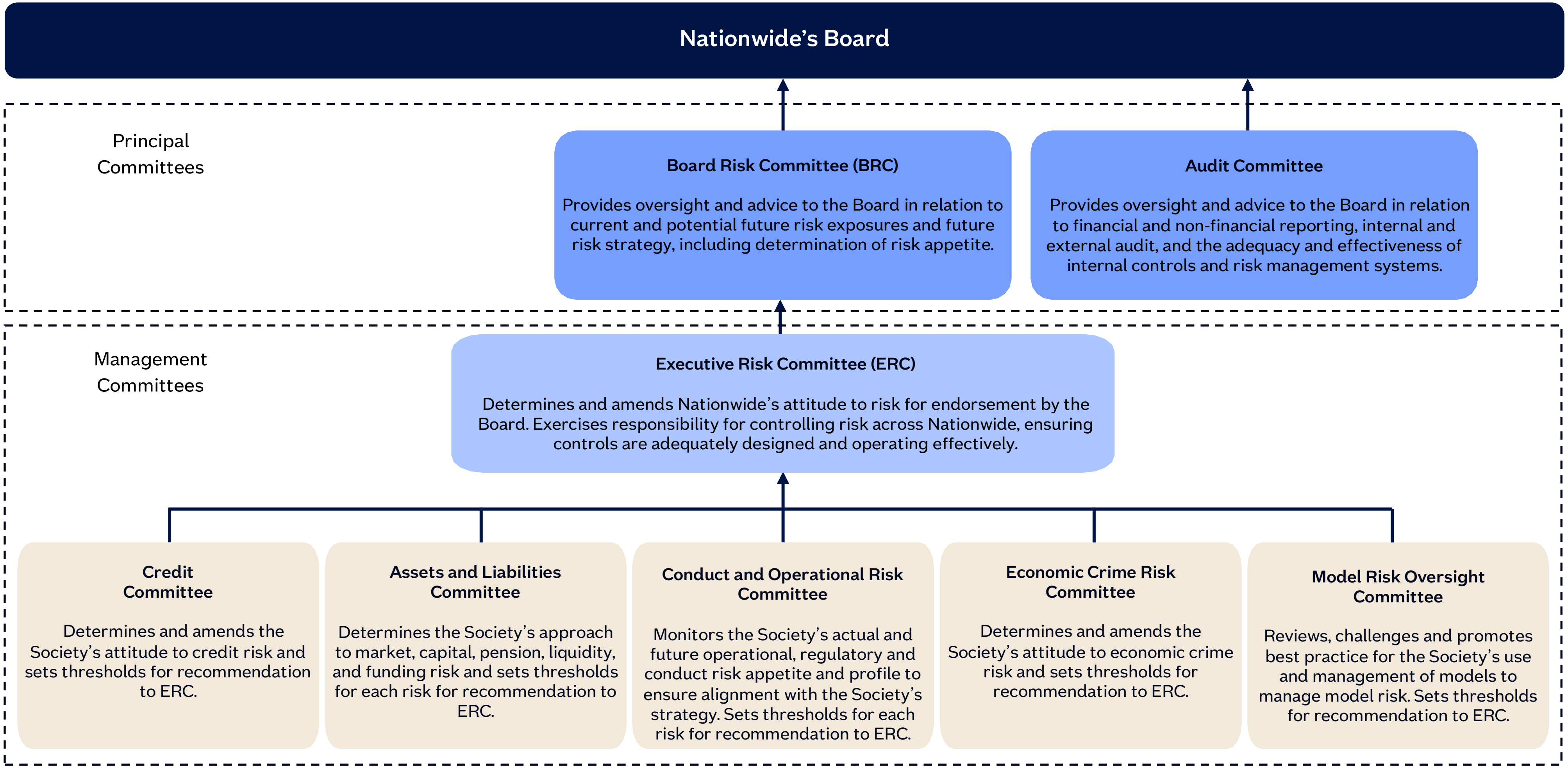
Risk appetite and associated metrics are reviewed annually to consider whether any changes are required. Following review and challenge by the 2nd Line of Defence, the proposed appetite suite is presented through various governance, with Board Risk Appetite ultimately approved by Nationwide's Board on the recommendation of BRC. The Society's risk appetite and indicator guidance sets out when a review of appetite should also be undertaken and can lead to an ad-hoc refresh or change in appetite.

(b) Information on the risk governance structure for each type of risk (Point (b) of Article 435(1) CRR)

The Board is responsible for robustly assessing the risks facing Nationwide. To achieve this, the Board approves Nationwide's risk appetite and metrics following consideration by the BRC and receives regular reports and assessments of Nationwide's risk and control processes and recommendations from BRC on matters spanning all risk categories, including the appropriate level of risk appetite. The Board has delegated responsibility to BRC for approval of the ERMF.

The BRC and Audit Committee provide oversight and advice to the Board. It is important the correct committees review the relevant risk management information in an accurate and timely manner. The Society reports key matters such as appetite breaches and associated actions to each management committee and escalates appropriate matters to ERC chaired by the Chief Risk Officer. The ERC ensures a coordinated management approach across all risks and provides regular updates to the Board on areas where the Committee has challenged management and key decisions.

The committee structure is detailed below:



Effective risk and control management relies on risk practitioners and colleagues across the Society having capabilities and a culture enabling the right things to be done, in the right way, for members and each other. At Nationwide, we require all colleagues to identify and manage risks. Our approach encourages positive behaviours of colleagues, promoting a healthy culture throughout our committee structure and Three Lines of Defence model. This is underpinned by our values, behaviours and ethics, influencing the decisions we make within the Society.

These components enable us to make better business decisions. This pro-active approach to risk management ensures we meet our strategic objectives in a resilient, sustainable and efficient way, whilst allowing us the freedom and capability to optimise opportunities.

The Society adopts a Three lines of defence (3LoD) model in the way it structures its risk management activities. Though everyone has a role to play in risk management, the overall responsibilities and accountabilities are outlined through this 3LoD model, as follows:

First line: Risk and control ownership

Responsibilities
Designing and running business operations, owning, and operating most controls to manage the Society's 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 Society's minimum standards for risk management and associated policies
- Testing controls
- Conduct outcomes testing
- Control framework and reporting

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 to the Board
- Providing independent and risk-based assurance
- Interpreting regulatory change
- Setting the Society's minimum standards for risk management
- Identifying future threats and risks

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 across the Society to present to the Audit Committee

Policy and Control

Policy is the articulation of the principles and requirements that must be met to manage Nationwide's key risks and support the governance of the Society. Within Nationwide, policy is set for several internal and external reasons:

- it forms an important role in Nationwide's governance structure translating strategy and risk appetite into meaningful principles for action;
- it provides an articulation of the desired outcomes for managing risk that can be used as the basis for the setting of an appropriate control environment; and
- it provides a first point of information for employees on how to perform their role.

The Society has a suite of risk policies covering the full breadth of its principal risks. These risk policies articulate the principles and objectives to be met as well as the critical controls required to manage the Society's risks within appetite.

As part of the first line of defence, the Chief Controls Office (CCO) provides centralised risk management, independent control testing and control assurance support. Further resources exist within the Finance function to provide specialist independent control testing services in respect of Finance-related activities. We have continued to develop the risk management and control environment, including clarifications to the Three Lines of Defence model, including the appointment of a new Director for Enterprise Risk Management and Director of Technology Risk & COO Oversight.

(c) Declaration approved by the management body on the adequacy of the risk management arrangements (Point (e) of Article 435(1) CRR)

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

Nationwide has a robust Enterprise Risk Management Framework (ERMF) in place for identifying, evaluating and managing principal and emerging risks in accordance with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', published by the FRC. The ERMF 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 misstatement or loss.

The Board monitors the Society's risk management and internal control systems and carries out and annual review of their effectiveness. On the basis of this year's review, the Board is satisfied that the ERMF is appropriate.

(d) Scope and nature of risk disclosure and/or measurement systems (Point (c) of Article 435(1) CRR)

The statement set out above (in section (c)) is reviewed and approved by Board Audit Committee, following an annual assessment of the effectiveness of the Society's control environment which is recommended to it following review at ERC. This is in accordance with the respective Terms of Reference for each committee.

(e) Information on the main features of risk disclosure and measurement systems (Point (c) of Article 435(1) CRR)

As part of the UK Corporate Governance Code, an annual assessment on the effectiveness of Nationwide's control framework is conducted across the three lines of defence and approved to Audit Committee. The assessment is informed by information gathered from internal and external sources and may include but is not limited to:

- Risk, Policy and Control Dashboards which set out the extent to which the Society's principal risks are being controlled via defined policies.
- Controls Statements which provide coverage of all risks, process and control accountabilities aligned to senior manager functions.
- BRC's annual review of the Effectiveness of the ERMF.
- The previous year's assessment and progress in completing improvement actions.
- Benchmarking against available external sources and data.

Work is progressing to further refine this approach in response to changes to the UK Governance Code. This is a joint exercise across the three lines of defence.

(f) Strategies and processes to manage risks for each separate category of risk (Point (a) of Article 435(1) CRR)

Risk Management at Nationwide is underpinned by a positive culture. Strong risk management enables the Society to achieve its strategic ambitions in a resilient, sustainable, and efficient way, make better business decisions, achieve better outcomes, and prevent foreseeable harm to members and customers.

The ERMF consists of five core components: enablers and governance, risk appetite, policies & controls, risk management and risk reporting. These ensure effective and consistent risk and control management is delivered across the risk areas through dedicated approach documents. Each core component consists of supporting resources utilised in risk management process and controls. The structure of the ERMF is summarised below:

Business strategy

The Board is accountable for setting the strategic direction for the Society. This sets the vision of where the Society is heading. Insights from our ongoing risk management and risk reporting help shape the strategy.

Risk appetite

Metrics describe the level of risk that is acceptable in pursuit of the strategy, and are supported by indicators which alert us if the level of risk in any part of the Society is becoming too high.

Policies and controls

Policies describe a set of objectives, activities and rules which cover the risks Nationwide faces. Controls are defined and implemented to ensure the rules are followed.

Risk management

The varied nature of the Society's activities creates different types of risk. Identifying, assessing, managing, monitoring and reporting these risks means we can stay within our defined appetite for risk.

Risk reporting

Regular reporting on our risks and controls ensures business areas, the Board and regulators are fully aware of our risk position. This enables better business decisions to be made.

Enablers and governance

To ensure the Enterprise Risk Management Framework works effectively and efficiently, a set of fundamental enablers and governance are in place, such as the three lines of defence model and risk committees.

The Enterprise Risk Management Framework

Stress Testing

Stress testing is an integral part of risk management processes, and the Society undertakes a range of Group-wide, multi-risk category stress tests and reverse stress tests, as well as operational risk scenario analysis. Stress testing also informs financial planning processes, the adequacy assessment for liquidity and capital and the annual review of risk appetite. These activities allow management to understand the impact of severe but plausible stresses to ensure that it remains resilient to them.

Stress testing outputs are used for capital and liquidity planning, determining potential management actions within contingency plans and further improving the management of Nationwide's risk profile. The results of stress testing, including the Concurrent Stress Test, the Internal Capital Adequacy Assessment Process and the Individual Liquidity Adequacy Assessment Process are approved by BRC.

(g) Information on the strategies and processes to manage, hedge and mitigate risks (Point (a) of Article 435(1) CRR)

To ensure risks are managed consistently and rigorously, we operate a Board approved Enterprise Risk Management Framework (ERMF) which defines how risks are managed across the principal risks and this is described further in sections (a) & (b).

The ERMF is assessed annually to determine its effectiveness. Prior to the last annual review and approval of the ERMF by BRC in March 2024, there has been significant work across both the Risk Function and the broader Society to mature our risk management processes and capabilities. These activities have largely focussed on enhancing and embedding supporting standards, guidance and processes, particularly in respect of non-financial risk. Material developments have been made to the monitoring and insight of risk appetite, the introduction of issue acceptance and the embedding of policies and controls within processes.

Further work is planned throughout the coming year to ensure the risk Framework and associated requirements are understood across all business areas and continue to embed, particularly in respect of our culture (as referenced in section (b)). The ongoing objective for the coming year is to ensure there is no regression in maturity as per the minimum standards set out in the framework documentation, enabling targeted enhancements to be made maturity where there is appetite to do so.

4.2. UK OVB - Governance arrangements

(a) The number of directorships held by members of the management body (Point (a) of Article 435(2) CRR)

The number of directorships set out in the table below have been counted in line with Article 91(3) and (4) of CRD. Accordingly, multiple directorships held in companies within the same group have been grouped together and counted as one directorship, whilst directorships held in companies that do not pursue a commercial objective have not been included in the data.

Director	Number and nature of directorships held	
Kevin Parry	Non-Executive Director	3
Debbie Crosbie	Executive Director	1
	Non-Executive Director	1
Tracey Graham	Non-Executive Director	3
Albert Hitchcock	Non-Executive Director	2
Alan Keir	Non-Executive Director	3
Debbie Klein	Non-Executive Director	4
Sally Orton	Non-Executive Director	1
Tamara Rajah	Executive Director	1
	Non-Executive Director	2
Chris Rhodes	Executive Director	1
Gillian Riley	Executive Director	1
	Non-Executive Director	2
Philip Rivett	Non-Executive Director	2

The number of directorships set out in the table below includes the directorships listed above, as well as directorships held in companies that do not pursue a commercial objective. Multiple directorships held in group companies have been counted individually.

Director	Number and nature of directorships held	
Kevin Parry	Executive Director	1
	Non-Executive Director	3
Debbie Crosbie	Executive Director	1
	Non-Executive Director	2
Tracey Graham	Non-Executive Director	5
Albert Hitchcock	Non-Executive Director	2
Alan Keir	Non-Executive Director	4
Debbie Klein	Executive Director	2
	Non-Executive Director	5
Tamara Rajah	Executive Director	1
	Non-Executive Director	2
Chris Rhodes	Executive Director	12[1]
Gillian Riley	Executive Director	1
	Non-Executive Director	3
Philip Rivett	Non-Executive Director	3

Note:
[1] Directorships held in subsidiaries and associated companies of Nationwide Building Society

(b) Information regarding the recruitment policy for the selection of members of the management body (Point (b) of Article 435(2) CRR)

Nationwide has in place a Board Composition and Succession Policy to ensure that the Board is composed of persons who collectively are fit and proper to direct the Society's business with prudence and integrity; and possess an appropriate range of diverse backgrounds and balance of skills, experience, knowledge and behaviours. In determining the Board's needs, the Nomination and Governance Committee considers a range of factors including the diversity of the Board in its widest sense, the current and future challenges and opportunities facing the Society and the need to balance continuity and knowledge of the Society with progressively refreshing membership of the Board and its committees. The recruitment process for directors is designed to ensure the Board possesses a range of skills and appropriate objectivity. It also involves detailed referencing and other checks to establish the candidate's credentials, including suitability, fitness and propriety. Regulatory approval is also required for certain Board roles. Selecting the best candidate is paramount and all appointments are based on merit and objective criteria. The Nomination and Governance Committee undertakes a full review of board talent and succession at least once a year. The skills and experience of the nine non-executive directors on the Board at 4 April 2024 are as below:

Number of non-executive directors with considerable experience[1]	
Strategy and competition	9
People leadership and talent	7
Complex groups (multiple business units, geographies, ring fenced banks)	7
Financial Services	6
ESG, including climate	6
Risk management	6
Corporate/business/transactional banking	5
Retail/Commercial Banking	5
UK Financial regulation and compliance	5
Customer, brand and marketing	4
Financial accounting and audit	4
Digital and technology resilience and transformation	4
Credit cards	4

Note:
[1] Individual directors may fall into one or more of the categories

(c) Information on the diversity policy with regard of the members of the management body (Point (c) of Article 435(2) CRR)

Nationwide is committed to ensuring that its Board is comprised of a membership which is inclusive and diverse and reflects the communities that it represents. It aims to achieve this by ensuring representation within the Board of race, age, gender, disability and sexuality in addition to appropriate socio-economic, educational and professional backgrounds. This is a key consideration in any new appointments and succession plans. Selecting the best candidate is paramount and all appointments will be based on merit and objective criteria with due regard for the benefits of diversity on the Board. Nationwide continues to commit to the Board diversity targets set for FTSE companies of a minimum of 40% female representation on the Board and a minimum of one Board Director drawn from an ethnic diverse background. Board composition as at 4 April 2024 is 55.0% female, with the Chief Executive Officer and Senior Independent Director roles held by women and one director from an ethnic diverse background, meeting the diversity targets as set in the Listing Rules of the Financial Conduct Authority.

(d) Whether or not Nationwide has set up a separate risk committee and the frequency of the meetings (Point (d) of Article 435(2) CRR)

Nationwide has a Board Risk Committee which meets at least four times a year. The Committee met six times in the Financial Year ended 4 April 2024.

(e) Description on the information flow on risk to the management body (Point (e) of Article 435(2) CRR)

Whilst the Board retains overall responsibility and oversight for risk management, to ensure that there is independent oversight of risk management, it has delegated these responsibilities to the Board Risk Committee and Audit Committee. At each Board Risk Committee meeting, the Chief Risk Officer shares the Society's current and emerging risk profile. Subject matter experts are invited to present on a variety of topics, such as conduct risk, at Board Committee meetings. Following each meeting, the Board Committees report to the Board on the matters discussed and, in the case of the Board Risk Committee, these reports are supplemented by regular reports from the Chief Risk Officer.

At an executive management level, the Executive Risk Committee, chaired by the Chief Risk Officer, ensures a co-ordinated risk management approach across all the Society's risks and provides regular updates to the Board Risk Committee, as well as specific updates to the Audit Committee.

5 Annex V | Scope of application

5.1. UK LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

UK LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories - assets - 04 Apr 2024								
		a	b	c	d	e	f	g
				Carrying values of items				
£m		Carrying values as reported in published financial statements[1]	Carrying values under scope of regulatory consolidation[1]	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset class according to the balance sheet in the published financial statements								
1	Cash	23,817	23,817	23,817	–	–	–	–
2	Loans and advances to banks and similar institutions	2,478	2,478	799	363	1,316	–	–
3	Investment securities	26,532	26,532	26,532	–	–	–	–
4	Derivative financial instruments	6,290	6,290	–	6,290	–	–	–
5	Fair value adjustment for portfolio hedged risk	(3,330)	(3,330)	(3,330)	–	–	–	–
6	Loans and advances to customers	213,440	213,440	213,440	–	–	–	–
7	Intangible assets	848	848	–	–	–	–	848
8	Property, plant and equipment	656	656	656	–	–	–	–
9	Accrued income and expenses prepaid	294	294	294	–	–	–	–
10	Deferred tax	109	109	93	–	–	–	16
11	Current tax	54	54	54	–	–	–	–
12	Other assets	122	122	122	–	–	–	–
13	Retirement benefit assets	607	607	–	–	–	–	607
14	**Total assets**	271,917	271,917	262,477	6,653	1,316	–	1,471
Breakdown by liability classes according to the balance sheet in the published financial statements								
1	Shares	193,366	193,366	–	–	–	–	193,366
2	Deposits from banks and similar institutions	16,388	16,388	–	5,181	–	–	11,207
3	Other deposits	4,530	4,530	–	–	–	–	4,530
4	Fair value adjustment for portfolio hedged risk	50	50	–	–	–	–	50
5	Debt securities in issue	29,599	29,599	–	–	–	–	29,599
6	Derivative financial instruments	1,451	1,451	–	1,451	–	–	–
7	Other liabilities	689	689	–	–	–	–	689
8	Provisions for liabilities and charges	149	149	–	–	–	–	149
9	Accruals and deferred income	405	405	–	–	–	–	405
10	Subordinated liabilities	7,225	7,225	–	–	–	–	7,225
11	Subscribed capital	173	173	–	–	–	–	173
12	Deferred tax	206	206	–	–	–	–	206
13	Current tax liabilities	–	–	–	–	–	–	–
14	**Total liabilities**	254,231	254,231	–	6,632	–	–	247,599

Note:
[1] Differences between carrying value in the published financial statements and under the scope of regulatory consolidation are explained in section 5.4(a)

UK LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories - assets - 04 Apr 2023

		a	b	c	d	e	f	g
				Carrying values of items				
£m		Carrying values as reported in published financial statements[1]	Carrying values under scope of regulatory consolidation[1]	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset class according to the balance sheet in the published financial statements								
1	Cash	25,635	25,635	25,635	–	–	–	–
2	Loans and advances to banks and similar institutions	2,860	2,860	532	589	1,739	–	–
3	Investment securities	27,615	27,615	27,615	–	–	–	–
4	Derivative financial instruments	6,923	6,923	–	6,923	–	–	–
5	Fair value adjustment for portfolio hedged risk	(5,011)	(5,011)	(5,011)	–	–	–	–
6	Loans and advances to customers	210,782	210,782	210,782	–	–	–	–
7	Intangible assets	862	862	–	–	–	–	862
8	Property, plant and equipment	744	744	744	–	–	–	–
9	Accrued income and expenses prepaid	302	302	302	–	–	–	–
10	Deferred tax	119	119	115	–	–	–	4
11	Current tax	15	15	15	–	–	–	–
12	Other assets	101	101	101	–	–	–	–
13	Retirement benefit assets	946	946	–	–	–	–	946
14	Total assets	271,893	271,893	260,830	7,512	1,739	–	1,812

Breakdown by liability classes according to the balance sheet in the published financial statements

		a	b	c	d	e	f	g
				Carrying values of items				
£m		Carrying values as reported in published financial statements[1]	Carrying values under scope of regulatory consolidation[1]	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
1	Shares	187,143	187,143	–	–	–	–	187,143
2	Deposits from banks and similar institutions	25,056	25,056	–	5,797	–	–	19,259
3	Other deposits	5,191	5,191	–	–	–	–	5,191
4	Fair value adjustment for portfolio hedged risk	2	2	–	–	–	–	2
5	Debt securities in issue	27,626	27,626	–	–	–	–	27,626
6	Derivative financial instruments	1,524	1,524	–	1,524	–	–	–
7	Other liabilities	695	695	–	–	–	–	695
8	Provisions for liabilities and charges	82	82	–	–	–	–	82
9	Accruals and deferred income	334	334	–	–	–	–	334
10	Subordinated liabilities	6,755	6,755	–	–	–	–	6,755
11	Subscribed capital	173	173	–	–	–	–	173
12	Deferred tax	406	406	–	–	–	–	406
13	Current tax liabilities	–	–	–	–	–	–	–
14	Total liabilities	254,987	254,987	–	7,321	–	–	247,666

Note:
[1] Differences between carrying value in the published financial statements and under the scope of regulatory consolidation are explained in section 5.4(a)

5.2. UKLI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

UK LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements - 04 Apr 2024

		a	b	c	d	e
			Items subject to			
£m		Total[1]	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	270,446	262,477	1,316	6,653	–
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	6,632	–	–	6,632	–
3	**Total net amount under the regulatory scope of consolidation**	263,814	262,477	1,316	21	–
4	**Off-balance-sheet amounts**	23,750	23,750	–	–	
5	*Differences in valuations*	–	–	–	–	
6	*Differences due to different netting rules, other than those already included in row 2*	2,321	24	–	2,296	
7	*Differences due to consideration of provisions*	715	715	–	–	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	–	–	–	–	
9	*Differences due to credit conversion factors*	(3,245)	(3,245)	–	–	
10	*Differences due to Securitisation with risk transfer*	–	–	–	–	
11	*Other differences*	12,014	7,904	–	4,110	
12	**Exposure amounts considered for regulatory purposes**	299,369	291,626	1,316	6,427	–

UK LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements - 04 Apr 2023

		a	b	c	d	e
			Items subject to			
£m		Total[1]	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	270,081	260,830	1,739	7,512	–
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	7,321	–	–	7,321	–
3	Total net amount under the regulatory scope of consolidation	262,760	260,830	1,739	191	–
4	Off-balance-sheet amounts	20,783	20,783	–	–	
5	*Differences in valuations*	–	–	–	–	
6	*Differences due to different netting rules, other than those already included in row 2*	3,438	11	–	3,427	
7	*Differences due to consideration of provisions*	714	714	–	–	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	–	–	–	–	
9	*Differences due to credit conversion factors*	(3,627)	(3,627)	–	–	
10	*Differences due to Securitisation with risk transfer*	–	–	–	–	
11	*Other differences*	14,173	7,854	–	6,319	
12	Exposure amounts considered for regulatory purposes	298,242	286,565	1,739	9,937	–

Note:
[1] Differences between the regulatory exposure amounts and carrying values in the financial statements are explained in section 5.4(b)

5.3. UKLI3 - Outline of the differences in the scopes of consolidation - entity by entity

UK LI3 - Outline of the differences in the scopes of consolidation (entity by entity) - 04 Apr 2024							
a	b	c	d	e	f	g	h
		Method of regulatory consolidation					
Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
Confederation Mortgage Services Limited	Full Consolidation	x					Dormant company
Derbyshire Home Loans Limited	Full Consolidation	x					Specialist mortgage lending
Dunfermline BS Nominees Limited	Full Consolidation	x					Property management
E-MEX Home Funding Limited	Full Consolidation	x					Specialist mortgage lending
Exeter Trust Limited	Full Consolidation	x					Dormant company
FN1	Full Consolidation	x					Dormant company
Home Propositions Limited	Full Consolidation	x					Technology developer
Jubilee Mortgages Limited	Full Consolidation	x					Dormant company
Monument (Sutton) Limited	Full Consolidation	x					Dormant company
Nationwide (Isle of Man) Limited	Full Consolidation	x					Technology support
Nationwide Building Society	Full Consolidation	x					Credit Institution
Nationwide Covered Bonds LLP	Full Consolidation	x					Funding vehicle
Nationwide Home Loans Limited	Full Consolidation	x					Dormant company
Nationwide Housing Trust Limited	Full Consolidation	x					Residential housing developments
Nationwide Syndications Limited	Full Consolidation	x					Specialist mortgage lending
Nationwide Trust Limited	Full Consolidation	x					Dormant company
NBS Cosec Limited	Full Consolidation	x					Dormant company
NBS Ventures Limited	Full Consolidation	x					Investment Entity
NBS Ventures Management Limited	Full Consolidation	x					Holding company
NI1 Limited	Full Consolidation	x					Dormant company
NLF1 Limited	Full Consolidation	x					Dormant company
NOK1 Limited	Full Consolidation	x					Dormant company
Piper Javelin Holding Company Limited	Full Consolidation	x					Holding company
Piper Javelin No 1 Limited	Full Consolidation	x					Construction company
Silverstone Funding (No. 1) Limited	Full Consolidation	x					Funding vehicle
Silverstone Master Issuer plc	Full Consolidation	x					Funding vehicle
The Derbyshire (Premises) Limited	Full Consolidation	x					Dormant company
The Mortgage Works (UK) plc	Full Consolidation	x					Specialist mortgage lending
UCB Home Loans Corporation Limited	Full Consolidation	x					Specialist mortgage lending

5.4. UKLIA - Explanations of differences between accounting and regulatory exposure amounts

(a) Differences between columns (a) and (b) in template UK LI1 (Article 436(b) CRR)

There are no differences between the columns because no entities are derecognised from the accounting balance sheet for regulatory purposes.

(b) Information on the main sources of differences between the accounting and regulatory scope of consolidation shown in template UK LI2 (Article 436(d) CRR)

The amounts considered for regulatory purposes shown in template UK LI2 differ to the carrying values under the regulatory scope of consolidation for the following key reasons:

- Off-balance sheet amounts are included in line with UK CRR article 111, as shown in row 4 of UK LI2, reduced by applicable credit conversion factors as shown in row 9; and
- Other differences shown in row 11 primarily relate to regulatory adjustments to carrying values in line with the UK CRR. These adjustments include applicable additions within PRA approved IRB models, adjustments in relation to securities financing transactions (SFTs) and potential future credit exposure adjustments for derivative financial instruments.

5.5. UKLIB - Other qualitative information on the scope of application

(a) Impediment to the prompt transfer of own funds or to the repayment of liabilities within the group (Article 436(f) CRR)

There are no significant restrictions on any of the Group entities in paying dividends or repaying loans, subject to their financial and operating performance, and availability of distributable reserves.

(b) Subsidiaries not included in the consolidation with own funds less than required (Article 436(g) CRR)

No subsidiaries are excluded from the consolidation.

(c) Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR (Article 436(h) CRR)

Nationwide is regulated by the PRA and the FCA. The CRR and PRA Rulebook apply to Nationwide Building Society and its subsidiary undertakings (together, the 'Group'), When the UK withdrew from the EU, the CRR was incorporated into UK law by the EU (Withdrawal) Act 2018. It was then amended by HMT Statutory Instruments and the PRA's EU Exit Instrument respectively. The CRR provision (Article 436(h)), which includes this disclosure requirement, was subsequently revoked and transferred into the Disclosure (CRR) Part of the PRA Rulebook from 1 January 2022.

Nationwide is required to calculate and maintain regulatory capital on both a Group basis and on an individual consolidation basis. There are no differences between the basis of consolidation of the Group for accounting and prudential purposes. Full details of the Society's subsidiary undertakings are included in Note 33 to the financial statements, within the Annual Report and Accounts 2024, and included in template UKLI3.

The entities included in the individual consolidation are:

- Nationwide Building Society;
- The Mortgage Works (UK) plc (TMW);
- UCB Home Loans Corporation Limited (UCB);
- Derbyshire Home Loans Limited;
- E-Mex Home Funding Limited; and
- Nationwide Syndications Limited.

Management does not see any practical or legal impediments to the transfer of capital resources or the repayment of liabilities within the Group.

(d) Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation (Article 436(g) CRR)

Not applicable to Nationwide.

5.6. UKPV1 - Prudent valuation adjustments (PVA)

UK PV1: Prudent valuation adjustments (PVA) - 04 Apr 2024

		a	b	c	d	e	UK e1	UK e2	f	g	h
		Risk category					**Category level AVA - Valuation uncertainty**		**Total category level post-diversification**		
£m	**Category level AVA**	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	**–**	**23**	**3**	**–**	**–**	**–**	**1**	**27**	**–**	**27**
2	Set not applicable in the UK						**–**	**–**			
3	Close-out cost	**–**	**5**	**2**	**–**	**–**	**–**	**–**	**6**	**–**	**6**
4	Concentrated positions	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
5	Early termination	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
6	Model risk	**–**	**3**	**–**	**–**	**–**	**–**	**–**	**3**	**–**	**3**
7	Operational risk	**–**	**3**	**–**	**–**	**–**	**–**	**–**	**3**	**–**	**3**
10	Future administrative costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
12	**Total Additional Valuation Adjustments (AVAs)[1]**								**73**	**–**	**73**

UK PV1: Prudent valuation adjustments (PVA) - 04 Apr 2023

		a	b	c	d	e	UK e1	UK e2	f	g	h
		Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification		
£m	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	–	53	6	–	–	–	–	59	–	59
2	Set not applicable in the UK						–	–			
3	Close-out cost	–	16	1	–	–	–	–	17	–	17
4	Concentrated positions	–	–	–	–	–	–	–	–	–	–
5	Early termination	–	–	–	–	–	–	–	–	–	–
6	Model risk	–	3	–	–	–	–	–	3	–	3
7	Operational risk	–	7	1	–	–	–	–	8	–	8
10	Future administrative costs	–	–	–	–	–	–	–	–	–	–
12	Total Additional Valuation Adjustments (AVAs)[1]								119	–	119

Note:
[1] The value in row 12 also includes portfolios under the fall-back approach, relating to equity exposures. These portfolios are not included within rows 1-11, in line with the PRA guidance

6 Annex VII | Own funds

6.1. UK CC1 - Composition of regulatory own funds

UK CC1 - Composition of regulatory own funds[6]		a	a	b	a
		04 Apr 24		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	04 Apr 23
		Group	Individual		Group
£m		Amounts	Amounts		Amounts
	Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	**1,334**	**1,334**	(c)	1,334
	of which: core capital deferred shares (CCDS)	**1,334**	**1,334**	(c)	1,334
2	Retained earnings	**13,990**	**13,961**	(e)[1]	12,502
3	**Accumulated other comprehensive income (and other reserves)**	**(97)**	**(162)**	(f), (g), (h), (i)[2]	171
UK-3a	Funds for general banking risk	**–**	**–**		–
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	**–**	**–**		–
5	Minority interests (amount allowed in consolidated CET1)	**–**	**–**		–
UK-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	**1,237**	**1,249**	(e)[3]	1,597
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**16,464**	**16,382**		15,604
	Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	**(73)**	**(70)**		(119)
8	Intangible assets (net of related tax liability) (negative amount)	**(824)**	**(824)**		(851)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	**–**	**–**		–
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	**(76)**	**(24)**		(129)
12	Negative amounts resulting from the calculation of expected loss amounts	**(51)**	**(48)**		(45)
13	Any increase in equity that results from securitised assets (negative amount)	**–**	**–**		–
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	**–**	**–**		–
15	Defined-benefit pension fund assets (negative amount)	**(454)**	**(454)**	(a)[4]	(614)
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	**(177)**	**(177)**	(c)	(101)
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	**–**	**–**		–
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	**–**	**–**		–
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	**–**	**–**		–
UK-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	**–**	**–**		–
UK-20b	of which: qualifying holdings outside the financial sector (negative amount)	**–**	**–**		–
UK-20c	of which: securitisation positions (negative amount)	**–**	**–**		–
UK-20d	of which: free deliveries (negative amount)	**–**	**–**		–

UK CC1 - Composition of regulatory own funds (cont.)		a	a	b	a
		04 Apr 24		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	04 Apr 23
£m		Group Amounts	Individual Amounts		Amounts
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	–	–		–
22	Amount exceeding the 17,65% threshold (negative amount)	–	–		–
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	–	–		–
25	of which: deferred tax assets arising from temporary differences	–	–		–
UK-25a	Losses for the current financial year (negative amount)	–	–		–
UK-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	–	–		–
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	–	–		–
27a	Other regulatory adjustments to CET1 capital *(including IFRS 9 transitional adjustments when relevant)*	(11)	(48)		(12)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(1,666)**	**(1,645)**		(1,871)
29	**Common Equity Tier 1 (CET1) capital**	**14,798**	**14,737**		13,733
	Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	**1,336**	**1,336**	(d)	1,336
31	of which: classified as equity under applicable accounting standards	**1,336**	**1,336**	(d)	1,336
32	of which: classified as liabilities under applicable accounting standards	–	–		–
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	–	–		–
UK-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	–	–		–
UK-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	–	–		–
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	–	–		–
35	of which: instruments issued by subsidiaries subject to phase out	–	–		–
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**1,336**	**1,336**		1,336
	Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	–	–		–
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	–		–
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	–		–
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–	–		–
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	–	–		–
42a	Other regulatory adjustments to AT1 capital	–	–		–
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	–	–		–
44	**Additional Tier 1 (AT1) capital**	**1,336**	**1,336**		1,336
45	**Tier 1 capital (T1 = CET1 + AT1)**	**16,134**	**16,073**		15,069

UK CC1 - Composition of regulatory own funds (cont.)

		a	a	b	a
		04 Apr 24		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	04 Apr 23
		Group	Individual		
£m		Amounts	Amounts		Amounts
	Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	**1,650**	**1,650**	(b)[5]	1,835
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	**–**	**–**		–
UK-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	**–**	**–**		–
UK-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	**–**	**–**		–
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	**–**	**–**		–
49	of which: instruments issued by subsidiaries subject to phase out	**–**	**–**		–
50	Credit risk adjustments	**24**	**24**		14
51	**Tier 2 (T2) capital before regulatory adjustments**	**1,674**	**1,674**		1,849
	Tier 2 (T2) capital: regulatory adjustments				
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	**–**	**–**		–
53	Direct, indirect and synthetic goldings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	**–**	**–**		–
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	**–**	**–**		–
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	**–**	**–**		–
UK-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	**–**	**–**		–
UK-56b	Other regulatory adjustments to T2 capital	**–**	**–**		(10)
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**–**	**–**		(10)
58	**Tier 2 (T2) capital**	**1,674**	**1,674**		1,839
59	**Total capital (TC = T1 + T2)**	**17,808**	**17,747**		16,908
60	**Total Risk exposure amount**	**54,628**	**54,575**		51,731
	Capital ratios and buffers				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	**27.1**	**27.0**		26.5
62	Tier 1 (as a percentage of total risk exposure amount)	**29.5**	**29.5**		29.1
63	Total capital (as a percentage of total risk exposure amount)	**32.6**	**32.5**		32.7
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	**12.9**	**12.9**		11.5
65	of which: capital conservation buffer requirement	**2.5**	**2.5**		2.5
66	of which: countercyclical buffer requirement	**2.0**	**2.0**		1.0
67	of which: systemic risk buffer requirement	**–**	**–**		–
UK-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	**1.0**	**1.0**		1.0
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	**19.5**	**19.4**		19.5

UK CC1 - Composition of regulatory own funds (cont.)

		a	a	b	a
		04 Apr 24		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	04 Apr 23
		Group	**Individual**		
£m		**Amounts**	**Amounts**		Amounts
	Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	**–**	**–**		–
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	**–**	**–**		–
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	**117**	**123**		122
	Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	**–**	**–**		–
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	**44**	**44**		40
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	**24**	**24**		14
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	**262**	**262**		249
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	**–**	**–**		–
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	**–**	**–**		–
82	Current cap on AT1 instruments subject to phase out arrangements	**–**	**–**		–
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	**–**	**–**		–
84	Current cap on T2 instruments subject to phase out arrangements	**–**	**–**		–
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	**–**	**–**		–

Notes:

[1] Retained earnings include the general reserve, excluding amounts defined as other comprehensive income, as per IFRS9 accounting standards which are included in row 3. In addition, financial year profits are included in row UK-5a

[2] Accumulated other comprehensive income and other reserves comprises the revaluation reserve, cash flow hedge reserve, other hedging reserve, the FVOCI reserve, and other comprehensive income amounts included in the general reserve such as actuarial gains or loss on defined benefit pension plans

[3] The profits included within the general reserve; net of any foreseeable dividends as defined in the UK CRR

[4] The defined-benefit pension asset is equal to retirement benefit assets on the balance sheet net of associated deferred tax liabilities

[5] Includes subordinated notes eligible as Tier 2 capital, see section 2.6 for further detail

[6] Certain rows of this table have not been presented as they are not applicable in the UK

6.2. UK CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

UK CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements - 04 Apr 2024

£m		a Balance sheet as in published financial statements[1] As at period end	c Reference
	Assets - Breakdown by asset classes according to the balance sheet in the published financial statements		
1	Cash	23,817	
2	Loans and advances to banks and similar institutions	2,478	
3	Investment securities	26,532	
4	Derivative financial instruments	6,290	
5	Fair value adjustment for portfolio hedged risk	(3,330)	
6	Loans and advances to customers	213,440	
7	Intangible assets	848	
8	Property, plant and equipment	656	
9	Accrued income and expenses prepaid	294	
10	Deferred tax	109	
11	Current tax	54	
12	Other assets	122	
13	Retirement benefit assets	607	(a)
14	**Total assets**	271,917	

Note:
[1] Nationwide has the same statutory and regulatory scope of consolidation. Therefore, 'column b' has not been disclosed (as it is equal to 'column a')

UK CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements - 04 Apr 2024 (cont.)

£m		a Balance sheet as in published financial statements[1] As at period end	c Reference
	Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements		
1	Shares	**193,366**	
2	Deposits from banks and similar institutions	**16,388**	
3	Other deposits	**4,530**	
4	Fair value adjustment for portfolio hedged risk	**50**	
5	Debt securities in issue	**29,599**	
6	Derivative financial instruments	**1,451**	
7	Other liabilities	**689**	
8	Provisions for liabilities and charges	**149**	
9	Accruals and deferred income	**405**	
10	Subordinated liabilities	**7,225**	(b)
11	Subscribed capital	**173**	
12	Deferred tax	**206**	
13	Current tax liabilities	**–**	
14	**Total liabilities**	**254,231**	
	Shareholders' equity		
1	Core capital deferred shares	**1,157**	(c)
2	Other equity instruments	**1,336**	(d)
3	General reserve	**15,119**	(e)
4	Revaluation reserve	**36**	(f)
5	Cash flow hedge reserve	**127**	(g)
6	Other hedging reserve	**(51)**	(h)
7	Fair value through other comprehensive income reserve	**(38)**	(i)
8	**Total shareholders' equity**	**17,686**	

Note:
[1] Nationwide has the same statutory and regulatory scope of consolidation. Therefore, 'column b' has not been disclosed (as it is equal to 'column a')

6.3. UK CCA - Main features of regulatory own funds instruments and eligible liabilities instruments

UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments - 04 Apr 2024

		a Qualitative or quantitative information	a Qualitative or quantitative information	a Qualitative or quantitative information	a Qualitative or quantitative information
1	Issuer	NATIONWIDE	NATIONWIDE	NATIONWIDE	NATIONWIDE (PORTMAN)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	GB00BBQ33664	XS2048709427	XS2113658202	GB0033627968
2a	Public or private placement	Public	Public	Public	Public
3	Governing law(s) of the instrument	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	n/a	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules				
5	Post-transitional CRR rules	CET1	AT1	AT1	Ineligible
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	G; IC; S	G; IC; S	G; IC; S	G; IC; S
7	Instrument type (types to be specified by each jurisdiction)	Core Capital Deferred Shares	AT1	AT1	PIBS
8	Amount recognised in regulatory capital (as of most recent reporting date)	£ 1,157,209,096	£ 593,271,816	£ 742,657,943	-
8.5	Amount recognised in MREL (as of most recent reporting date)	£ 1,157,209,096	£ 593,271,816	£ 742,657,943	£ 44,987,191
9	Nominal amount of instrument	£ 10,555,500	£ 600,000,000	£ 750,000,000	£43,766,000
UK-9a	Issue price	126.39	100.00	100.00	99.84
UK-9b	Redemption price	n/a	100	100	100
10	Accounting classification	Shareholders' equity	Shareholders' equity	Shareholders' equity	Liability - amortised cost
11	Original date of issuance	06/12/2013	24/09/2019	10/06/2020	22/10/2003
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	n/a	Issuer call date: 20/06/2025; par regulatory/tax call; 6-month anytime call before first reset	Issuer call date: 20/06/2027; par regulatory/tax call; 6-month anytime call before first reset	Issuer call date: 22/10/2024
16	Subsequent call dates, if applicable	n/a	5 yearly	5 yearly	5 yearly
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Variable	Fixed-to-fixed	Fixed-to-fixed	Fixed-to-fixed
18	Coupon rate and any related index	£10.25 per CCDS	0.05875	0.05750	0.06250
19	Existence of a dividend stopper	No	No	No	Yes
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Fully discretionary	Fully discretionary	Partially discretionary
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No	No	Yes
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Convertible	convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	FL CET1<7%	FL CET1<7%	n/a
25	If convertible, fully or partially	n/a	F/P conv.	F/P conv.	n/a
26	If convertible, conversion rate	n/a	conv. px: £100	conv. px: £100	n/a
27	If convertible, mandatory or optional conversion	n/a	Both	Both	n/a
28	If convertible, specify instrument type convertible into	n/a	CET1 - CCDS	CET1 - CCDS	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	Society	Society	n/a
30	Write-down features	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	None contractual, statutory via bail-in	None contractual, statutory via bail-in	None contractual, statutory via bail-in	None contractual, statutory via bail-in
32	If write-down, full or partial	n/a	n/a	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	n/a	n/a	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	n/a	n/a	n/a	Stat
UK-34b	Ranking of the instrument in normal insolvency proceedings	1	2	2	3
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	AT1	PIBS	PIBS	Tier 2
36	Non-compliant transitioned features	No	No	No	Yes
37	If yes, specify non-compliant features	n/a	n/a	n/a	Step-up reset rate
37a	Link to the full term and conditions of the instrument (signposting)	Web link	Web link	Web link	Web link

UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments - 04 Apr 2024 (cont.)

1	Issuer	NATIONWIDE	NATIONWIDE	NATIONWIDE (CHESHIRE)	NATIONWIDE
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS0184519139	GB0001777886	GB0001918076	US63859WAE93
2a	Public or private placement	Public	Public	Public	Public
3	Governing law(s) of the instrument	English	English	English	New York
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules				
5	Post-transitional CRR rules	Ineligible	Ineligible	Ineligible	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	G; IC; S	G; IC; S	G; IC; S	G; IC; S
7	Instrument type (types to be specified by each jurisdiction)	PIBS	PIBS	PIBS	Subordinated Debt
8	Amount recognised in regulatory capital (as of most recent reporting date)	-	-	-	£ 407,559,525
8.5	Amount recognised in MREL (as of most recent reporting date)	£ 80,097,573	£ 42,556,035	£ 4,958,290	£ 833,488,894
9	Nominal amount of instrument	£ 83,740,000	£ 38,400,000	£ 4,811,000	$ 1,114,094,000
UK-9a	Issue price	100.00	100.00	100.00	99.71
UK-9b	Redemption price	100	100	100	100
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	06/02/2004	13/03/2000	28/03/1994	14/09/2016
12	Perpetual or dated	Perpetual	Perpetual	Perpetual	Dated
13	Original maturity date	No maturity	No maturity	No maturity	14/09/2026
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	No
15	Optional call date, contingent call dates and redemption amount	Issuer call date: 06/02/2026; par tax call	Issuer call date: 13/03/2030	Issuer call date: 30/09/2030	No issuer call; par regulatory/tax call
16	Subsequent call dates, if applicable	5 yearly	5 yearly	6 monthly	n/a
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed-to-fixed	Fixed-to-fixed	Floating	Fixed
18	Coupon rate and any related index	0.05769	0.07859	6MSonia + 4.1766%	0.04000
19	Existence of a dividend stopper	Yes	Yes	Yes	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Partially discretionary	Partially discretionary	Partially discretionary	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Partially discretionary	Partially discretionary	Partially discretionary	Mandatory
21	Existence of step up or other incentive to redeem	Yes	Yes	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	n/a
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	None contractual, statutory via bail-in	None contractual, statutory via bail-in	None contractual, statutory via bail-in	None contractual, statutory via bail-in
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Stat	Stat	Statutory	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	3	3	3	4
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2	Tier 2	Tier 2	Senior Non-Preferred
36	Non-compliant transitioned features	Yes	Yes	No	No
37	If yes, specify non-compliant features	Step-up reset rate	Step-up reset rate	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	Web link	Web link	Web link	Web link

UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments - 04 Apr 2024 (cont.)

1	Issuer	NATIONWIDE	NATIONWIDE	NATIONWIDE	NATIONWIDE
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1651453729	US63859WAF68	XS1788834700	US63861VAB36
2a	Public or private placement	Public	Public	Public	Public
3	Governing law(s) of the instrument	English	New York	English	New York
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules				
5	Post-transitional CRR rules	Tier 2	Tier 2	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	G; IC; S	G; IC; S	G; IC; S	G; IC; S
7	Instrument type (types to be specified by each jurisdiction)	Subordinated Debt	Subordinated Debt	Senior Non-Preferred	Senior Non-Preferred
8	Amount recognised in regulatory capital (as of most recent reporting date)	£ 858,998,575	£ 383,331,876	-	-
8.5	Amount recognised in MREL (as of most recent reporting date)	£ 858,998,575	£ 383,331,876	£ 830,141,244	£ 542,806,438
9	Nominal amount of instrument	€ 1,000,000,000	$ 507,721,000	€ 1,000,000,000	$750,000,000
UK-9a	Issue price	99.50	99.91	99.38	100.00
UK-9b	Redemption price	100	100	100	100
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	25/07/2017	18/10/2017	08/03/2018	08/03/2018
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	25/07/2029	18/10/2032	08/03/2026	08/03/2029
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Issuer call date: 25/07/2024; par regulatory/tax call, at 100%	Issuer call date: 18/10/2027; par regulatory/tax call, at 100%	Issuer call date: 08/03/2025, Tax event, Loss absorption disqualification event, at 100%	Issuer call date: 08/03/2028, Tax event, Loss absorption disqualification event, at 100%
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	0.02000	0.04125	0.01500	0.04302
19	Existence of a dividend stopper	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	n/a	n/a	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	None contractual, statutory via bail-in	None contractual, statutory via bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	4	4	5	5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Non-Preferred	Senior Non-Preferred	Senior Preferred	Senior Preferred
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	Web link	Web link	Web link	Web link

UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments - 04 Apr 2024 (cont.)

1	Issuer	NATIONWIDE	NATIONWIDE	NATIONWIDE	NATIONWIDE
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1890754721	XS1901006699	XS1905620263	XS1906305526
2a	Public or private placement	Private	Private	Private	Private
3	Governing law(s) of the instrument	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules				
5	Post-transitional CRR rules	n/a	n/a	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	G; IC; S	G; IC; S	G; IC; S	G; IC; S
7	Instrument type (types to be specified by each jurisdiction)	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred
8	Amount recognised in regulatory capital (as of most recent reporting date)	-	-	-	-
8.5	Amount recognised in MREL (as of most recent reporting date)	£ 71,210,836	£ 20,922,532	£ 22,555,262	£ 75,175,364
9	Nominal amount of instrument	NOK 1,000,000,000	JPY 4,000,000,000	NOK 300,000,000	NOK 1,000,000,000
UK-9a	Issue price	100.00	100.00	100.00	100.00
UK-9b	Redemption price	100	100	100	100
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	05/10/2018	30/10/2018	13/11/2018	13/11/2018
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	05/10/2026	30/10/2026	13/11/2028	13/11/2028
14	Issuer call subject to prior supervisory approval	Tax event, Loss absorption disqualification event, at 100%	Yes	No	No
15	Optional call date, contingent call dates and redemption amount	n/a	Issuer call date: 30/10/2025, Tax event, Loss absorption disqualification event, at 100%	Tax event, Loss absorption disqualification event, at 100%	Tax event, Loss absorption disqualification event, at 100%
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	0.03468	0.00993	0.03875	0.03900
19	Existence of a dividend stopper	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	5	5	5	5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	Web link	Web link	Web link	Web link

UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments - 04 Apr 2024 (cont.)

1	Issuer	NATIONWIDE	NATIONWIDE	NATIONWIDE	NATIONWIDE
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS1909093368	US63861VAE74	XS2038515883	US63861VAF40
2a	Public or private placement	Private	Public	Private	Public
3	Governing law(s) of the instrument	English	New York	English	New York
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules				
5	Post-transitional CRR rules	n/a	n/a	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	G; IC; S	G; IC; S	G; IC; S	G; IC; S
7	Instrument type (types to be specified by each jurisdiction)	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred
8	Amount recognised in regulatory capital (as of most recent reporting date)	-	-	-	-
8.5	Amount recognised in MREL (as of most recent reporting date)	£ 15,489,378	£ 709,036,323	£ 25,186,380	£ 549,585,999
9	Nominal amount of instrument	JPY 3,000,000,000	$1,000,000,000	JPY 5,000,000,000	$750,000,000
UK-9a	Issue price	100.00	100.00	100.00	100.00
UK-9b	Redemption price	100	100	100	100
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	14/11/2018	18/07/2019	16/08/2019	16/02/2022
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	14/11/2029	18/07/2030	16/08/2030	16/02/2028
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Issuer call date: 14/11/2028, Tax event, Loss absorption disqualification event, at 100%	Issuer call date: 18/07/2029, Tax event, Loss absorption disqualification event,at 100%	Issuer call date: 16/08/2029, Tax event, Loss absorption disqualification event, at 100%	Issuer call date: 16/02/2027,Tax event, Loss absorption disqualification event, at 100%
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	0.01278	0.03960	0.00850	0.02972
19	Existence of a dividend stopper	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	5	5	5	5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	Web link	Web link	Web link	Web link

UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments - 04 Apr 2024 (cont.)

1	Issuer	NATIONWIDE	NATIONWIDE	NATIONWIDE	NATIONWIDE
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	US63861VAG23	XS2562898143	XS2645716692	XS2649134629
2a	Public or private placement	Public	Public	Private	Private
3	Governing law(s) of the instrument	New York	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules				
5	Post-transitional CRR rules	n/a	n/a	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	G; IC; S	G; IC; S	G; IC; S	G; IC; S
7	Instrument type (types to be specified by each jurisdiction)	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred
8	Amount recognised in regulatory capital (as of most recent reporting date)	-	-	-	-
8.5	Amount recognised in MREL (as of most recent reporting date)	£ 238,197,751	£ 657,564,392	£ 25,000,000	£ 15,486,550
9	Nominal amount of instrument	$300,000,000	£ 650,000,000	£ 25,000,000	JPY 3,000,000,000
UK-9a	Issue price	100.00	100.00	100.00	100.00
UK-9b	Redemption price	100	100	100	100
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	16/02/2022	7/12/2022	04/07/2023	12/07/2023
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	16/02/2028	7/12/2027	04/07/2026	12/07/2028
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes	No
15	Optional call date, contingent call dates and redemption amount	Issuer call date: 16/02/2027,Tax event, Loss absorption disqualification event, at 100%	Issuer call date: 7/12/2026,Tax event, Loss absorption disqualification event, at 100%	Issuer call date: 04/07/2025, Tax event, Loss absorption disqualification event, at 100%	Tax event, Loss absorption disqualification event at 100%
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Floating	Fixed	Floating	Fixed
18	Coupon rate and any related index	3MSOFR + 1.290%	0.06178	Sonia + 1.40%	0.01060
19	Existence of a dividend stopper	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	5	5	5	5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	Web link	Web link	Web link	Web link

UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments - 04 Apr 2024 (cont.)

1	Issuer	NATIONWIDE	NATIONWIDE	NATIONWIDE	NATIONWIDE
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2649148504	XS2649644403	XS2651632114	XS2660276218
2a	Public or private placement	Private	Private	Private	Private
3	Governing law(s) of the instrument	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules				
5	Post-transitional CRR rules	n/a	n/a	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	G; IC; S	G; IC; S	G; IC; S	G; IC; S
7	Instrument type (types to be specified by each jurisdiction)	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred
8	Amount recognised in regulatory capital (as of most recent reporting date)	-	-	-	-
8.5	Amount recognised in MREL (as of most recent reporting date)	£ 10,326,570	£ 10,337,393	£ 10,364,795	£ 52,909,929
9	Nominal amount of instrument	JPY 2,000,000,000	JPY 2,000,000,000	JPY 2,000,000,000	£ 50,000,000
UK-9a	Issue price	100.00	100.00	100.00	100.00
UK-9b	Redemption price	100	100	100	100
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	12/07/2023	14/07/2023	19/07/2023	01/08/2023
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	12/07/2028	14/07/2028	19/07/2029	01/08/2026
14	Issuer call subject to prior supervisory approval	No	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Tax event, Loss absorption disqualification event at 100%	Tax event, Loss absorption disqualification event at 100%	Issuer call date: 19/07/2028, Tax event, Loss absorption disqualification event, at 100%	Issuer call date: 01/08/2025, Tax event, Loss absorption disqualification event, at 100%
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	0.01060	0.01064	0.01200	0.06948
19	Existence of a dividend stopper	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	5	5	5	5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	Web link	Web link	Web link	Web link

UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments - 04 Apr 2024 (cont.)

1	Issuer	NATIONWIDE	NATIONWIDE	NATIONWIDE	NATIONWIDE
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2665521816	XS2667562677	XS2668511384	CH1280994299
2a	Public or private placement	Private	Private	Private	Public
3	Governing law(s) of the instrument	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes	Yes
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules				
5	Post-transitional CRR rules	n/a	n/a	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	G; IC; S	G; IC; S	G; IC; S	G; IC; S
7	Instrument type (types to be specified by each jurisdiction)	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred	Senior Non-Preferred
8	Amount recognised in regulatory capital (as of most recent reporting date)	-	-	-	-
8.5	Amount recognised in MREL (as of most recent reporting date)	£ 50,462,857	£ 10,391,679	£ 10,420,512	£ 157,740,157
9	Nominal amount of instrument	£ 50,000,000	JPY 2,000,000,000	JPY 2,000,000,000	CHF 175,000,000
UK-9a	Issue price	100.00	100.00	100.00	100.00
UK-9b	Redemption price	100	100	100	100
10	Accounting classification	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	10/08/2023	16/08/2023	18/08/2023	08/09/2023
12	Perpetual or dated	Dated	Dated	Dated	Dated
13	Original maturity date	10/08/2033	16/08/2026	18/08/2026	08/09/2027
14	Issuer call subject to prior supervisory approval	No	No	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Tax event, Loss absorption disqualification event at 100%	Tax event, Loss absorption disqualification event at 100%	Issuer call date: 18/08/2025,Tax event, Loss absorption disqualification event, at 100%	Issuer call date: 08/09/2026,Tax event, Loss absorption disqualification event, at 100%
16	Subsequent call dates, if applicable	n/a	n/a	n/a	n/a
	Coupons / dividends				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed
18	Coupon rate and any related index	0.06240	0.00900	0.00988	0.02980
19	Existence of a dividend stopper	No	No	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a	n/a
30	Write-down features	Yes	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in
32	If write-down, full or partial	Fully or Partially	Fully or Partially	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Permanent	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	5	5	5	5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Preferred	Senior Preferred	Senior Preferred	Senior Preferred
36	Non-compliant transitioned features	No	No	No	No
37	If yes, specify non-compliant features	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	Web link	Web link	Web link	Web link

UK CCA: Main features of regulatory own funds instruments and eligible liabilities instruments - 04 Apr 2024 (cont.)

1	Issuer	NATIONWIDE	NATIONWIDE
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	XS2697559628	US63861VAJ61
2a	Public or private placement	Private	Public
3	Governing law(s) of the instrument	English	New York
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes
	Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules		
5	Post-transitional CRR rules	n/a	n/a
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	G; IC; S	G; IC; S
7	Instrument type (types to be specified by each jurisdiction)	Senior Non-Preferred	Senior Non-Preferred
8	Amount recognised in regulatory capital (as of most recent reporting date)	-	-
8.5	Amount recognised in MREL (as of most recent reporting date)	£ 21,386,707	£ 1,016,930,497
9	Nominal amount of instrument	£ 20,000,000	$1,250,000,000
UK-9a	Issue price	100.00	100.00
UK-9b	Redemption price	100	100
10	Accounting classification	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	29/09/2023	18/10/2023
12	Perpetual or dated	Dated	Dated
13	Original maturity date	29/09/2036	18/10/2027
14	Issuer call subject to prior supervisory approval	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	Issuer call date: 29/09/2035,Tax event, Loss absorption disqualification event, at 100%	Issuer call date: 18/10/2026, Tax event, Loss absorption disqualification event, at 100%
16	Subsequent call dates, if applicable	n/a	n/a
	Coupons / dividends		
17	Fixed or floating dividend/coupon	Fixed	Fixed
18	Coupon rate and any related index	0.06122	0.06557
19	Existence of a dividend stopper	No	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	n/a	n/a
25	If convertible, fully or partially	n/a	n/a
26	If convertible, conversion rate	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a
29	If convertible, specify issuer of instrument it converts into	n/a	n/a
30	Write-down features	Yes	Yes
31	If write-down, write-down trigger(s)	Contractual recognition of statutory bail-in	Contractual recognition of statutory bail-in
32	If write-down, full or partial	Fully or Partially	Fully or Partially
33	If write-down, permanent or temporary	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	5	5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Preferred	Senior Preferred
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	Web link	Web link

7 Annex IX | Countercyclical capital buffers

7.1. UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

The below table shows the geographical distribution of credit exposures relevant to the calculation of the countercyclical buffer. Exposures in the below table are prepared in accordance with the UK CRR and therefore exclude exposures to central governments or banks, regional governments or local authorities, public sector entities, multilateral development banks, international organisations and institutions and therefore the exposure values differ to those found in UK CR4 within section 12.2.

UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer - 04 Apr 2024

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		**Relevant credit exposures – Market risk**		**Securitisation exposures Exposure value for non-trading book**	**Total exposure value**	**Own fund requirements**				**Risk-weighted exposure amounts**	**Own fund requirements weights (%)**	**Counter-cyclical buffer rate (%)**
£m	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
010 **Breakdown by country:**													
United Kingdom	8,100	235,005	–	–	1,080	244,185	3,690	–	13	3,703	46,265	99.0	2.00
Australia	–	175	–	–	–	175	4	–	–	4	48	0.1	1.00
Canada	–	844	–	–	–	844	20	–	–	20	247	0.5	–
Denmark	–	9	–	–	–	9	–	–	–	–	3	0.0	2.50
Finland	–	23	–	–	–	23	–	–	–	–	3	0.0	–
France	–	178	–	–	–	178	4	–	–	4	56	0.1	1.00
Germany	–	51	–	–	–	51	1	–	–	1	15	0.0	0.75
Jersey	2	6	–	–	–	8	–	–	–	–	2	0.0	–
Netherlands	–	–	–	–	236	236	–	–	2	2	24	0.1	1.00
Norway	–	130	–	–	–	130	3	–	–	3	42	0.1	2.50
Singapore	–	70	–	–	–	70	1	–	–	1	17	0.0	–
Sweden	–	107	–	–	–	107	2	–	–	2	22	0.0	2.00
020 **Total**	8,102	236,598	–	–	1,316	246,016	3,725	–	15	3,740	46,744	100.0	

UK CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer - 04 Apr 2023

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
£m	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter-cyclical buffer rate (%)
010 Breakdown by country:													
United Kingdom	7,671	227,314	–	–	1,537	236,522	3,479	–	19	3,498	43,735	98.8	1.00
Australia	–	153	–	–	–	153	4	–	–	4	46	0.1	1.00
Canada	–	852	–	–	–	852	21	–	–	21	260	0.6	–
Denmark	–	9	–	–	–	9	–	–	–	–	4	0.0	2.50
Finland	–	23	–	–	–	23	–	–	–	–	4	0.0	–
France	–	139	–	–	–	139	4	–	–	4	53	0.1	–
Germany	–	57	–	–	12	69	2	–	–	2	20	0.0	0.75
Jersey	3	6	–	–	–	9	–	–	–	–	3	0.0	–
Netherlands	–	–	–	–	190	190	–	–	2	2	19	0.0	–
Norway	–	128	–	–	–	128	4	–	–	4	50	0.1	2.50
Singapore	–	76	–	–	–	76	2	–	–	2	24	0.1	–
Sweden	–	107	–	–	–	107	3	–	–	3	33	0.1	1.00
020 Total	7,674	228,864	–	–	1,739	238,277	3,519	–	21	3,540	44,251	100.0	

7.2. UK CCyB2 - Amount of institution-specific countercyclical capital buffer

UK CCyB2 - Amount of institution-specific countercyclical capital buffer

		a	a
£m		**04 Apr 24**	04 Apr 23
1	Total risk exposure amount	**54,628**	51,731
2	Institution specific countercyclical capital buffer rate (%)	**1.99**	0.99
3	Institution specific countercyclical capital buffer requirement (£m)	**1,085**	514

On 5 July 2023 the UK CCyB rate was increased to 2% from 1% by the FPC, which was the primary driver of the increase of Nationwide's institution specific countercyclical capital buffer rate from 0.99% to 1.99%. The amount is not equal to 2% because not all of Nationwide's applicable exposures are located in the UK as shown in UK CCyB1 above.

8 Annex XI | Leverage ratio

8.1. UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

UK LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures			
		a	b
£m		**04 Apr 24**	04 Apr 23
1	**Total assets as per published financial statements**	**271,917**	271,893
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	**–**	–
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	**–**	–
4	(Adjustment for exemption of exposures to central banks)	**(23,678)**	(25,241)
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) of the CRR)	**–**	–
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	**–**	–
7	Adjustment for eligible cash pooling transactions	**–**	–
8	Adjustment for derivative financial instruments	**(4,860)**	(5,528)
9	Adjustment for securities financing transactions (SFTs)	**2,715**	5,870
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	**4,866**	4,246
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage))	**(73)**	(119)
UK-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	**–**	–
UK-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) of the CRR)	**–**	–
12	Other adjustments	**(1,624)**	(1,822)
13	**Total exposure measure**	**249,263**	249,299

8.2. UK LR2 - LRCom: Leverage ratio common disclosure

UK LR2 - LRCom: Leverage ratio common disclosure			
		a	b
		Leverage ratio exposures	
£m		04 Apr 24	04 Apr 23
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	**266,269**	265,596
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	**–**	–
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	**(686)**	(706)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	**–**	–
5	(General credit risk adjustments to on-balance sheet items)	**–**	–
6	(Asset amounts deducted in determining tier 1 capital (leverage))	**(1,654)**	(1,861)
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**263,929**	263,029
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	**52**	54
UK-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	**–**	–
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	**1,378**	1,341
UK-9a	Derogation for derivatives: potential future exposure contribution under the simplified standardised approach	**–**	–
UK-9b	Exposure determined under the original exposure method	**–**	–
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	**–**	–
UK-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	**–**	–
UK-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	**–**	–
11	Adjusted effective notional amount of written credit derivatives	**–**	–
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	**–**	–
13	**Total derivatives exposures**	**1,430**	1,395
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	**–**	–
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	**–**	–
16	Counterparty credit risk exposure for SFT assets	**2,715**	5,870
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	**–**	–
17	Agent transaction exposures	**–**	–
UK-17a	(Exempted CCP leg of client-cleared SFT exposures)	**–**	–
18	**Total securities financing transaction exposures**	**2,715**	5,870
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	**23,766**	20,783
20	(Adjustments for conversion to credit equivalent amounts)	**(18,900)**	(16,537)
21	(General provisions deducted in determining tier 1 capital (leverage) and specific provisions associated associated with off-balance sheet exposures)	**–**	–
22	**Off-balance sheet exposures**	**4,866**	4,246
	Excluded exposures		
UK-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) of the CRR)	**–**	–
UK-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) of the CRR (on- and off-balance sheet))	**–**	–
UK-22g	(Excluded excess collateral deposited at triparty agents)	**–**	–
UK-22k	**(Total exempted exposures)**	**–**	–
	Capital and total exposure measure		
23	**Tier 1 capital (leverage)**	**16,134**	15,069
24	Total exposure measure including claims on central banks	**272,941**	274,540
UK-24a	(-) Claims on central banks excluded	**(23,678)**	(25,241)
UK-24b	**Total exposure measure excluding claims on central banks**	**249,263**	249,299

UK LR2 - LRCom: Leverage ratio common disclosure (cont.)		a	b
		Leverage ratio exposures	
£m		04 Apr 24	04 Apr 23
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)[1]	**6.5**	6.0
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**6.5**	6.0
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	**6.5**	6.0
UK-25c	Leverage ratio including claims on central banks (%)	**5.9**	5.5
26	Regulatory minimum leverage ratio requirement (%)	**3.25**	3.25
	Additional leverage ratio disclosure requirements - leverage ratio buffers		
27	Leverage ratio buffer (%)	**1.05**	0.75
UK-27a	Of which: G-SII or O-SII additional leverage ratio buffer (%)	**0.35**	0.35
UK-27b	Of which: countercyclical leverage ratio buffer (%)	**0.70**	0.40
	Additional leverage ratio disclosure requirements - disclosure of mean values		
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	**–**	–
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	**–**	–
UK-31	Average total exposure measure including claims on central banks	**285,275**	295,213
UK-32	Average total exposure measure excluding claims on central banks	**252,272**	253,915
UK-33	Average leverage ratio including claims on central banks	**5.6**	5.0
UK-34	Average leverage ratio excluding claims on central banks	**6.3**	5.8

Note:
[1] The explanations for changes in the leverage ratio, as disclosed in row 25, are included within section 8.4 (b)

8.3. UK LR3 - LRSpl: Split-up of on balance sheet exposures

UK LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)			
		a	a
		Leverage ratio exposures	
£m		**04 Apr 24**	04 Apr 23
UK-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**265,583**	264,890
UK-2	Trading book exposures	**–**	–
UK-3	Banking book exposures, of which:	**265,583**	264,890
UK-4	Covered bonds	**2,966**	2,843
UK-5	Exposures treated as sovereigns	**46,135**	48,997
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	**–**	–
UK-7	Institutions	**908**	1,152
UK-8	Secured by mortgages of immovable properties	**200,800**	196,605
UK-9	Retail exposures	**3,753**	3,892
UK-10	Corporates	**5,997**	5,966
UK-11	Exposures in default	**341**	118
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	**4,683**	5,317

8.4. UK LRA - Disclosure of LR qualitative information

(a) Processes used to manage the risk of excessive leverage

Given Nationwide's balance sheet is focused on residential mortgage lending, it is considered that the risk of material unexpected movements in the leverage exposure measure is limited, due to the relative stability of mortgage balances.

Regular stress testing and forecasting are undertaken, which assess the sensitivity of the leverage ratio to stress conditions relative to risk-based capital metrics, and form part of the risk appetite framework. Management calibrates Nationwide's risk appetite to ensure that leverage resources are sufficient to manage through normal and stressed economic conditions.

Nationwide maintains a long-term strategic target for the leverage ratio of at least 4.5%. If the leverage ratio were to fall below this level, management would take actions to restore the capital position, which may include actions to increase capital resources or to reduce the size of the balance sheet based on a timescale deemed appropriate to the situation.

(b) Factors that had an impact on the leverage ratio during the period

Nationwide's leverage ratio excluding claims on central banks is 6.5% (2023: 6.0%). Tier 1 capital increased by £1.1 billion in the year ended 4 April 2024 (see UK LR2 row 23) driven by £1.3 billion profit after tax, partially offset by £0.2 billion of capital distributions. Leverage exposure remained at £249 billion (see UK LR2 row UK-24b), with an increase in residential mortgage balances (UK LR3 row UK-8) offset by a reduction in counterparty credit risk exposure for SFT assets (UK LR2 row 16) linked to a reduction in Term Funding Scheme with additional incentives for SMEs (TFSME) exposure.

9 Annex XIII | Liquidity requirements

9.1. UK LIQA - Liquidity risk management

(a) Strategies and processes in the management of the liquidity risk

Nationwide manages liquidity and funding risks within a comprehensive risk framework which includes its policy, strategy, limit setting and monitoring, stress testing and robust governance controls. The Society aims to ensure that at all times there are sufficient liquid assets, both as to amount and quality, to cover cash flow mismatches and fluctuations in funding, to retain public confidence and to meet financial obligations as they fall due, even during episodes of stress.

This is achieved through management and stress testing of business cash flows, setting appropriate risk limits to maintain a prudent funding mix and maturity profile, and maintaining sufficient levels of high-quality liquid assets and appropriate encumbrance levels.

(b) Structure and organisation of the liquidity risk management function

Nationwide's Board is responsible for setting liquidity and funding risk appetite and the Assets and Liabilities Committee (ALCO) is responsible for managing Nationwide's liquidity and funding risk profile within this defined appetite. Liquidity and funding risk is managed and reported by segregated teams within the Treasury function in line with the Society's Enterprise Risk Management Framework. The Society operates a Three Lines of Defence model to provide challenge, oversight and assurance of Treasury activity.

(c) The degree of centralisation of liquidity management and interaction between the group's units

Nationwide manages its liquidity at a group level through its centralised Treasury function.

(d) Scope and nature of liquidity risk reporting and measurement systems

Nationwide's position against internal and regulatory metrics is monitored and reported upon on a regular basis, using a centralised Treasury Management System (TMS) and liquidity reporting system. Liquidity risk reporting is subject to Nationwide's Liquidity Risk Control Framework which ensures appropriate controls and governance are applied.

(e) Policies for hedging and mitigating the liquidity risk and strategies and processes

To mitigate liquidity and funding risks generated by its business activities, Nationwide 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 Liquidity Coverage Ratio (LCR).

Internal risk limits are set in respect of the liquid asset buffer to ensure the buffer is high-quality and appropriately diversified. This includes prudent management of the currency mix of liquid assets to ensure there is no undue reliance on currencies not consistent with the profile of stressed outflows.

(f) An outline of contingency funding plans

A Liquidity Contingency Plan (LCP), which is part of the wider recovery plan framework, is maintained which sets out early warning indicators which are used to identify 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 annually to ensure it remains robust. Nationwide's Recovery Plan describes potential actions that could be utilised in a more extreme stress.

(g) An explanation of how stress testing is used

Stress testing is a key component of Nationwide's approach to liquidity and funding risk. A range of stress tests is undertaken across multiple-time horizons based on internally generated and regulatory prescribed scenarios. These include short-term standard stress tests, such as the LCR, alternative short-term stress tests and medium / long-term stress tests which consider the wider impact on Nationwide's financial position, such as earnings and capital as result of a stress.

Potential contractual and behavioural stress outflows are assessed across a range of liquidity risk drivers over 30 calendar days. An assessment over three months is also performed against which LCP capacity is assessed. Internal stress assumptions are reviewed regularly with changes approved by ALCO and approved annually by the Board as part of the Internal Liquidity Adequacy Assessment Process (ILAAP).

(h) A declaration approved by the management body on the adequacy of liquidity risk management arrangements

Nationwide's liquidity and funding risk framework, which includes setting appropriate risk limits, ensures that a prudent liquidity and funding risk profile is maintained which is commensurate with Nationwide's low-risk business model given its building society status.

(i) A concise liquidity risk statement approved by the management body

Nationwide's management of liquidity and funding risks aims to ensure that there are sufficient liquid assets at all times, both as to 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.

Under the most severe internal 30 calendar day stress test (a combined market-wide and Nationwide-specific stress scenario), the average ratio of the liquid asset buffer to stressed net outflows using the 12 month-ends to 4 April 2024 equated to 167% (2023: 155%). The average Net Stable Funding Ratio (NSFR), which assesses the stability of funding relative to the liquidity of assets, was 151% for the four quarters ended 4 April 2024 (2023: 147%), in excess of the 100% minimum requirement. Nationwide remained well within the Building Societies Act 50% funding limit in force at 4 April 2024, which measures the proportion of funding not in the form of shares held by individuals, with an exposure of 23% at 4 April 2024 (2023: 25%).

9.2. UK LIQ1 - Quantitative information of LCR

UK LIQ1 - Quantitative information of LCR		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)	**04 Apr 24**	31 Dec 23	30 Sep 23	30 Jun 23	**04 Apr 24**	31 Dec 23	30 Sep 23	30 Jun 23
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)**					**56,061**	56,563	56,353	55,171
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	**192,440**	191,030	189,105	186,324	**11,311**	11,472	11,711	11,882
3	*Stable deposits*	**133,057**	133,876	135,193	137,477	**6,653**	6,694	6,760	6,874
4	*Less stable deposits*	**37,333**	37,817	38,657	38,753	**4,645**	4,763	4,935	4,993
5	Unsecured wholesale funding	**9,654**	9,415	9,142	9,215	**9,016**	8,766	8,457	8,475
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	**–**	–	–	–	**–**	–	–	–
7	*Non-operational deposits (all counterparties)*	**2,614**	2,767	2,855	2,954	**1,976**	2,118	2,170	2,214
8	*Unsecured debt*	**7,040**	6,648	6,287	6,261	**7,040**	6,648	6,287	6,261
9	Secured wholesale funding					**105**	107	103	107
10	Additional requirements	**12,261**	12,551	13,006	13,145	**8,386**	8,540	8,738	8,669
11	*Outflows related to derivative exposures and other collateral requirements*	**8,394**	8,507	8,926	8,751	**7,819**	7,832	8,095	7,862
12	*Outflows related to loss of funding on debt products*	**231**	374	304	456	**231**	374	304	456
13	*Credit and liquidity facilities*	**3,636**	3,670	3,776	3,938	**336**	334	339	351
14	Other contractual funding obligations	**262**	255	251	236	**101**	101	102	93
15	Other contingent funding obligations	**18,270**	17,613	17,606	18,277	**2,595**	2,416	2,503	2,825
16	**TOTAL CASH OUTFLOWS**					**31,514**	31,402	31,614	32,051

UK LIQ1 - Quantitative information of LCR (cont.)

		a	b	c	d	e	f	g	h
£m		**Total unweighted value (average)**				**Total weighted value (average)**			
	Quarter ending on (DD Month YYY)	**04 Apr 24**	31 Dec 23	30 Sep 23	30 Jun 23	**04 Apr 24**	31 Dec 23	30 Sep 23	30 Jun 23
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	**1,530**	1,518	985	773	**152**	138	131	105
18	Inflows from fully performing exposures	**1,884**	1,836	1,865	1,893	**1,524**	1,478	1,499	1,516
19	Other cash inflows	**311**	246	266	314	**311**	246	266	314
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**	**3,725**	3,600	3,116	2,980	**1,987**	1,862	1,896	1,935
UK-20a	*Fully exempt inflows*	**–**	–	–	–	**–**	–	–	–
UK-20b	*Inflows subject to 90% cap*	**–**	–	–	–	**–**	–	–	–
UK-20c	*Inflows subject to 75% cap*	**3,725**	3,600	3,116	2,980	**1,987**	1,862	1,896	1,935
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER					**56,061**	56,563	56,353	55,171
22	TOTAL NET CASH OUTFLOWS					**29,527**	29,540	29,718	30,116
23	**LIQUIDITY COVERAGE RATIO**					**191**	192	191	184

9.3. UK LIQB - Qualitative information on LCR, which complements template UK LIQ1

(a) Main drivers of LCR results

Nationwide’s 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 LCR has increased as a result of growth in high-quality liquid assets compared with broadly flat net cash outflow requirements. Liquid asset balances have increased because of growth in member deposits offset by repayment of some of Nationwide’s drawings from the Bank of England’s Term Funding Scheme with additional incentives for SMEs (TFSME). Higher outflow requirements for wholesale funding, derivative exposures and other collateral outflows have been offset by lower requirements for contingent funding obligations and retail deposits.

(c) Explanations on the actual concentration of funding sources

Nationwide 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 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 Society 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 reflect 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.

9.4. UK LIQ2 - Net Stable Funding Ratio (NSFR)

UK LIQ2: Net Stable Funding Ratio - 04 Apr 2024

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
1	Capital items and instruments	16,991	215	533	1,580	18,571
2	*Own funds*	16,991	215	511	1,312	18,303
3	*Other capital instruments*		–	22	268	268
4	Retail deposits		158,535	20,593	14,047	182,175
5	*Stable deposits*		122,158	16,091	11,309	142,646
6	*Less stable deposits*		36,377	4,502	2,738	39,529
7	Wholesale funding:		17,337	4,255	40,646	44,411
8	*Operational deposits*		–	–	–	–
9	*Other wholesale funding*		17,337	4,255	40,646	44,411
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	72	9,782	–	–	–
12	*NSFR derivative liabilities*	72				–
13	*All other liabilities and capital instruments not included in the above categories*		9,782	–	–	–
14	**Total available stable funding (ASF)**					245,157
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					2,274
UK-15a	Assets encumbered for more than 12m in cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		–	–	–	–
17	Performing loans and securities:		8,197	4,100	200,909	154,697
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		406	–	–	–
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		822	–	3	68

UK LIQ2: Net Stable Funding Ratio (cont.) - 04 Apr 2024		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		2,476	423	1,822	2,752
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		–	–	–	(246)
22	*Performing residential mortgages, of which:*		4,475	3,645	198,316	151,199
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		3,959	3,220	176,369	132,074
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		18	32	768	678
25	Interdependent assets		–	–	–	–
26	Other assets:	–	4,314	–	843	4,283
27	*Physical traded commodities*				–	–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		1,481	–	–	1,259
29	*NSFR derivative assets*	–	13	–	–	13
30	*NSFR derivative liabilities before deduction of variation margin posted*		520	–	–	26
31	*All other assets not included in the above categories*		2,300	–	843	2,985
32	Off-balance sheet items		22,238	–	–	1,112
33	**Total RSF**					**162,366**
34	**Net Stable Funding Ratio (%)**					**151**

UK LIQ2: Net Stable Funding Ratio - 04 Apr 2023

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
1	Capital items and instruments	16,225	–	–	1,964	18,189
2	*Own funds*	16,225	–	–	1,964	18,189
3	*Other capital instruments*		–	–	–	–
4	Retail deposits		163,361	11,054	9,978	173,785
5	*Stable deposits*		131,954	4,696	7,840	137,658
6	*Less stable deposits*		31,407	6,358	2,138	36,127
7	Wholesale funding:		21,362	3,620	47,100	50,752
8	*Operational deposits*		–	–	–	–
9	*Other wholesale funding*		21,362	3,620	47,100	50,752
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	106	10,878	–	–	–
12	*NSFR derivative liabilities*	106				–
13	*All other liabilities and capital instruments not included in the above categories*		10,878	–	–	–
14	Total available stable funding (ASF)					242,726
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					2,487
UK-15a	Assets encumbered for more than 12m in cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		–	–	–	–
17	Performing loans and securities:		8,306	4,506	200,706	157,861
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		143	41	–	21
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		831	–	4	72

UK LIQ2: Net Stable Funding Ratio (cont.) - 04 Apr 2023		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		2,516	537	2,111	3,322
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		–	–	–	–
22	*Performing residential mortgages, of which:*		4,776	3,897	197,607	153,476
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		4,481	3,628	183,926	141,565
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		40	31	984	970
25	Interdependent assets		–	–	–	–
26	Other assets:	–	4,119	–	644	3,962
27	*Physical traded commodities*				–	–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		1,411	–	–	1,199
29	*NSFR derivative assets*	–	8	–	–	8
30	*NSFR derivative liabilities before deduction of variation margin posted*		479	–	–	24
31	*All other assets not included in the above categories*		2,221	–	644	2,731
32	Off-balance sheet items		23,103	–	–	1,156
33	Total RSF					165,466
34	Net Stable Funding Ratio (%)					147

9.5. UK LIQ2 - Net Stable Funding Ratio (NSFR) qualitative information

Drivers of NSFR results

Nationwide is predominately funded by retail deposits and long-term wholesale funding, which receive high Available Stable Funding factors. Nationwide's assets predominately comprise mortgage lending and liquid assets, which typically receive low Required Stable Funding factors. The combination of the above results in an NSFR in excess of the 100% regulatory minimum.

Interdependent assets and liabilities

Nationwide has no interdependent assets and liabilities.

10 Annex XV | Credit risk quality

10.1. UK CRA - General qualitative information about credit risk

(a) Risk statement in accordance how the business model translates into the components of Nationwide's credit risk profile ((f) of Article 435(1) CRR)

At Nationwide, we lend in a responsible, affordable and sustainable way to ensure we safeguard members and the financial strength of the Society throughout the credit cycle. We operate with a commitment to responsible lending and a focus on championing good conduct and fair outcomes.

Credit risks are inherent across Nationwide's lending activities and may arise from changes in credit quality, such as a borrower's risk profile, and the recoverability of loans and amounts due from counterparties. Adverse changes in the credit quality of borrowers or a general deterioration in economic conditions could affect the recoverability and value of Nationwide's assets and therefore its financial performance. Comprehensive risk management methods and processes have been established as part of Nationwide's overall governance framework to measure, mitigate and manage credit risk within Nationwide's risk appetite.

(b) The criteria and approach used for defining the credit risk management policy and for setting credit risk limits (points (a) and (d) of Article 435(1) CRR)

Board Risk Committee sets the level of risk appetite it is willing to take in pursuit of the Society's strategy, which is articulated as 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 Society'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 Society to excessive loss.
- Proactively managing credit risk and complying with regulations.

Nationwide 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 Nationwide to ensure an optimal outcome for our members, customers and the Society.

Retail: The residential and buy to let portfolios have their own credit scoring models, policy and underwriting rules to make lending decisions on applications for credit and to manage accounts. The principal factors considered in the residential lending decision are affordability, credit score, nature of income and LTV, with the principal factors considered in the buy to let lending decision being rental cover, credit score and LTV. In addition, confirmation of borrower identity is obtained, and an assessment of the value and suitability of the security being taken as collateral is carried out prior to granting a credit facility.

The principal factors considered in unsecured decisions are affordability, policy and credit score. Each of the unsecured portfolios has its own credit scoring models (including behavioural scoring), policy and underwriting rules to make decisions on applications for credit and to manage accounts. Credit scoring is also used to support the customer account management process to set lending limits, to segment authorisation decisions and to prioritise collections activity.

Commercial: The portfolios have historically supported the funding requirements of Commercial Real Estate (CRE) investors, Project Finance Initiatives (PFI) and Registered Social Landlords/Housing Associations (RSL). The CRE and PFI portfolios are closed and in managed run-off; only the RSL portfolio remains open to new lending.

All commercial lending decisions are subject to a robust manual underwriting assessment undertaken by the Commercial Credit Risk function, supplemented by a risk rating process which has been developed to enhance portfolio risk management capabilities and support capital and risk-based pricing models. All commercial lending relationships and their risk rating are reviewed annually, or more frequently in the event of material change.

An established governance structure ensures a monthly review is undertaken of the current and expected future performance of the commercial portfolios. Monitoring of asset quality in the commercial portfolio is based upon several measures, including rating grade migration, risk concentrations, market changes and financial covenant monitoring. The risk profiles and emerging risks within the commercial portfolios are reviewed by risk committees on a monthly basis.

Treasury: The Treasury Credit Risk (TCR) function manages credit limits and monitors Treasury's ongoing compliance within credit policy and limits. Credit limit applications are subject to a manual, qualitative underwriting process. For financial institution counterparties it incorporates the outputs of a Foundation Internal Ratings Based (F-IRB) model. Credit limits for institutions are managed by a tiering system, with limits capped according to a combination of rating and counterparty size. For securitisations, the process meets UK Securitisation Regulation requirements and includes cash-flow modelling and scenario testing. In addition, credit quality assurance reviews are undertaken by an independent control function.

Nationwide also uses credit assessments, reviews and sector research provided by External Credit Assessment Institutions - Standard and Poor's (S&P), Moody's, Fitch and DBRS - within the risk assessment process.

Nationwide does not utilise credit derivatives; it only uses derivatives to reduce exposure to market risks.

(c) The structure and organisation of the credit risk management and control function (point (b) of Article 435(1) CRR)

Under a governed delegated mandate structure from the Board Risk Committee, Executive Risk Committee, Credit Committee, individual Material Risk Takers and underwriters holding personal lending mandates make credit decisions, underpinned by high quality credit risk assessments, to ensure that customers and wholesale counterparties can meet their ongoing contractual obligations.

The Risk function manages all aspects of Retail, Commercial and Treasury credit risk in accordance with Nationwide's risk governance frameworks, under the supervision of the Credit Committee. Compliance with Board Risk Appetite is measured against absolute limits and risk metrics including impairment provisions and is reported each month to the Society's Credit Committee (members of which include the Chief Risk Officer, the Chief Financial Officer and the Chief Credit Officer), with adverse trends being investigated and corrective action taken to mitigate the risk and bring performance back on track.

(d) The relationships between credit risk management, risk control, compliance and internal audit functions (point (b) of Article 435(1) CRR)

Nationwide adopts a Three Lines of Defence (3LoD) model in the way it structures its risk management activities. We have tailored this approach to reflect Nationwide's size, complexity, and business model.

- 1st Line designs and runs all business operations and is responsible for day-to-day operation of controls and management of risks and loss events.
- 2nd Line is responsible for setting credit policies and controls, ongoing oversight, challenge, support and advice to ensure effective management of risks, and for the design, training and maintenance of enterprise risk management framework standards and guidance.
- 3rd Line, Internal Audit, provide independent assurance over the ongoing effective management of risks.

10.2. UK CRB - Additional information related to the credit quality of assets

(a) The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, for accounting and regulatory purposes (in accordance with Article 178 CRR)

For accounting purposes, an exposure is deemed to be credit-impaired if it has an arrears status of more than 90 days past due or if it is considered unlikely that the borrower will repay the outstanding balance in full, without recourse to actions such as realising security. For regulatory purposes, all assets past due by 90 days or more are treated as in default, with the exception of assets covered by Nationwide's secured incumbent IRB models which are not considered to be in default until 180 days past due. A temporary adjustment has been applied since January 2022 which complies with the EBA guidelines of 90 days past due.

(b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this

All assets more than 90 days past due are treated as impaired, except for secured products under IRB as described in (a) above.

(c) Description of methods used for determining general and specific credit risk adjustments

Provisions are allocated against individual loans and Nationwide does not have any general credit risk adjustments; therefore, all provisions are considered specific credit risk adjustments.

(d) Definition of a restructured exposure (point (d) of Article 178(3) CRR)

Retail: Nationwide's incumbent IRB models were developed prior to the EBA guidelines being issued and a new distressed restructuring definition is already derived for capital model developments. The new sets of models utilising these definitions are being updated following review by the PRA. In the interim, starting from 1 January 2022, a temporary adjustment to Pillar 1 capital requirements is applied to cover potential missing elements.

Commercial: Following PRA pre-approval, revised definitions of distressed restructures will be applied based upon the existing classification of forborne loans as being either performing or non-performing. This will not result in any incremental first-time default events being recorded, although it will impact recently cured and yet to cure exposures.

10.3. UK CR1 - Performing and non-performing exposures and related provisions

UK CR1: Performing and non-performing exposures and related provisions - 04 Apr 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**						**Accumulated partial write-off**	**Collateral and financial guarantees received**	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
£m			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	**25,689**	**25,689**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
010	Loans and advances	**212,824**	**175,542**	**37,241**	**1,764**	**80**	**1,682**	**(431)**	**(53)**	**(378)**	**(351)**	**(3)**	**(348)**	**(9)**	**207,896**	**1,373**
020	*Central banks*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
030	*General governments*	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
040	*Credit institutions*	**255**	**255**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**–**
050	*Other financial corporations*	**114**	**114**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**10**	**–**
060	*Non-financial corporations*	**10,131**	**9,566**	**564**	**102**	**4**	**99**	**(19)**	**(11)**	**(8)**	**(25)**	**–**	**(25)**	**(9)**	**9,776**	**72**
070	*Of which SMEs*	**5,465**	**5,124**	**342**	**35**	**4**	**32**	**(17)**	**(11)**	**(6)**	**(9)**	**–**	**(9)**	**(9)**	**5,428**	**23**
080	*Households*	**202,322**	**165,607**	**36,677**	**1,662**	**76**	**1,583**	**(412)**	**(42)**	**(370)**	**(326)**	**(3)**	**(323)**	**–**	**198,109**	**1,301**
090	Debt securities	**26,472**	**26,469**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
100	*Central banks*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
110	*General governments*	**19,607**	**19,607**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
120	*Credit institutions*	**1,504**	**1,504**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
130	*Other financial corporations*	**5,358**	**5,358**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
140	*Non-financial corporations*	**3**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
150	Off-balance-sheet exposures	**23,693**	**22,703**	**985**	**45**	**1**	**44**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
160	*Central banks*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
170	*General governments*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
180	*Credit institutions*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
190	*Other financial corporations*	**97**	**97**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
200	*Non-financial corporations* [1]	**2,064**	**2,045**	**14**	**5**	**–**	**5**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
210	*Households*	**21,532**	**20,561**	**971**	**40**	**1**	**39**	**–**	**–**	**–**	**–**	**–**	**–**		**–**	**–**
220	**Total**	**288,678**	**250,403**	**38,226**	**1,809**	**81**	**1,726**	**(431)**	**(53)**	**(378)**	**(351)**	**(3)**	**(348)**	**(9)**	**207,896**	**1,373**

Note:
[1] Differences between values reported for non-financial corporations within UK CR1 and the published annual results presentation at nationwide.co.uk are due to the inclusion of TMW LTD Company lending within UK CR1 as per regulatory prescribed guidance

UK CR1: Performing and non-performing exposures and related provisions - 04 Apr 2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
£m			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	27,396	27,396	–	–	–	–	–	–	–	–	–	–	–	–	–
010	Loans and advances	210,520	173,063	37,394	1,627	83	1,501	(455)	(48)	(407)	(316)	(3)	(307)	(10)	204,895	1,258
020	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
030	*General governments*	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–
040	*Credit institutions*	366	366	–	–	–	–	–	–	–	–	–	–	–	–	–
050	*Other financial corporations*	233	233	–	–	–	–	–	–	–	–	–	–	–	–	–
060	*Non-financial corporations*	9,369	8,934	420	92	6	44	(33)	(17)	(16)	(13)	–	(7)	(10)	8,911	75
070	*Of which SMEs*	4,743	4,438	290	92	6	44	(24)	(16)	(8)	(13)	–	(7)	(10)	4,693	75
080	*Households*	200,550	163,530	36,974	1,535	77	1,457	(422)	(31)	(391)	(303)	(3)	(300)	–	195,984	1,183
090	Debt securities	27,560	27,558	–	–	–	–	–	–	–	–	–	–	–	–	–
100	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
110	*General governments*	20,500	20,500	–	–	–	–	–	–	–	–	–	–	–	–	–
120	*Credit institutions*	1,449	1,449	–	–	–	–	–	–	–	–	–	–	–	–	–
130	*Other financial corporations*	5,609	5,609	–	–	–	–	–	–	–	–	–	–	–	–	–
140	*Non-financial corporations*	2	–	–	–	–	–	–	–	–	–	–	–	–	–	–
150	Off-balance-sheet exposures	20,736	19,875	860	41	1	40	–	–	–	–	–	–		–	–
160	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
170	*General governments*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
180	*Credit institutions*	–	–	–	–	–	–	–	–	–	–	–	–		–	–
190	*Other financial corporations*	97	97	–	–	–	–	–	–	–	–	–	–		–	–
200	*Non-financial corporations*	1,530	1,524	5	–	–	–	–	–	–	–	–	–		–	–
210	*Households*	19,109	18,254	855	41	1	40	–	–	–	–	–	–		–	–
220	Total	286,212	247,892	38,254	1,668	84	1,541	(455)	(48)	(407)	(316)	(3)	(307)	(10)	204,895	1,258

10.4. UK CR1-A – Maturity of exposures[1]

UK CR1-A: Maturity of exposures - 04 Apr 2024

		a	b	c	d	e	f
		Net exposure value					
£m		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	**255**	**9,943**	**30,124**	**173,384**	**100**	**213,806**
2	Debt securities	**–**	**1,106**	**12,655**	**12,771**	**–**	**26,532**
3	**Total**	**255**	**11,049**	**42,779**	**186,155**	**100**	**240,338**

UK CR1-A: Maturity of exposures - 04 Apr 2023

		a	b	c	d	e	f
		Net exposure value					
£m		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	519	10,411	31,446	168,925	77	211,378
2	Debt securities	–	743	9,652	17,220	–	27,615
3	Total	519	11,154	41,098	186,145	77	238,993

Note:
[1] Off-balance sheet exposures are not included

10.5. UK CR2 – Changes in the stock of non-performing loans and advances

Disclosures may be omitted if not regarded as material as per Article 432 of the Disclosure (CRR) section within the PRA Rulebook. As non-performing loans and advances comprise less than 5% of total loans and advances, it is deemed that UK CR2 is not a material disclosure and therefore has not been presented.

10.6. UK CR2-A – Changes in the stock of non-performing loans and advances and related net accumulated recoveries

This template is subject to the 5% threshold (i.e. non-performing loans and advances divided by total loans and advances) as stated within the Disclosure (CRR) section of the PRA Rulebook. Non-performing loans are below this threshold and therefore UK CR2-A has not been disclosed.

10.7. UK CQ1 – Credit quality of forborne exposures

UK CQ1: Credit quality of forborne exposures - 04 Apr 2024

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				**Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions**		**Collateral received and financial guarantees received on forborne exposures**	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
£m				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	494	774	311	709	(11)	(102)	1,105	657
020	*Central banks*	–	–	–	–	–	–	–	–
030	*General governments*	–	–	–	–	–	–	–	–
040	*Credit institutions*	–	–	–	–	–	–	–	–
050	*Other financial corporations*	–	–	–	–	–	–	–	–
060	*Non-financial corporations*	99	89	83	85	(2)	(22)	151	61
070	*Households*	395	685	228	624	(9)	(80)	954	596
080	Debt securities	–	–	–	–	–	–	–	–
090	Loan commitments given	33	15	8	14	–	–	–	–
100	**Total**	527	789	319	723	(11)	(102)	1,105	657

Note:
UK CQ1 does not include exposures with concessions provided as part of Mortgage Charter requirements as these concessions do not meet the forbearance definition per CRR article 47b

UK CQ1: Credit quality of forborne exposures - 04 Apr 2023

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
£m				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	544	850	267	736	(13)	(86)	1,248	734
020	*Central banks*	–	–	–	–	–	–	–	–
030	*General governments*	–	–	–	–	–	–	–	–
040	*Credit institutions*	–	–	–	–	–	–	–	–
050	*Other financial corporations*	–	–	–	–	–	–	–	–
060	*Non-financial corporations*	78	86	75	37	(8)	(12)	129	69
070	*Households*	466	764	192	699	(5)	(74)	1,119	665
080	Debt securities	–	–	–	–	–	–	–	–
090	Loan commitments given	36	11	4	11	–	–	–	–
100	Total	580	861	271	747	(13)	(86)	1,248	734

10.8. UK CQ2 – Quality of forbearance

This template is subject to the 5% threshold (i.e. non-performing loans and advances divided by total loans and advances) as stated within the Disclosure (CRR) section of the PRA Rulebook. Non-performing loans are below this threshold and therefore UK CQ2 has not been disclosed.

10.9. UK CQ3 – Credit quality of performing and non-performing exposures by past due days

UK CQ3: Credit quality of performing and non-performing exposures by past due days - 04 Apr 2024

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
£m			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	**25,689**	**25,689**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
010	Loans and advances	**212,824**	**212,368**	**456**	**1,764**	**709**	**393**	**336**	**213**	**107**	**4**	**2**	**893**
020	*Central banks*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
030	*General governments*	**2**	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
040	*Credit institutions*	**255**	**255**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
050	*Other financial corporations*	**114**	**114**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
060	*Non-financial corporations*	**10,130**	**10,118**	**12**	**102**	**82**	**4**	**5**	**11**	**–**	**–**	**–**	**91**
070	*Of which SMEs*	**5,465**	**5,453**	**12**	**35**	**15**	**4**	**5**	**11**	**–**	**–**	**–**	**24**
080	*Households*	**202,323**	**201,879**	**444**	**1,662**	**627**	**389**	**331**	**202**	**107**	**4**	**2**	**802**
090	Debt securities	**26,472**	**26,472**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
100	*Central banks*	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
110	*General governments*	**19,607**	**19,607**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
120	*Credit institutions*	**1,504**	**1,504**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
130	*Other financial corporations*	**5,358**	**5,358**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
140	*Non-financial corporations*	**3**	**3**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
150	Off-balance-sheet exposures	**23,693**			**45**								**29**
160	*Central banks*	**–**			**–**								**–**
170	*General governments*	**–**			**–**								**–**
180	*Credit institutions*	**–**			**–**								**–**
190	*Other financial corporations*	**97**			**–**								**–**
200	*Non-financial corporations*	**2,064**			**4**								**4**
210	*Households*	**21,532**			**41**								**25**
220	**Total**	**288,678**	**264,529**	**456**	**1,809**	**709**	**393**	**336**	**213**	**107**	**4**	**2**	**922**

UK CQ3: Credit quality of performing and non-performing exposures by past due days - 04 Apr 2023													
		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
£m			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	27,396	27,396	–	–	–	–	–	–	–	–	–	–
010	Loans and advances	210,520	210,110	410	1,627	819	321	237	143	101	4	2	713
020	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–
030	*General governments*	2	2	–	–	–	–	–	–	–	–	–	–
040	*Credit institutions*	366	366	–	–	–	–	–	–	–	–	–	–
050	*Other financial corporations*	233	233	–	–	–	–	–	–	–	–	–	–
060	*Non-financial corporations*	9,369	9,359	10	92	79	5	4	4	–	–	–	77
070	*Of which SMEs*	4,743	4,733	10	92	79	5	4	4	–	–	–	77
080	*Households*	200,550	200,150	400	1,535	740	316	233	139	101	4	2	636
090	Debt securities	27,560	27,560	–	–	–	–	–	–	–	–	–	–
100	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–
110	*General governments*	20,499	20,499	–	–	–	–	–	–	–	–	–	–
120	*Credit institutions*	1,449	1,449	–	–	–	–	–	–	–	–	–	–
130	*Other financial corporations*	5,609	5,609	–	–	–	–	–	–	–	–	–	–
140	*Non-financial corporations*	3	3	–	–	–	–	–	–	–	–	–	–
150	Off-balance-sheet exposures	20,736			41								25
160	*Central banks*	–			–								–
170	*General governments*	–			–								–
180	*Credit institutions*	–			–								–
190	*Other financial corporations*	97			–								–
200	*Non-financial corporations*	1,530			–								–
210	*Households*	19,109			41								25
220	Total	286,212	265,066	410	1,668	819	321	237	143	101	4	2	738

10.10. UK CQ4 – Quality of non-performing exposures by geography

This template is subject to a 10% threshold (i.e. non-domestic exposures divided by total exposures) as stated within the Disclosure (CRR) section of the PRA Rulebook. Non-domestic exposures are below this threshold and therefore UKCQ4 has not been disclosed.

10.11. UK CQ5 – Credit quality of loans and advances to non-financial corporations by industry

UK CQ5: Credit quality of loans and advances to non-financial corporations by industry - 04 Apr 2024

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
£m				Of which defaulted			
010	Agriculture, forestry and fishing	–	–	–	–	–	–
020	Mining and quarrying	–	–	–	–	–	–
030	Manufacturing	–	–	–	–	–	–
040	Electricity, gas, steam and air conditioning supply	–	–	–	–	–	–
050	Water supply	–	–	–	–	–	–
060	Construction	479	67	67	479	(18)	–
070	Wholesale and retail trade	1	–	–	1	–	–
080	Transport and storage	–	–	–	–	–	–
090	Accommodation and food service activities	4	–	–	4	–	–
100	Information and communication	–	–	–	–	–	–
110	Financial and insurance activities	–	–	–	–	–	–
120	Real estate activities	9,684	35	24	9,684	(26)	–
130	Professional, scientific and technical activities	–	–	–	–	–	–
140	Administrative and support service activities	–	–	–	–	–	–
150	Public administration and defence, compulsory social security	40	–	–	40	–	–
160	Education	23	–	–	23	–	–
170	Human health services and social work activities	2	–	–	2	–	–
180	Arts, entertainment and recreation	–	–	–	–	–	–
190	Other services	–	–	–	–	–	–
200	**Total**[1]	**10,233**	**102**	**91**	**10,233**	**(44)**	**–**

Note:
[1] Differences between values reported for non-financial corporations within UK CQ5 and the published annual results presentation atnationwide.co.uk are due to the inclusion of TMW LTD Company lending within UK CQ5 as per regulatory prescribed guidance

UK CQ5: Credit quality of loans and advances to non-financial corporations by industry - 04 Apr 2023		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
£m				Of which defaulted			
010	Agriculture, forestry and fishing	–	–	–	–	–	–
020	Mining and quarrying	–	–	–	–	–	–
030	Manufacturing	–	–	–	–	–	–
040	Electricity, gas, steam and air conditioning supply	–	–	–	–	–	–
050	Water supply	–	–	–	–	–	–
060	Construction	611	–	–	611	(9)	–
070	Wholesale and retail trade	1	–	–	1	–	–
080	Transport and storage	–	–	–	–	–	–
090	Accommodation and food service activities	4	3	–	4	–	–
100	Information and communication	–	–	–	–	–	–
110	Financial and insurance activities	–	–	–	–	–	–
120	Real estate activities	8,842	89	77	8,785	(31)	(6)
130	Professional, scientific and technical activities	1	–	–	1	–	–
140	Administrative and support service activities	–	–	–	–	–	–
150	Public administration and defence, compulsory social security	–	–	–	–	–	–
160	Education	–	–	–	–	–	–
170	Human health services and social work activities	2	–	–	2	–	–
180	Arts, entertainment and recreation	–	–	–	–	–	–
190	Other services	–	–	–	–	–	–
200	Total	9,461	92	77	9,404	(40)	(6)

10.12. UK CQ6 – Collateral valuation – loans and advances

This template is subject to the 5% threshold (i.e. non-performing loans and advances divided by total loans and advances) as stated within the Disclosure (CRR) section of the PRA Rulebook. Non-performing loans are below this threshold and therefore UK CQ6 has not been disclosed.

10.13. UK CQ7 – Collateral obtained by taking possession and execution processes

Repossessed collateral is not disclosed in the statutory balance sheet. Where possession has been taken, the loan amount is reduced to the recoverable amount as appropriate. Template UK CQ7 discloses the value of repossessed collateral – as this is not included on the Group balance sheet, this template has been deemed not applicable.

10.14. UK CQ8 – Collateral obtained by taking possession and execution processes – vintage breakdown

This template is subject to the 5% threshold (i.e. non-performing loans and advances divided by total loans and advances) as stated within the Disclosure (CRR) section of the PRA Rulebook. Non-performing loans are below this threshold and therefore UK CQ8 has not been disclosed.

11 Annex XVII | Credit risk mitigation (CRM) techniques

11.1. UK CRC – Information related to CRM techniques

(a) Core policies and processes for on- and off-balance sheet netting (Article 453 (a) CRR)

On-balance sheet netting is only used where 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. This is the case for derivatives contracts with central clearing counterparties and offsetting repos and reverse repo contracts with the same counterparty.

(b) The core features of policies and processes for eligible collateral evaluation (Article 453 (b) CRR)

Retail: All mortgage lending activities are supported by an appropriate form of valuation using in-house valuers, an independent firm of valuers or by an Automated Valuation Model which is subject to internal benchmarking, model governance standards, business rules and confidence levels. New build sites are subject to a suitability assessment and exposure limits prevent an over concentration. Environmental data is also used to assess physical risks (e.g. flooding and subsidence) on all properties. When experiencing financial difficulty customers will receive help and support from the Collections and Recoveries team to manage their debt.

Valuations of properties in the portfolio are updated quarterly using an Automated Valuation Model. Areas that have shown material market changes or LTV movement are highlighted to the Property Risk team who will refer the cases to an Area Valuer for review and sign off.

Commercial: Policies and processes ensure that eligible collateral, in the form of residential property, taken to secure loan facilities granted to Residential Social Landlords (RSLs) are re-valued at regular intervals. This is by an independent, external panel of specialist Royal Institution of Chartered Surveyors (RICS) valuers, using standard valuation bases for the social housing sector. Throughout the life of the loan, updated valuations are obtained in accordance with the loan agreement for each facility or at Nationwide's request where a breach of asset cover may have occurred.

Eligible collateral is only factored into the LGD calculation for regulatory capital purposes where an assessment of the value has been undertaken within a three-year period; facilities subject to a five yearly valuation will be excluded from CRM in years four and five. Where facilities are renegotiated or additional funds requested, where possible, a 3 yearly valuation cycle is agreed to reduce the number of facilities that fall outside of CRM eligibility.

Loan documentation requires all borrowers to maintain adequate insurance, provided by an Association of British Insurers (ABI) member, across property replacement/re-instatement and with market standard perils covered (e.g. fire, flood, subsidence, etc.) throughout the life of the loan.

Treasury: The form of credit risk mitigation employed by Treasury is determined by the nature of the instrument. Sovereign, Sub-sovereign, Supranational & Agency debt securities are generally unsecured. The same is true for short-term loans. Covered bonds, securitisations and similar instruments are secured by pools of financial assets.

ISDA (International Swaps and Derivatives Association) Master Agreements are completed, including a Credit Support Annex (CSA), with each derivative counterparty, allowing for the exchange of collateral to mitigate the credit risk of the derivatives portfolio.

Under ISDA Master Agreements the derivatives portfolio is valued daily using discounted cash flow and options pricing models as appropriate. The terms of a CSA allow for collateral to be passed between parties to mitigate the market contingent counterparty risk inherent in the outstanding positions. Nationwide's CSAs are two-way agreements where both parties post collateral dependent on the exposure of the derivative. Collateral (typically cash) is paid or received on a regular basis (typically daily) to mitigate the mark-to-market exposures. CSAs grant legal rights of set off for transactions with the same counterparty. Accordingly, the credit risk associated with such positions is reduced to the extent that negative mark-to-market values offset positive mark-to-market values in the calculation of credit risk within each netting agreement.

Nationwide agrees Global Master Repurchase Agreements with all Securities Financing Transactions counterparties and under these agreements collateral is exchanged to mitigate counterparty risk. Nationwide receives cash in repurchase (repo) transactions and receives securities in reverse-repo transactions. Amounts are adjusted daily to cover changes in the fair value of the underlying securities.

(c) Main types of collateral taken by Nationwide to mitigate credit risk (Article 453 (c) CRR)

Retail: Residential property is the source of collateral for retail mortgages.

Commercial: A first fixed charge over residential real estate is the collateral used to mitigate credit risk inherent in the RSL portfolio.

Treasury: Nationwide typically posts and receives cash to mitigate credit risk arising from derivatives and repo; however, its risk appetite allows for other types of collateral. This includes bonds issued by highly rated Governments, Supranational entities, Sub-Sovereign issuers and Government Agencies. Highly rated covered bonds issued by strong banks are also in appetite.

Covered bonds and securitisations are predominantly secured by residential mortgages. Nationwide also holds covered bonds secured by public sector assets and securitisations backed by other consumer debt types (auto loans, credit cards, etc).

(d) Guarantees and credit derivatives used as credit protection (Article 453 (d) CRR)

Nationwide does not utilise credit derivatives. Some bonds purchased by Treasury for Nationwide's liquidity portfolios benefit from government guarantees. Total exposure to the guarantor governments is capped according to the methodology in the credit policy.

(e) Information about market or credit risk concentrations within the credit mitigation taken (Article 453 (e) CRR)

Concentration risk is defined as the the risk of loss arising from insufficient diversification of region, sector, counterparties or other significant factor.

All lending books are stress tested quarterly using IFRS9 models. This may result in a new concentration being identified that is susceptible to a particular form of stressed scenario.

Board Risk Appetite and the Credit Risk Strategies detail the metrics used to report on concentration risk. For retail exposures, the intrinsic protection against more specific local risks such as industry closures or reduced demand is in the diversification of the portfolio across areas and regions throughout the UK.

Concentration risk for bank counterparties in the Treasury portfolio and single name exposures in the Commercial portfolios is managed and controlled by tiering systems, with limits capped and considered according to a combination of rating, counterparty size and the external environment/market outlook. Credit Committee approve all risk criteria with single large proposals approved by its transactional sub-committee, the Executive Sanctioning Committee.

For Treasury, Nationwide does not rely on credit derivatives and only relies on guarantees as described above in (d). Acceptable collateral is closely aligned to the credit risk appetite governing the Liquid Asset Buffer. Any credit risk mitigation concentrations, should they occur, would be in high quality liquid assets denominated in global reserve currencies.

11.2. UK CR3 - CRM techniques overview: Use of credit risk mitigation techniques

UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques - 04 Apr 2024

		a	b	c	d	e
		Unsecured carrying amount	**Secured carrying amount**			
				Of which secured by collateral	Of which secured by financial guarantees	
£m						Of which secured by credit derivatives
1	Loans and advances	**29,516**	**209,979**	**209,979**	**–**	**–**
2	Debt securities	**26,472**	**–**	**–**	**–**	**–**
3	**Total**	**55,988**	**209,979**	**209,979**	**–**	**–**
4	*Of which non-performing exposures*	**34**	**1,379**	**1,379**	**–**	**–**
5	*Of which defaulted*	**31**	**600**			

UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques - 04 Apr 2023

		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
£m						Of which secured by credit derivatives
1	Loans and advances	31,335	207,437	207,437	–	–
2	Debt securities	27,560	–	–	–	–
3	Total	58,895	207,437	207,437	–	–
4	*Of which non-performing exposures*	49	1,262	1,262	–	–
5	*Of which defaulted*	42	445			

12 Annex XIX | Standardised approach

12.1. UK CRD - Information related to standardised model

(a) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) (Article 444 (a) CRR)

Nationwide uses Standard and Poor's (S&P), Moody's and Fitch as External Credit Assessment Institutions.

(b) The exposure classes for which each ECAI or ECA is used (Article 444 (b) CRR)

ECAI ratings are used for central governments, central banks and some corporate exposures. ECAIs ratings are also used for public sector entities and multilateral development bank exposures that do not have central government guarantees or qualify for 0% risk weights. Nationwide does not use ECAIs for other credit risk exposure classes under the standardised approach.

(c) The process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book (Article 444 (c) CRR)

Nationwide does not have a trading book.

(d) The association of the external rating of each nominated ECAI or ECA with the risk weights that correspond with the credit quality steps (Article 444 (d) CRR)

The ratings from the ECAIs are mapped across to the Credit Quality Step requirements as set out in Commission Implementing Regulation (EU) 2016/1799 of 7 October 2016.

12.2. UK CR4 - standardised approach - Credit risk exposure and CRM effects

UK CR4 – standardised approach – Credit risk exposure and CRM effects - 04 Apr 2024

		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
£m	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
1	Central governments or central banks	40,261	–	40,261	–	736	1.8
2	Regional government or local authorities	1,602	–	1,602	–	0	0.0
3	Public sector entities	1,349	–	1,349	–	19	1.4
4	Multilateral development banks	1,334	–	1,334	–	0	0.0
5	International organisations	1,589	–	1,589	–	0	0.0
6	Institutions	405	–	405	–	81	20.0
7	Corporates	829	97	829	19	171	20.2
8	Retail	3	86	3	21	18	75.0
9	Secured by mortgages on immovable property	6,688	342	6,687	84	2,375	35.1
10	Exposures in default	341	–	342	–	342	100.1
11	Exposures associated with particularly high risk	–	–	–	–	–	–
12	Covered bonds	–	–	–	–	–	–
13	Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–
14	Collective investment undertakings	–	–	–	–	–	–
15	Equity	–	–	–	–	–	–
16	Other items	–	–	–	–	–	–
17	TOTAL	54,401	525	54,401	124	3,742	6.9

UK CR4 – standardised approach – Credit risk exposure and CRM effects - 04 Apr 2023

		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
£m	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet amount	RWAs	RWAs density (%)
1	Central governments or central banks	43,293	–	43,293	–	782	1.8
2	Regional government or local authorities	1,533	–	1,533	–	0	0.0
3	Public sector entities	1,503	–	1,503	–	0	0.0
4	Multilateral development banks	1,280	–	1,280	–	0	0.0
5	International organisations	1,388	–	1,388	–	0	0.0
6	Institutions	359	–	359	–	72	20.0
7	Corporates	831	97	831	20	172	20.2
8	Retail	7	69	7	18	18	75.0
9	Secured by mortgages on immovable property	6,486	277	6,486	73	2,301	35.1
10	Exposures in default	118	–	118	–	118	100.2
11	Exposures associated with particularly high risk	–	–	–	–	–	–
12	Covered bonds	–	–	–	–	–	–
13	Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–
14	Collective investment undertakings	–	–	–	–	–	–
15	Equity	–	–	–	–	–	–
16	Other items	–	–	–	–	–	–
17	TOTAL	56,798	443	56,798	111	3,463	6.1

12.3. UK CR5 - standardised approach

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
UK CR5 – standardised approach - 04 Apr 2024																		
		Risk weight															**Total**	**Of which unrated**
£m	**Exposure classes**	**0%**	**2%**	**4%**	**10%**	**20%**	**35%**	**50%**	**70%**	**75%**	**100%**	**150%**	**250%**	**370%**	**1250%**	**Others**		
1	Central governments or central banks	37,928	–	–	–	2,216	–	–	–	–	–	–	117	–	–	–	40,261	–
2	Regional government or local authorities	1,602	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,602	–
3	Public sector entities	1,254	–	–	–	95	–	–	–	–	–	–	–	–	–	–	1,349	–
4	Multilateral development banks	1,334	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,334	–
5	International organisations	1,589	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,589	–
6	Institutions	–	–	–	–	405	–	–	–	–	–	–	–	–	–	–	405	–
7	Corporates	–	–	–	–	846	–	–	–	–	2	–	–	–	–	–	848	2
8	Retail exposures	–	–	–	–	–	–	–	–	24	–	–	–	–	–	–	24	24
9	Exposures secured by mortgages on immovable property	–	–	–	–	–	6,764	–	–	–	7	–	–	–	–	–	6,771	6,771
10	Exposures in default	–	–	–	–	–	–	–	–	–	341	1	–	–	–	–	342	342
11	Exposures associated with particularly high risk	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Covered bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Units or shares in collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
16	Other items	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	**TOTAL**	43,707	–	–	–	3,562	6,764	–	–	24	350	1	117	–	–	–	54,525	7,139

UK CR5 – standardised approach - 04 Apr 2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk weight															Total	Of which unrated
£m	Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
1	Central governments or central banks	40,788	–	–	–	2,383	–	–	–	–	–	–	122	–	–	–	43,293	–
2	Regional government or local authorities	1,533	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,533	–
3	Public sector entities	1,503	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,503	–
4	Multilateral development banks	1,280	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,280	–
5	International organisations	1,388	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,388	–
6	Institutions	–	–	–	–	359	–	–	–	–	–	–	–	–	–	–	359	–
7	Corporates	–	–	–	–	849	–	–	–	–	2	–	–	–	–	–	851	2
8	Retail exposures	–	–	–	–	–	–	–	–	25	–	–	–	–	–	–	25	25
9	Exposures secured by mortgages on immovable property	–	–	–	–	–	6,551	–	–	–	8	–	–	–	–	–	6,559	6,559
10	Exposures in default	–	–	–	–	–	–	–	–	–	117	1	–	–	–	–	118	118
11	Exposures associated with particularly high risk	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Covered bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Units or shares in collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
16	Other items	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	TOTAL	46,492	–	–	–	3,591	6,551	–	–	25	127	1	122	–	–	–	56,909	6,704

13 Annex XXI | IRB approach to credit risk

13.1. UK CRE - Information related to IRB approach

(a) The competent authority's permission of the approach or approved transition (Article 452 (a) CRR)

In May 2008, the Financial Services Authority (FSA) granted Nationwide permission to use Internal Ratings Based (IRB) approaches for credit risk and capital management. This permission was updated to become a CRR IRB permission from 1 January 2014. The majority of Nationwide's assets are risk weighted using the IRB approach including the majority of owner occupier mortgages, buy to let mortgages, commercial and personal loans, as well as credit cards and overdrafts.

As retail models developed by Nationwide in response new regulation as set out in PS17/21 are yet to be approved by the PRA, an adjustment to the model output has been made to ensure outcomes are consistent with the revised IRB regulations. This does not impact Nationwide's approved IRB model permissions.

(b) The control mechanisms for rating systems at the different stages of model development, controls and changes including (Article 452 (c) CRR):

(i) the relationship between the risk management function and the internal audit function

Nationwide's Internal Audit function provides independent assurance of Nationwide's control framework and in meeting our regulatory and statutory requirements. Internal Audit is independent from the risk management function, reporting to the Chair of the Audit Committee. Internal Audit undertake a comprehensive risk-based audit programme which reviews IRB models and related activity, assessing model developments, model risk management, independent validation and the risk management function's role and activities, on a regular basis. The audits assess whether appropriate controls are in place and operating effectively across all aspects of Nationwide's rating systems including adherence to applicable regulations. The findings of the audit reviews are reported to model owners, senior management, and first and second-line committees; a summary is provided to the Audit Committee.

(ii) the rating system review

Once an IRB model has been approved and implemented it enters a regular cycle of performance monitoring, covering appropriate performance metrics for the portfolio. Frequent and detailed monitoring is reviewed by specialist technical committees and model owners in each product area. This is used to identify and prioritise corrective action for any underperformance, which can include temporary adjustments to the capital requirements. If model performance falls outside expected tolerance, then corrective action may be taken, such as modification, re-calibration or re-development, as appropriate. In addition to reviewing out-of-tolerance performance in detail, the models are reviewed in depth on an annual basis, with the results signed off by the model owner and submitted to Model Risk Oversight (MRO) for independent review, prior to approval by the Model Risk Oversight Committee (MROC). The Credit Committee is provided with a high-level annual summary of the rating system covering the design, assumptions, performance and future developments.

Annually, the Chief Risk Officer attests to the compliance with the applicable Capital Requirements Regulation articles and PRA supervisory statements. To support this, a line-by-line re-assessment of regulatory compliance is undertaken by the modelling team, approved by the model owner, reviewed by MRO, and assurance provided by Internal Audit. The results of the attestation are reported to the PRA and an action plan is put in place to return any gaps to compliance.

Changes to previously approved models are also subject to review and governance; dependent on materiality, these may require regulatory approval or notification prior to implementation. Nationwide has established a specific policy prescribing the internal processes to implement model changes in line with guidance from the PRA.

(iii) procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models

All models are subject to detailed independent validation and verification, designed to confirm that the models are appropriate for regulatory capital calculations and business use. The scope of validation includes data quality assessment, portfolio analysis, statistical assessment, performance testing and compliance with applicable regulatory requirements. Model validations are performed by MRO, which has a separate reporting line from the modelling team and is not involved in the design or operation of the rating systems. MRO is sufficiently resourced with experienced and qualified professionals who provide effective challenge of the models, their outputs and performance.

The findings of the validation, which include recommendation for approval and/or conditions of model use are presented to the Model Risk Oversight Committee (MROC). MROC is responsible for the oversight of model risk delegated from the Executive Risk Committee. MROC, chaired by the Head of MRO, assesses whether models are fit for purpose, and provides endorsement before models are presented to the Credit Committee for approval. As part of the annual review process, the results and recommendations by the first line teams are presented to MROC for approval.

(iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models

The Nationwide Model Risk Framework provides the foundation for the management of model risk in IRB rating systems and is supported by policies and standards covering each stage of the model lifecycle i.e. design, implementation and use. The framework is aligned to PRA SS1/23, prescribing minimum requirements and containing the following key controls:

- assignment of accountability and responsibilities to manage model risk;
- detailed standards that define the expected approaches and activities undertaken at each stage of the model lifecycle;
- defined governance structures and individually delegated authorities that approve or oversee each stage;
- registration of all models in the Society's model inventory and their classification by materiality; and
- an independent MRO function that is organisationally separate from the modelling teams, sets validation standards and undertakes initial and regular validation of models.

Each IRB model is required to have a model owner who is accountable for ensuring models comply with the requirements of the framework covering documentation, development, implementation, validation, change processes, monitoring and reporting on model performance.

The models are approved by Credit Committee, a first-line committee with responsibility for IRB rating systems. Its membership includes the Chief Risk Officer, Chief Credit Officer and Chief Finance Officer, as well as representation from Product, Risk, Oversight and Internal Audit areas. One of the responsibilities of the committee is to approve all material aspects of the IRB models and receive updates on the operation of the rating systems.

(c) The role of the functions involved in the development, approval and subsequent changes of the credit risk models (Article 452 (d) CRR)

See section '13.2 Specific Products & Models' below.

(d) The scope and main content of the reporting related to credit risk models (Article 452 (e) CRR)

Retail

The reporting on the Retail IRB models can be broken down into the monthly tasks that are undertaken to ensure the model performance is in line with expectations, and the annual tasks performed to keep internal and external stakeholders informed of the model performance and its outputs.

The monthly tasks primarily consist of the business as usual (BAU) monitoring of the key model metrics. This monitoring assesses: the quality of data inputs; realised default and loss rates against expectations (back testing of accuracy); the model's ability to determine the relative risk of exposures (discriminatory power); migration across rating grades and extent to which portfolio composition remains stable (stability); the risk profile of the portfolio; and, where applicable, the frequency and magnitude of temporary adjustments applied to model outputs. The monitoring is reviewed by the IRB Modelling team and discussed at the Retail Lending Modelling Forum (RLMF), to determine if the model is performing in line with expectations. Movements in the Pillar 1 capital requirements are explained, assessing whether the resulting level of capital for each portfolio reflects its underlying risk. Attendees to the RLMF include the model owner, representation from the credit risk teams, the IRB modelling team and MRO. In addition to understanding the performance of the models, the monitoring gives further insight into the portfolio, with default and loss rates included in the assessments.

The annual tasks include in-depth reviews of the data and inputs used; the model performance and the internal and external environment; assessments against regulatory requirements; and reporting of outputs in financial reports. The in-depth annual model review is conducted by the Retail IRB modelling team, assessing the validity of model assumptions, and the strengths, limitations and risks of the model in order to determine its appropriateness for future use. Each model is assessed annually to determine its compliance with applicable regulations. The outputs of this review are collated, and once approved by the Chief Risk Officer (CRO), are submitted to the PRA.

Commercial

The reporting undertaken on the Commercial IRB models can be broken down into the monthly tasks that are undertaken to ensure the model performance is in line with expectations, and the annual tasks performed to keep internal and external stakeholders informed of the model performance and its outputs.

The monthly tasks primarily consist of the BAU monitoring of the key model metrics. This monitoring uses various metrics to look at the stability, accuracy and discrimination of the modelling components that are relevant for the specific portfolio and its modelling approach, alongside the quality of the input data. The relevant monitoring measurement by portfolio acknowledges the nature of both the slotting grade approach and the Foundation IRB (F-IRB) PD assignment, alongside the absence of measurable default data for a low-default-portfolio. Throughout the year, monitoring assessments are tracked on a monthly basis within the Credit Risk Management Forum – Wholesale (Commercial) and formally ratified within a quarterly Model Review Forums, which has representation on behalf of the model owner from Credit Risk Measurement alongside Commercial Portfolio Management and Model Risk Oversight teams.

Annually, a formal in-depth review is undertaken into the model performance and the environment it is operating within, alongside compliance assessments against the prevailing regulatory requirements. Through understanding how the models have performed since the prior review period, it can be assessed whether the models are expected to continue to be appropriate.

Treasury

The reporting undertaken on the Treasury IRB model can be broken down into quarterly tasks that are undertaken to ensure the model performance is in line with expectations, and the annual tasks performed to keep internal and external stakeholders informed of the model performance and its outputs.

The quarterly tasks primarily consist of the BAU monitoring of the key model metrics. This monitoring looks at metrics to assess the stability and accuracy of the ratings including benchmarking against external ratings. Data quality checks are also performed on the input data. Throughout the year, performance and development plans are tracked on a monthly basis within the Credit Risk Management Forum - Wholesale (Treasury) with quarterly monitoring assessments formally ratified within the forum where the model owner is a member, alongside oversight and Internal Audit representation.

Annually, a formal in-depth review is undertaken into the model performance and the environment it is operating within, alongside compliance assessments against the prevailing regulatory requirements. Through understanding how the models have performed since the prior review period it can be assessed whether the model is expected to continue to be appropriate.

(e) Internal ratings process by exposure class (Article 452 (f) CRR)

Credit risk models key features

Division	Portfolio	Portfolio RWAs 4 April 2024 (£m)	Model	Model description and methodology	Number of years of loss data	Basel asset class	Applicable industry-wide regulatory thresholds
Retail	Owner Occupied Mortgages[1]	25,781	PD	Accounts are mapped to a PD rating scale using application scores, behavioural scores and arrears status. Each rating grade is assigned a regulatory PD.	> 10 years	Retail exposures secured by residential properties	PD floor of 0.03%
			EAD	Estimated interest added to the account balance prior to default as a downturn view			Floored by existing account balance
			LGD	Internally estimated models predicting possession given default, haircuts and movement in house prices			Portfolio LGD floor of 10%
Retail	Buy-to-Let and Legacy (TMW / UCB) [2]	8,865	PD	Accounts are mapped to a PD rating scale using application scores, behavioural scores and arrears status. Each rating grade is assigned a regulatory PD.	> 10 years	Retail exposures secured by residential properties	PD floor of 0.03%
			EAD	Estimated interest added to the account balance prior to default as a downturn view			Floored by existing account balance
			LGD	Internally estimated models predicting possession given default, haircuts and movement in house prices			Portfolio LGD floor of 10%
Retail	Credit Card	1,574	PD	Accounts are mapped to a PD rating scale using application and behavioural scores. Each rating grade is assigned a regulatory PD.	> 10 years	Qualifying Revolving Retail Exposure	PD floor of 0.03%
			EAD	Accounts are segmented based on behavioural indicators. Internally estimated models output the account-level EAD.			
			LGD	Internally estimated recovery curves segmented by default status and type, and based upon actual recoveries.			
Retail	Current Accounts	841	PD	Accounts are mapped to a PD rating scale using application and behavioural scores. Each rating grade is assigned a regulatory PD.	> 10 years	Qualifying Revolving Retail Exposure	PD floor of 0.03%
			EAD	Accounts are segmented based on behavioural indicators. Internally estimated models output the account-level EAD.			
			LGD	Internally estimated recovery curve based on default status and type, and predicted default type for non-defaulted accounts.			
Retail	Personal Loans	2,334	PD	Accounts are mapped to a PD rating scale using application and behavioural scores. Each rating grade is assigned a regulatory PD.	> 10 years	Other Retail Exposures	PD floor of 0.03%
			EAD	The account-level EAD is the balance at observation.			
			LGD	Internally estimated recovery curves model based on loan term and actual recoveries, are used to estimate LGD.			
Treasury	Institutions	644	Risk Calc Model	Model comprises of two components: (1) an "off-the-shelf" quantitative component, which uses only standard financial information; and (2) a bespoke qualitative component, which provides a framework to capture additional factors that effect a counterparty's credit risk.	> 10 years	Institutions	PD floor of 0.03%
Treasury	Institutions: Counterparty Credit Risk	278				Institutions: Counterparty Credit Risk	
Commercial	RSL Housing	1,337	RSL Housing PD Model	PD model based on expert judgement and inputs from financial accounts and borrower specific drivers. The model calibration is based on a conservative supervisory approved approach	N/A - Low Default Portfolio	Corporates	PD floor of 0.03%
Commercial	Project Finance	275	Project Finance Slotting Model	Slotting approach model based on Supervisory criteria for Project Finance exposures, which map to 5 grades with predefined risk weights from Strong to Default	N/A - Low Default Portfolio	Corporates - Specialised Lending	-
Commercial	Income Producing Real Estate (IPRE)	198	IPRE Slotting Model	Slotting approach model based on Supervisory criteria for IPRE exposures, which map to 5 grades with predefined risk weights from Strong to Default	> 10 years	Corporates - Specialised Lending	-

[1] Owner-Occupied Mortgages was previously named Prime Mortgages

[2] Buy to let and Legacy was previously named to as Specialist Mortgages. No model changes or account migration between the Owner-Occupied and Buy to let and Legacy rating systems has occurred due to the change in the naming convention of the portfolios

13.2. Specific products & models

Retail IRB credit risk model performance

Roles and responsibilities

The responsibility for the development, monitoring and maintenance of the Retail IRB model suites rests with the Retail IRB Modelling team, on behalf of the Model Owner. The approval of the rating systems and their changes is within the remit of Credit Committee, whose members include the Credit Risk Officer, Chief Credit Officer, Chief Finance Officer and the heads of multiple business areas, including Retail Modelling and Portfolio Management functions, alongside attendees from Oversight and Internal Audit. During the approval process the Committee will consider input from the modelling team, the independent Model Risk Oversight team, Internal Audit and any other salient points.

Before models and any model changes are presented to Credit Committee for approval, they are first presented to the Model Risk Oversight team to independently verify and validate the models. The input data, model approach, assumptions and performance are assessed by an independent team. Following the independent validation, the model will be presented at the Model Risk Oversight Committee for endorsement, which provides feedback directly to Credit Committee.

To ensure that IRB outputs continue to meet expectations of revisions to IRB regulations, such as the EBA 'IRB Roadmap' and updates to PRA SS11/13 'Internal Ratings Based approaches', a temporary adjustment process is in place with approval authority by Nationwide's Credit Committee, to adjust IRB outputs until new models and model changes are approved. Temporary adjustments may also be required where material model performance issues are detected.

Retail Secured Mortgages

Retail mortgages include both Owner Occupied (OO), and Buy-to-Let (BTL) and legacy portfolios. By nature of the product, the retail mortgage portfolios are secured against immoveable residential real estate, with the property being the collateral for the loan. Bespoke rating systems have been developed for the OO and the BTL & Legacy portfolios, which currently use a primarily Point in Time (PiT) rating philosophy to estimate regulatory PD within the capital formula. Accounts are expected to migrate across grades as the economy moves through the cycle.

Definition of Default (DoD): The primary driver of the definition of default is payments past due. Under the current secured models, accounts that are identified as being distressed restructured are not treated as being in default, unless they meet any other default criteria, with the default definition including factors such as bankruptcy and litigation or possession, in addition to payments past due. Future developments to align with the EBA 'IRB Roadmap', will consider more expansive default definitions.

Probability of Default (PD): For early month on book populations, loans are assigned a PD based on their application score, after which a behavioural score is used. The scorecards utilise a range of obligor and transactional characteristics, including delinquency history (where loans are in arrears), loan-to-value (LTV) ratio, employment type and debt-to-income ratios.

The final scorecard scores are applied and recalculated on a monthly basis and accounts mapped to rating grades using the score, based on pre-defined (calibrated) score thresholds for the performing cases only. Delinquent cases are mapped to the delinquent part of the rating scale, based on the months in arrears status of the account. The PD estimates have remained stable over the last 12 months, with a slight upward trend emerging due to a migration in the underlying data. Back testing demonstrates that PiT PD estimates remain relatively aligned to the actuals, due to the design of the model, with marginal underprediction observed. The regulatory PD is based on the PiT PD and includes an uplift, which adds the necessary conservatism to the regulatory PD. Despite the upward trend, there are no concerns with the conservatism of the regulatory PD, because of the way the estimate is designed for use.

Exposure at Default (EAD): This predicts the balance at the point of default, adjusting the starting balance to include the potential for additional months' interest. An additional adjustment is made to cater for potential draw-down of overpayments for the eligible population i.e., those on a 'Borrowback' mortgage who have overpaid. This approach assumes that the account balance does not reduce between observation and default. The models have been developed on a single month of observation and the performance of the models is validated through time. The EAD estimates have remained accurate across the recent reporting period, with the exception of a small number of outliers.

Loss Given Default (LGD): This is calculated at property level via a two-stage modelling process. The first part of the modelling process predicts the likelihood of a defaulted mortgage account flowing into possession, which is driven by the LTV of the property. The second part of the process estimates the forced sale discount, or loss of property value, that will occur in the event of repossession. This is based on changes that have historically been observed in UK house prices and property type. It takes into account the value of the property at the point of observation, which is calculated and monitored on a regular basis, using market data from known property valuations in the area, and then forecasts forwards the likely sale price using internal HPI data. These two models are then combined to provide an estimate of loss given that a mortgage account will default. Where properties are repossessed and sold following default, the time from default to sale is on average between 12 and 15 months. Only a small proportion of defaulted accounts progress to a forced sale, with the vast majority of accounts returning to a non-default status within 24 months. While LGD estimates had been reducing over the past year, HPI forecasts which have been revised downwards mean that there has been an upward trend in recent months.

Temporary adjustments are currently in place for OO and BTL mortgage portfolios, increasing Risk Weighted Assets to meet expectations of the EBA 'IRB Roadmap' and corresponding PRA SS11/13 regulation.

Retail Unsecured Lending

Retail unsecured exposures include the personal loan, credit card and current account portfolios, with bespoke rating systems in use for each portfolio. The unsecured rating systems use a Point in Time (PiT) rating philosophy to estimate regulatory PD and capital. Accounts are expected to migrate across rating grades as the economy moves through the cycle.

Definition of Default (DoD): The primary driver of the unsecured definition of default is days past due, with the current applications of distressed restructuring providing a small increase. Additionally, accounts that are charged off, in bankruptcy or an IVA (Individual Voluntary Agreement) are also considered to be in default. Future model developments for personal loans and credit cards will align with the EBA 'IRB Roadmap', using more expansive default definitions. The current account portfolio already uses a more expansive default definition, aligned to the EBA 'IRB Roadmap', incorporating further unlikeliness to pay indicators.

The personal loans and credit card rating systems identify accounts on payment plans where interest is suspended, as distressed restructures and in default. The current accounts rating system identifies accounts that are forborne as in default.

Probability of Default (PD): Accounts are assigned a PD score based on one of several distinct portfolio-specific scorecards. The scorecard segments are allocated by hierarchy, with segmentation largely driven by different behaviour exhibited by each segment. Key data variables of the scorecards include utilisation, arrears, the exposure value of the account, cross-product internal data and data available from the credit bureau. The scorecards were developed using a single month of observation data, used to determine the variables and their weights. An automated quarterly realignment of the PD scorecards is implemented for all the unsecured rating systems, considering the most recent actual default rates.

The scores derived from scorecards are translated into a PD, which is used to assign accounts to a rating scale. The allocation of accounts to the rating scale changes monthly as accounts are rescored using the latest data available; each discrete rating grade has an associated fixed PiT and Regulatory PD. Table UK CR9 shows that the PD estimates continue to rank order across the rating scale, and the distribution across grades is broadly stable. Back-testing demonstrates that PD estimates remain conservative compared to the actual default rates. Underestimation observed in lower risk grades for the personal loans and credit card books is being mitigated by automated quarterly realignments in place since November 2019 and October 2022 respectively. Back-testing of the personal loans and credit cards PiT PD shows minor differences between the actual default rate and the PD estimates, with both metrics changing as a result of the 'Cost of living Crisis', and by internal strategies to enhance the operational processes supporting accounts that have moved to an arrears status. The current account portfolio PD model has a similar model design. However, there was a sharp increase in both actual default rates and PD estimates as a result of granting c. 39k accounts an interest suppression in December 2022, of which c. 25k were classed as regulatory default. As these additional defaults have now flowed out of the not-in-default population, both the actual default rates and PD estimates have now decreased once more, with accuracy maintained using automated quarterly realignments. For all unsecured products, the regulatory PD is based on the PiT PD and includes a buffer, which adds the necessary conservatism to the regulatory PD.

Exposure at Default (EAD): For personal loans, the Downturn (DT) EAD is simply calculated as the current balance of the loan at month end; as this is a fixed term product, there is no requirement to reflect further credit conversion and this simple calculation provides an appropriate degree of conservatism. For the credit cards and current accounts DT EAD model, the account-level estimates are derived using multiple regressions and downturn assumptions for several distinct segments of the portfolio where the behaviour and predictive characteristics differ. The key variables used in the credit card and current account EAD models focus on the current balance and limit of the accounts, with DT uplifts provided based on how the actual default exposure has changed through time. Across the rating systems the DT EAD outputs assume that the balance of an account will not decrease between observation and default, and that the relationships derived during the development continue to be valid. These assumptions are tested through the monthly and annual monitoring tasks that are undertaken to verify that they remain appropriate. For both of these rating systems, the models are developed using a single observation month, with validation of the outcomes considering the performance of the models through time. The accuracy and appropriateness of the approach continue to be monitored on an ongoing basis through both the monthly monitoring and the annual review of the model, with Downturn EAD remaining conservative against actuals. There is an additional temporary adjustment in place for the current account portfolio, due to inaccuracies observed in the PiT EAD model that reduce conservatism compared to the original model design. The inaccuracies are largely caused by changes to limit management strategies first implemented due to the Covid-19 pandemic. An automated quarterly realignment process is to be implemented (subject to regulatory notification), with the view to removing this temporary adjustment before January 2025.

Loss Given Default (LGD): The unsecured models do not input the average time to closure to determine loss for accounts. The LGD for personal loans and credit cards is calculated using recovery curves from the point of default, which measure the percentage of the default balance remaining outstanding for each month post default. At the observation point, accounts are assigned to distinct recovery segments to predict future expected recoveries. The cost of recoveries and discounting are applied to each point of the curve to calculate LGD. Fixed 120-month PiT LGD estimates are applied monthly depending upon whether an account is performing or not, further segmented by the number of months remaining in the loan term (personal loans) or whether or not a payment plan is in effect (credit cards). DT LGD takes a historically conservative point from the distribution and applies the above methodology to derive the estimate. This is monitored by comparing the cohort-level observed balances post default to the PiT and DT LGD estimates, to determine whether the model outputs continue to be accurate and/or conservative. Assessments are made during the annual review process to consider how an extra 12 months of data impacts the model estimates, and whether the live estimates continue to be appropriate for the portfolio.

Within the current accounts portfolio, a similar methodology to the other unsecured rating systems is used for the in-default population, with the primary difference being that the recoveries are taken over a 60-month outcome window. The models track the recoveries of defaulted accounts for up to 120 months to determine their final status, including closure. The in-default population model has two segments, based on the default reason of the account. For the not-in-default population, a scorecard is used to assign the likelihood of each account defaulting as a forbearance default. This probability is then used in conjunction with recovery curves to assign an LGD weighted by the probability of being in each of the in-default segments.

Temporary adjustments are currently in place for personal loans, credit cards and current account portfolios, increasing Risk Weighted Assets to meet expectations of the EBA 'IRB Roadmap' and corresponding PRA SS11/13 regulation. A temporary adjustment is in place for the current account portfolio due to inaccuracies in the PiT EAD models as outlined in the EAD section above.

Commercial

Three IRB models are used to support the Commercial lending portfolios; Registered Social Landlords (RSL), Project Finance Initiatives (PFI) and Income Producing Real Estate (IPRE), which were adopted for capital reporting from 2013.

The Registered Social Landlords portfolio is measured on a Foundation IRB (F-IRB) approach, so only PD estimates are modelled. LGD and EAD estimates under the F-IRB approach are determined in accordance with standard parameters set by the regulator rather than using internal estimates. The RSL model produces PD estimates but to date no defaults have been recorded against the portfolio. PD estimates are based on an expert judgment scorecard to rank order borrowers to one of 21 performing grades, with a further grade (22) reserved for any defaulted exposures. The model contains a range of drivers including the size of the borrower, strength of management/board, viability ratings and financial ratios based on annual accounts. Table UK CR9 sets out the results of PD back-testing.

Given the lack of default history on the Registered Social Landlords portfolio, the model qualifies for treatment as a Low Default Portfolio (LDP) and the PDs are based on the industry benchmark approach defined by Pluto and Tasche, designed to produce appropriately conservative PDs. Given no defaults have been experienced for the duration of Nationwide's lending to Registered Social Landlords the observed default rate for validation of the F-IRB PD is zero. The Basel floor of 0.03% is applied to the PD scale used for the RSL portfolio. The Credit Conversion Factor (CCF) and LGD estimates are based on regulatory parameters provided under the F-IRB approach and adjusted for credit risk mitigation benefits. The EADs are based upon 100% of the drawn balance and any interest rate hedge exposure plus 75% of any undrawn commitments. The LGDs are assigned between 35% and 45% dependent upon the qualification for credit risk mitigation, which considers the recency of the property collateral valuation and the ratio of collateral to the drawn exposure.

The PFI and IPRE models adopt the Specialised Lending (Slotting) methodology in PRA Supervisory Statement SS11/13 'Internal Ratings Based approaches'. These models do not use internal estimates of Probability of Default (PD) and Loss Given Default (LGD) to calculate capital, instead they use regulatory prescribed risk weights and expected loss percentages. As a result, measures of model performance for PD and LGD are not applicable. Regular monitoring appropriate for the Specialised Lending methodology has been developed and indicates the models continue to perform as expected. Outputs of the model monitoring are shared with internal committees on a monthly basis, with an expert group meeting quarterly to discuss model monitoring and address any model performance issues.

The supervisory slotting approach has been specifically designed for portfolios where evidencing fully compliant PD estimates may not be viable. Under this approach, a number of prescribed factors (financial strength, asset characteristics, strength of sponsor, security package, transaction structure and political/legal environment) are weighted to produce an overall model score which is then mapped to one of four supervisory risk grades - Strong, Good, Satisfactory and Weak - with a separate grade for defaulted borrowers.

All three commercial models are subject to a monitoring process and annual review to ensure they continue to provide appropriately prudent risk estimates and that they remain fit for purpose. Over the last 12 months all the models have performed in line with expectations and predetermined standards.

Treasury

As Treasury credit risks (for Institutions) are measured on a Foundation IRB (F-IRB) basis, the only modelled parameter is PD. The estimated PDs for Treasury portfolios can be found in Table UK CR9 (no defaults have been recorded against this portfolio in the year to 5 April 2024).

An F-IRB model is used to determine PDs for Treasury's exposures to institutions. The model consists of two key elements, a statistically driven quantitative financial strength rating and a qualitative overlay. Under the F-IRB approach, regulatory parameters are used for LGD and credit conversion factors applicable to commitments.

The quantitative rating of the model is underpinned by a model application provided by Moody's (RiskCalc Bank). The qualitative overlay is applied to the quantitative rating by the Treasury Credit Risk (TCR) function to account for factors that may not be reflected in published financial information, such as recent changes in operating conditions or business-specific factors. This adjustment will also incorporate any external (or internal) support mechanisms that would take effect in the event of the counterparty encountering financial difficulties. The model generates a long-term rating by combining the quantitative and qualitative factors. The output is a numerical rating ranging from 1 to 22, with grades 1 to 10 equating to investment grade status and grade 22 representing default.

Developments in the year & Outlook

The delivery of new capital models that comply with the IRB roadmap regulations, which came into effect on 1 January 2022, remains a priority and is in line with the PRA timetable. As detailed in this section, temporary adjustments are currently made to risk weighted assets and expected loss amounts, ensuring the Society's minimum capital requirements reflect IRB roadmap expectations.

In May 2024, the PRA supervisory statement 'Model risk management principles for banks' came into effect. Readiness for this implementation date has been a key focus in 2023/24, with a number of model risk management enhancements delivered in anticipation of the regulation.

The PRA is expected to publish final rules on the implementation of Basel 3.1 in Q2 2024. Once published, these will inform Nationwide's model redevelopment and maintenance plans for capital models, including any required changes. Further information on capital impacts are detailed in Section 1.3.

13.3. UK CR6 - IRB approach - Credit risk exposures by exposure class and PD range

Retail - Secured by immovable property Non-SME[1]

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - A-IRB - Secured by property Non-SME - 04 Apr 2024

a A-IRB £m PD range	b On-balance sheet exposures	c Off-balance-sheet exposures pre-CCF	d Exposure weighted average CCF (%)	e Exposure post CCF and post CRM	f Exposure weighted average PD (%)[2]	g Number of obligors	h Exposure weighted average LGD (%)	i Exposure weighted average maturity (years)	j Risk weighted exposure amount after supporting factors	k Density of risk weighted exposure amount (%)	l Expected loss amount	m Value adjust-ments and provisions
Exposure Class - Secured by property Non-SME												
0.00 to <0.15	131,839	14,497	53	144,749	0.05	1,064,308	9.5	–	18,890	13	146	(26)
0.00 to <0.10	118,454	13,315	52	129,966	0.04	929,289	9.5	–	16,831	13	130	(20)
0.10 to <0.15	13,385	1,182	64	14,783	0.14	135,019	9.5	–	2,059	14	16	(6)
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
0.25 to <0.50	50,672	1,917	90	54,649	0.29	366,761	15.0	–	9,980	18	84	(74)
0.50 to <0.75	5,071	256	80	5,490	0.64	41,336	13.9	–	1,334	24	13	(17)
0.75 to <2.50	3,383	170	85	3,671	1.47	29,728	12.5	–	1,174	32	13	(17)
0.75 to <1.75	2,428	107	87	2,628	1.15	20,326	13.5	–	869	33	10	(14)
1.75 to <2.5	955	63	81	1,043	2.26	9,402	9.9	–	305	29	3	(3)
2.50 to <10.00	2,062	59	93	2,206	5.19	18,275	12.3	–	1,245	56	20	(40)
2.5 to <5	1,487	55	92	1,606	3.80	13,372	12.9	–	845	53	12	(28)
5 to <10	575	4	100	600	8.92	4,903	10.5	–	400	67	8	(12)
10.00 to <100.00	864	10	94	899	36.69	7,502	10.2	–	966	107	17	(34)
10 to <20	137	8	93	150	16.50	1,421	8.4	–	89	59	1	(2)
20 to <30	401	2	100	417	24.36	3,308	10.7	–	403	97	11	(15)
30.00 to <100.00	326	0	100	332	61.29	2,773	10.3	–	474	143	5	(17)
100.00 (Default)	475	1	10	475	100.00	3,999	11.2	–	1,056	222	12	(46)
Subtotal (exposure class)	**194,366**	**16,910**	**58**	**212,139**	**0.58**	**1,531,909**	**11.1**	**–**	**34,645**	**16**	**305**	**(254)**

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - A-IRB - Secured by property Non-SME - 04 Apr 2023

a A-IRB £m PD range	b On-balance sheet exposures	c Off-balance-sheet exposures pre-CCF	d Exposure weighted average CCF (%)	e Exposure post CCF and post CRM	f Exposure weighted average PD (%)	g Number of obligors	h Exposure weighted average LGD (%)	i Exposure weighted average maturity (years)	j Risk weighted exposure amount after supporting factors	k Density of risk weighted exposure amount (%)	l Expected loss amount	m Value adjust-ments and provisions
Exposure Class - Secured by property Non-SME												
0.00 to <0.15	140,218	12,632	47	151,721	0.04	1,123,444	9.9	–	20,040	13	152	(33)
0.00 to <0.10	133,090	12,009	47	143,815	0.04	1,019,456	9.8	–	18,740	13	142	(27)
0.10 to <0.15	7,128	623	49	7,906	0.14	103,988	11.9	–	1,300	16	10	(6)
0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
0.25 to <0.50	38,718	855	86	41,253	0.29	310,274	12.0	–	6,870	17	58	(62)
0.50 to <0.75	5,031	190	75	5,388	0.64	41,342	14.2	–	1,348	25	13	(20)
0.75 to <2.50	3,285	119	81	3,522	1.45	29,435	12.1	–	1,222	35	14	(12)
0.75 to <1.75	2,415	74	85	2,586	1.16	20,403	13.3	–	914	35	12	(10)
1.75 to <2.5	870	45	74	936	2.26	9,032	8.9	–	308	33	2	(2)
2.50 to <10.00	2,004	40	90	2,128	5.15	18,218	11.8	–	1,278	60	18	(31)
2.5 to <5	1,446	37	89	1,547	3.73	13,452	12.5	–	862	56	11	(24)
5 to <10	558	3	100	581	8.93	4,766	9.7	–	416	72	7	(7)
10.00 to <100.00	741	7	96	771	35.60	6,588	9.7	–	797	103	13	(22)
10 to <20	145	6	95	156	16.50	1,507	8.4	–	96	62	–	(1)
20 to <30	329	1	100	342	24.16	2,738	10.1	–	350	102	8	(8)
30.00 to <100.00	267	–	100	273	60.87	2,343	10.0	–	351	129	5	(13)
100.00 (Default)	350	–	10	350	100.00	3,263	10.3	–	625	179	8	(48)
Subtotal (exposure class)	190,347	13,843	50	205,133	0.49	1,532,564	10.5	–	32,180	16	276	(228)

Notes:
[1] RWA and expected loss amounts include the impact of temporary adjustments applied to meet revised IRB regulations (see 'Retail secured mortgages' in section 13.2). All other metrics in the table remain unadjusted and in line with incumbent IRB models
[2] The increase in the overall exposure weighted average PD aligns with the observed increases in portfolio arrears rates

Retail - Qualifying Revolving[1]

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - A-IRB - Qualifying Revolving - 04 Apr 2024

a	b	c	d	e	f	g	h	i	j	k	l	m
A-IRB £m PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF (%)	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjustments and provisions
Exposure Class - Qualifying Revolving												
0.00 to <0.15	358	7,514	63	7,068	0.05	7,650,260	79.1	–	202	3	3	(12)
0.00 to <0.10	355	7,351	61	6,704	0.04	6,606,733	79.1	–	182	3	3	(10)
0.10 to <0.15	3	163	123	364	0.10	1,043,527	78.5	–	20	6	–	(2)
0.15 to <0.25	144	1,202	70	1,134	0.18	1,200,668	79.3	–	110	10	2	(7)
0.25 to <0.50	182	768	72	890	0.37	1,000,090	79.1	–	156	18	3	(11)
0.50 to <0.75	156	309	67	365	0.69	96,428	79.6	–	108	30	3	(8)
0.75 to <2.50	213	338	83	597	1.26	696,622	79.1	–	274	46	7	(20)
0.75 to <1.75	213	338	83	597	1.26	696,622	79.1	–	274	46	7	(20)
1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
2.50 to <10.00	431	193	101	604	4.17	264,469	79.4	–	666	110	26	(50)
2.5 to <5	220	123	85	330	2.85	147,265	79.4	–	285	86	10	(24)
5 to <10	211	70	130	274	5.77	117,204	79.3	–	381	139	16	(26)
10.00 to <100.00	204	40	205	240	23.53	121,365	79.3	–	566	236	56	(56)
10 to <20	102	27	133	123	11.36	55,180	79.4	–	254	207	14	(22)
20 to <30	53	9	224	63	22.72	37,594	79.3	–	176	279	15	(16)
30.00 to <100.00	49	4	615	54	52.13	28,591	79.1	–	136	251	27	(18)
100.00 (Default)	143	37	–	143	100.00	117,380	79.7	–	333	233	119	(95)
Subtotal (exposure class)	**1,831**	**10,401**	**66**	**11,041**	**2.20**	**11,147,282**	**79.2**	**–**	**2,415**	**22**	**219**	**(259)**

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - A-IRB - Qualifying Revolving - 04 Apr 2023

a	b	c	d	e	f	g	h	i	j	k	l	m
A-IRB £m PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF (%)	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjustments and provisions
Exposure Class - Qualifying Revolving												
0.00 to <0.15	331	7,532	61	6,878	0.04	7,027,112	83.0	–	195	3	3	(9)
0.00 to <0.10	328	7,364	60	6,562	0.04	6,216,265	82.8	–	177	3	3	(7)
0.10 to <0.15	3	168	88	316	0.10	810,847	87.6	–	18	6	–	(2)
0.15 to <0.25	133	1,191	68	1,101	0.18	1,069,702	81.9	–	108	10	2	(5)
0.25 to <0.50	180	787	70	887	0.37	949,606	82.8	–	158	18	3	(10)
0.50 to <0.75	154	328	67	374	0.69	99,435	79.6	–	111	30	3	(7)
0.75 to <2.50	198	321	100	624	1.27	967,837	83.8	–	303	49	8	(21)
0.75 to <1.75	198	321	100	624	1.27	967,837	83.8	–	303	49	8	(21)
1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
2.50 to <10.00	432	204	113	646	4.16	408,292	81.5	–	714	111	27	(65)
2.5 to <5	218	132	100	358	2.87	255,395	81.4	–	309	86	10	(29)
5 to <10	214	72	138	288	5.76	152,897	81.7	–	405	141	17	(36)
10.00 to <100.00	197	42	164	234	22.25	115,646	81.3	–	730	311	78	(76)
10 to <20	104	28	123	128	11.30	60,865	80.9	–	301	234	17	(33)
20 to <30	50	10	174	59	22.55	33,646	81.3	–	234	393	19	(22)
30.00 to <100.00	43	4	405	47	52.11	21,135	82.2	–	195	420	42	(21)
100.00 (Default)	148	34	–	148	100.00	136,639	75.2	–	373	252	117	(95)
Subtotal (exposure class)	1,773	10,439	65	10,892	2.26	10,774,269	82.6	–	2,692	25	241	(288)

Note:
[1] RWA and expected loss amounts include the impact of temporary adjustments applied to meet revised IRB regulations (see 'Retail unsecured lending' in section 13.2). All other metrics in the table remain unadjusted and in line with incumbent IRB models

Retail - Other (Personal Loans)[1]

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - A-IRB - Retail Other - 04 Apr 2024

a	b	c	d	e	f	g	h	i	j	k	l	m
A-IRB £m PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF (%)	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjust-ments and provisions
Exposure Class - Retail Other (Personal loans)												
0.00 to <0.15	208	–	–	208	0.08	53,130	72.1	–	85	41	–	–
0.00 to <0.10	208	–	–	208	0.08	53,130	72.1	–	85	41	–	–
0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.15 to <0.25	235	–	–	235	0.17	39,061	75.0	–	133	56	1	(1)
0.25 to <0.50	388	2	100	390	0.34	56,816	76.3	–	287	73	2	(2)
0.50 to <0.75	441	3	100	444	0.69	59,429	77.5	–	415	93	5	(4)
0.75 to <2.50	365	4	100	369	1.38	48,389	78.0	–	398	108	7	(7)
0.75 to <1.75	365	4	100	369	1.38	48,389	78.0	–	398	108	7	(7)
1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
2.50 to <10.00	429	7	100	436	3.84	63,347	77.8	–	553	127	18	(20)
2.5 to <5	259	4	100	262	2.75	37,317	77.8	–	318	121	8	(9)
5 to <10	170	3	100	174	5.50	26,030	77.8	–	235	136	10	(11)
10.00 to <100.00	160	2	100	162	22.16	26,921	77.2	–	275	170	32	(28)
10 to <20	92	2	100	94	11.00	15,078	77.5	–	146	155	9	(7)
20 to <30	35	0	100	35	22.00	6,041	76.9	–	66	189	7	(7)
30.00 to <100.00	33	–	–	33	54.48	5,802	76.6	–	63	191	16	(14)
100.00 (Default)	128	–	–	128	100.00	19,561	81.5	–	188	148	105	(115)
Subtotal (exposure class)	2,354	18	100	2,372	8.02	366,654	76.9	–	2,334	98	170	(177)
Total (all A-IRB exposures classes)	198,551	27,329	61	225,552	0.74	13,045,845	15.2	–	39,394	17	694	(690)

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - A-IRB - Retail Other - 04 Apr 2023

a	b	c	d	e	f	g	h	i	j	k	l	m
A-IRB £m PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF (%)	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjust-ments and provisions
Exposure Class - Retail Other (Personal loans)												
0.00 to <0.15	246	–	–	246	0.08	56,364	72.7	–	101	41	1	–
0.00 to <0.10	246	–	–	246	0.08	56,364	72.7	–	101	41	1	–
0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
0.15 to <0.25	329	1	100	331	0.17	49,222	75.9	–	186	56	1	(1)
0.25 to <0.50	426	3	100	429	0.34	59,420	77.0	–	307	72	3	(2)
0.50 to <0.75	516	5	100	520	0.69	64,727	77.9	–	472	91	6	(6)
0.75 to <2.50	342	5	100	347	1.38	46,309	77.8	–	363	105	6	(8)
0.75 to <1.75	342	5	100	347	1.38	46,309	77.8	–	363	105	6	(8)
1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
2.50 to <10.00	422	10	100	432	3.86	62,004	77.8	–	534	124	18	(23)
2.5 to <5	252	6	100	258	2.75	36,205	77.8	–	304	118	8	(10)
5 to <10	170	4	100	174	5.50	25,799	77.6	–	230	132	10	(13)
10.00 to <100.00	168	4	100	172	22.11	27,840	77.4	–	289	169	33	(25)
10 to <20	96	3	100	99	11.00	15,559	77.6	–	151	153	10	(3)
20 to <30	39	1	100	40	22.00	6,690	77.3	–	76	190	7	(9)
30.00 to <100.00	33	–	–	33	56.00	5,591	76.9	–	62	191	16	(13)
100.00 (Default)	131	–	–	131	100.00	19,718	81.6	–	201	153	107	(115)
Subtotal (exposure class)	2,580	28	100	2,608	7.53	385,604	77.1	–	2,453	94	175	(180)
Total (all A-IRB exposures classes)	194,700	24,310	57	218,633	0.66	12,692,437	14.9	–	37,325	17	692	(696)

Note:

[1] RWA and expected loss amounts include the impact of temporary adjustments applied to meet revised IRB regulations (see 'Retail unsecured lending' in section 13.2). All other metrics in the table remain unadjusted and in line with incumbent IRB models

Institutions

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - F-IRB - Institutions - 04 Apr 2024

a		b	c	d	e	f	g	h	i	j	k	l	m
F-IRB £m	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF (%)	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjust-ments and provisions
Exposure Class -Institutions													
	0.00 to <0.15	3,470	–	–	3,470	0.06	45	31.6	3	644	19	1	–
	0.00 to <0.10	3,228	–	–	3,228	0.05	42	33.1	3	616	19	1	–
	0.10 to <0.15	242	–	–	242	0.10	3	11.3	4	28	12	–	–
	0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
	0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal (exposure class)		**3,470**	**–**	**–**	**3,470**	**0.06**	**45**	**31.6**	**3**	**644**	**19**	**1**	**–**

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - F-IRB - Institutions - 04 Apr 2023

a		b	c	d	e	f	g	h	i	j	k	l	m
F-IRB £m	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF (%)	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjust-ments and provisions
Exposure Class -Institutions													
	0.00 to <0.15	3,579	–	–	3,579	0.06	44	33.3	3	718	20	1	–
	0.00 to <0.10	3,202	–	–	3,202	0.05	39	35.7	3	673	21	1	–
	0.10 to <0.15	377	–	–	377	0.10	5	12.4	3	45	12	–	–
	0.15 to <0.25	56	–	–	56	0.15	1	11.3	4	8	14	–	–
	0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal (exposure class)		3,635	–	–	3,635	0.06	45	32.9	3	726	20	1	–

Corporates SME

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - F-IRB - Corporates SME - 04 Apr 2024

a		b	c	d	e	f	g	h	i	j	k	l	m
F-IRB £m	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF (%)	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjust-ments and provisions
Exposure Class - Corporates SME													
	0.00 to <0.15	458	55	75	499	0.04	118	39.3	5	90	18	–	–
	0.00 to <0.10	458	55	75	499	0.04	118	39.3	5	90	18	–	–
	0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
	0.15 to <0.25	15	–	–	15	0.17	6	44.7	5	7	43	–	–
	0.25 to <0.50	6	–	–	6	0.35	1	45.0	5	4	60	–	–
	0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal (exposure class)		479	55	75	520	0.05	125	39.5	5	101	19	–	–

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - F-IRB - Corporates SME - 04 Apr 2023

a		b	c	d	e	f	g	h	i	j	k	l	m
F-IRB £m	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF (%)	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount (%)	Expected loss amount	Value adjust-ments and provisions
Exposure Class - Corporates SME													
	0.00 to <0.15	441	31	75	464	0.04	125	39.7	5	85	18	–	–
	0.00 to <0.10	441	31	75	464	0.04	125	39.7	5	85	18	–	–
	0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
	0.15 to <0.25	0	–	–	0	0.17	3	45.0	5	0	40	–	–
	0.25 to <0.50	6	–	–	7	0.43	1	45.0	5	4	65	–	–
	0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal (exposure class)		447	31	75	471	0.05	129	39.8	5	89	19	–	–

Corporates Other (Non-SME)

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - F-IRB - Corporates Other - 04 Apr 2024

a F-IRB £m	PD range	b On-balance sheet exposures	c Off-balance-sheet exposures pre-CCF	d Exposure weighted average CCF (%)	e Exposure post CCF and post CRM	f Exposure weighted average PD (%)	g Number of obligors	h Exposure weighted average LGD (%)	i Exposure weighted average maturity (years)	j Risk weighted exposure amount after supporting factors	k Density of risk weighted exposure amount (%)	l Expected loss amount	m Value adjust-ments and provisions
Exposure Class - Corporates Other													
	0.00 to <0.15	**3,955**	**1,591**	**75**	**5,148**	**0.04**	**94**	**37.2**	**5**	**1,236**	**24**	**1**	**(1)**
	0.00 to <0.10	**3,955**	**1,591**	**75**	**5,148**	**0.04**	**94**	**37.2**	**5**	**1,236**	**24**	**1**	**(1)**
	0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
	0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
	0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal (exposure class)		**3,955**	**1,591**	**75**	**5,148**	**0.04**	**94**	**37.2**	**5**	**1,236**	**24**	**1**	**(1)**
Total (all F-IRB exposures classes)		**7,904**	**1,646**	**75**	**9,138**	**0.04**	**264**	**35.2**	**4**	**1,981**	**22**	**2**	**(1)**

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range - F-IRB - Corporates Other - 04 Apr 2023

a F-IRB £m	PD range	b On-balance sheet exposures	c Off-balance-sheet exposures pre-CCF	d Exposure weighted average CCF (%)	e Exposure post CCF and post CRM	f Exposure weighted average PD (%)	g Number of obligors	h Exposure weighted average LGD (%)	i Exposure weighted average maturity (years)	j Risk weighted exposure amount after supporting factors	k Density of risk weighted exposure amount (%)	l Expected loss amount	m Value adjust-ments and provisions
Exposure Class - Corporates Other													
	0.00 to <0.15	3,768	1,171	75	4,646	0.04	90	36.8	5	1,103	24	1	(1)
	0.00 to <0.10	3,768	1,171	75	4,646	0.04	90	36.8	5	1,103	24	1	(1)
	0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	–
	0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	–
	0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal (exposure class)		3,768	1,171	75	4,646	0.04	90	36.8	5	1,103	24	1	(1)
Total (all F-IRB exposures classes)		7,850	1,202	75	8,752	0.04	264	35.4	4	1,918	22	2	(1)

13.4. UK CR6-A - Scope of the use of IRB and SA approaches

UK CR6-A – Scope of the use of IRB and SA approaches - 04 Apr 2024		a	b	c	d	e
£m		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
1	Central governments or central banks	–	46,135	100.0	–	–
1.1	*of which Regional governments or local authorities*		1,602	100.0	–	–
1.2	*of which Public sector entities*		1,349	100.0	–	–
2	Institutions	3,470	3,875	10.5	89.5	–
3	Corporates	6,466	7,314	11.6	88.4	–
3.1	*of which Corporates - Specialised lending, excluding slotting approach*		–	–	–	–
3.2	*of which Corporates - Specialised lending under slotting approach*		798	–	100.0	–
4	Retail	225,552	232,689	3.1	96.9	–
4.1	*of which Retail – Secured by real estate SMEs*		–	–	–	–
4.2	*of which Retail – Secured by real estate non-SMEs*		218,910	3.1	96.9	–
4.3	*of which Retail – Qualifying revolving*		11,041	–	100.0	–
4.4	*of which Retail – Other SMEs*		–	–	–	–
4.5	*of which Retail – Other non-SMEs*		2,372	–	100.0	–
5	Equity	63	63	–	100.0	–
6	Other non-credit obligation assets	1,551	1,551	–	–	–
7	**Total**	**237,102**	**291,627**	**18.7**	**81.3**	**–**

UK CR6-A – Scope of the use of IRB and SA approaches - 04 Apr 2023						
		a	b	c	d	e
£m		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
1	Central governments or central banks	–	48,997	100.0	–	–
1.1	*of which Regional governments or local authorities*		1,533	100.0	–	–
1.2	*of which Public sector entities*		1,503	100.0	–	–
2	Institutions	3,635	3,995	9.0	91.0	–
3	Corporates	6,092	6,943	12.3	87.7	–
3.1	*of which Corporates - Specialised lending, excluding slotting approach*		–	–	–	–
3.2	*of which Corporates - Specialised lending under slotting approach*		975	–	100.0	–
4	Retail	218,633	225,335	3.0	97.0	–
4.1	*of which Retail – Secured by real estate SMEs*		–	–	–	–
4.2	*of which Retail – Secured by real estate non-SMEs*		211,692	3.1	96.9	–
4.3	*of which Retail – Qualifying revolving*		10,892	–	100.0	–
4.4	*of which Retail – Other SMEs*		–	–	–	–
4.5	*of which Retail – Other non-SMEs*		2,608	–	100.0	–
5	Equity	57	57	–	100.0	–
6	Other non-credit obligation assets	1,238	1,238	–	–	–
7	Total	229,655	286,565	19.9	80.1	–

13.5. UK CR7 - IRB approach - Effect on the RWEAs of credit derivatives used as CRM techniques

Nationwide does not use credit derivatives to mitigate credit risk - this template has therefore not been presented.

13.6. UK CR7-A - IRB approach - Extent of the use of CRM techniques

A-IRB

UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques - A-IRB - 04 Apr 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
	A-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
£m			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
1	Central governments and central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Corporates	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.1	*Of which Corporates – SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.2	*Of which Corporates – Specialised lending*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.3	*Of which Corporates – Other*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Retail	**225,552**	–	**213.7**	**213.7**	–	–	–	–	–	–	–	–	**39,395**	**39,395**
4.1	*Of which Retail – Immovable property SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.2	*Of which Retail – Immovable property non-SMEs*	**212,139**	–	**227.2**	**227.2**	–	–	–	–	–	–	–	–	**34,646**	**34,646**
4.3	*Of which Retail – Qualifying revolving*	**11,041**	–	–	–	–	–	–	–	–	–	–	–	**2,415**	**2,415**
4.4	*Of which Retail – Other SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.5	*Of which Retail – Other non-SMEs*	**2,372**	–	–	–	–	–	–	–	–	–	–	–	**2,334**	**2,334**
5	**Total**	**225,552**	–	**213.7**	**213.7**	–	–	–	–	–	–	–	–	**39,395**	**39,395**

UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques - A-IRB - 04 Apr 2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
	A-IRB	Total exposures	Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
£m			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
1	Central governments and central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Corporates	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.1	*Of which Corporates – SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.2	*Of which Corporates – Specialised lending*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.3	*Of which Corporates – Other*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Retail	218,633	–	219.7	219.7	–	–	–	–	–	–	–	–	37,325	37,325
4.1	*Of which Retail – Immovable property SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.2	*Of which Retail – Immovable property non-SMEs*	205,133	–	234.1	234.1	–	–	–	–	–	–	–	–	32,180	32,180
4.3	*Of which Retail – Qualifying revolving*	10,892	–	–	–	–	–	–	–	–	–	–	–	2,692	2,692
4.4	*Of which Retail – Other SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4.5	*Of which Retail – Other non-SMEs*	2,608	–	–	–	–	–	–	–	–	–	–	–	2,453	2,453
5	Total	218,633	–	219.7	219.7	–	–	–	–	–	–	–	–	37,325	37,325

F-IRB

UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques - F-IRB - 04 Apr 2024

	F-IRB	Total exposures	Credit risk Mitigation techniques										Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)								Unfunded credit Protection (UFCP)			
£m			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
1	Central governments and central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Institutions	3,470	–	–	–	–	–	–	–	–	–	–	–	644	644
3	Corporates	6,466	–	54.7	54.7	–	–	–	–	–	–	–	–	1,810	1,810
3.1	*Of which Corporates – SMEs*	520	–	55.0	55.0	–	–	–	–	–	–	–	–	101	101
3.2	*Of which Corporates – Specialised lending*	798	–	–	–	–	–	–	–	–	–	–	–	473	473
3.3	*Of which Corporates – Other*	5,148	–	63.1	63.1	–	–	–	–	–	–	–	–	1,236	1,236
4	**Total**	**9,936**	**–**	**35.6**	**35.6**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,454**	**2,454**

UK CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques - F-IRB - 04 Apr 2023

	F-IRB	Total exposures	Credit risk Mitigation techniques										Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)								Unfunded credit Protection (UFCP)			
£m			Part of exposures covered by Financial Collaterals (%)	Part of exposures covered by Other eligible collaterals (%)	Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	Part of exposures covered by Other funded credit protection (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA post all CRM assigned to the obligor exposure class	RWEA with substitution effects
1	Central governments and central banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2	Institutions	3,635	–	–	–	–	–	–	–	–	–	–	–	726	726
3	Corporates	6,092	–	61.7	61.7	–	–	–	–	–	–	–	–	1,873	1,873
3.1	*Of which Corporates – SMEs*	471	–	52.3	52.3	–	–	–	–	–	–	–	–	89	89
3.2	*Of which Corporates – Specialised lending*	975	–	–	–	–	–	–	–	–	–	–	–	681	681
3.3	*Of which Corporates – Other*	4,646	–	75.6	75.6	–	–	–	–	–	–	–	–	1,103	1,103
4	Total	9,727	–	38.6	38.6	–	–	–	–	–	–	–	–	2,599	2,599

13.7. 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		
		a
£m		Risk weighted exposure amount
1	**Risk weighted exposure amount at 31 December 2023**	**43,356**
2	Asset size (+/-)	**462**
3	Asset quality (+/-)	**(391)**
4	Model updates (+/-)	**–**
5	Methodology and policy (+/-)	**–**
6	Acquisitions and disposals (+/-)	**–**
7	Foreign exchange movements (+/-)	**–**
8	Other (+/-)	**–**
9	**Risk weighted exposure amount at 04 April 2024**	**43,427**

There was no material movement in RWAs in relation to exposures risk weighted under the IRB approach in the quarter disclosure period. An increase in asset size due to an increase in residential mortgage balances was partially offset by an improvement in asset quality.

13.8. UK CR9 - IRB approach - Back-testing of PD per exposure class

Retail - Secured by immovable property non-SME[1234]

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - A-IRB - Retail Secured by Immovable Property - 04 Apr 2024

A-IRB							
a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)[5]	Average PD (%)[5]	Average historical annual default rate (%)
Retail - Secured by immovable property non-SME - with own estimates of LGD or conversion factors	0.00 to <0.15	1,095,607	320	0.03	0.05	0.04	0.02
	0.00 to <0.10	993,071	201	0.02	0.04	0.03	0.02
	0.10 to <0.15	102,536	119	0.12	0.14	0.14	0.06
	0.15 to <0.25	–	–	–	–	–	0.11
	0.25 to <0.50	301,338	279	0.09	0.29	0.29	0.06
	0.50 to <0.75	40,263	127	0.32	0.64	0.63	0.18
	0.75 to <2.50	28,736	291	1.01	1.47	1.50	0.61
	0.75 to <1.75	19,876	140	0.70	1.15	1.16	0.46
	1.75 to <2.5	8,860	151	1.70	2.26	2.26	0.97
	2.50 to <10.00	17,852	731	4.09	5.19	5.12	2.66
	2.5 to <5	13,128	354	2.70	3.80	3.75	1.66
	5 to <10	4,724	377	7.98	8.92	8.91	5.39
	10.00 to <100.00	6,541	1,740	26.60	36.69	35.37	18.49
	10 to <20	1,478	98	6.63	16.50	16.50	5.89
	20 to <30	2,721	502	18.45	24.36	24.28	11.24
	30.00 to <100.00	2,342	1,140	48.68	61.29	60.16	34.00
	100.00 (Default)	3,263	–	–	100.00	100.00	–

Notes:
[1] Nationwide use overlapping windows for calculating long run average PD as it is consistent with internal practices on calculating long run averages
[2] The average historical annual default rate is calculated based on the realised monthly defaults (volume weighted), averaged over a measurement period. The measurement period is 5 years for secured by immovable property exposures
[3] The average historical annual default rate for PD 0.15 to <0.25 relates to obligors in default prior to this financial year (noting measurement period per above note)
[4] Approximately 5% of Nationwide's loans and advances had a maturity of less than or equal to 1 year as per UK CR1-A
[5] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

To confirm:

- All exposures within the range of the Retail A-IRB models are included in the back-testing results provided.
- All Retail A-IRB models use overlapping 12-month windows in the calculation of long run average PD rates.
- The average historical default rates provided for Retail A-IRB are the simple average of the annual default rate of the five most recent years.
- The number of obligors with residual maturity of less than 12 months at the disclosure date for Retail Secured by Immovable Property is 18,718.

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - A-IRB - Retail Secured by Immovable Property - 04 Apr 2023

A-IRB

	a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)[5]	Average PD (%)[5]	Average historical annual default rate (%)
Retail - Secured by immovable property non-SME - with own estimates of LGD or conversion factors	0.00 to <0.15	1,117,186	241	0.02	0.04	0.04	0.02
	0.00 to <0.10	1,012,599	160	0.02	0.04	0.03	0.02
	0.10 to <0.15	104,587	81	0.08	0.14	0.14	0.05
	0.15 to <0.25	–	–	–	–	–	0.11
	0.25 to <0.50	306,886	157	0.05	0.29	0.29	0.07
	0.50 to <0.75	43,204	79	0.18	0.64	0.63	0.16
	0.75 to <2.50	29,755	189	0.64	1.45	1.48	0.57
	0.75 to <1.75	21,122	75	0.36	1.16	1.16	0.47
	1.75 to <2.5	8,633	114	1.32	2.26	2.26	0.79
	2.50 to <10.00	19,090	424	2.22	5.15	4.90	2.49
	2.5 to <5	14,683	210	1.43	3.73	3.69	1.50
	5 to <10	4,407	214	4.86	8.93	8.93	5.07
	10.00 to <100.00	5,953	1,166	19.59	35.60	34.77	16.94
	10 to <20	1,484	123	8.29	16.50	16.50	5.30
	20 to <30	2,400	285	11.88	24.16	24.22	10.35
	30.00 to <100.00	2,069	758	36.64	60.87	60.12	30.67
	100.00 (Default)	3,394	–	–	100.00	100.00	–

Notes:
[1] Nationwide use overlapping windows for calculating long run average PD as it is consistent with internal practices on calculating long run averages
[2] The average historical annual default rate is calculated based on the realised monthly defaults (volume weighted), averaged over a measurement period. The measurement period is 5 years for secured by immovable property exposures
[3] The average historical annual default rate for PD 0.15 to <0.25 relates to obligors in default prior to this financial year (noting measurement period per above note)
[4] Approximately 5% of Nationwide's loans and advances had a maturity of less than 1 year as per UK CR1-A
[5] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

Retail - Qualifying revolving[1][2][3]

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - A-IRB - Retail Qualifying Revolving - 04 Apr 2024

	a	b	c	d	e	f	g	h
A-IRB								
Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)[4][5]	Average PD (%)[5]	Average historical annual default rate (%)
Retail - Qualifying revolving - with own estimates of LGD or conversion factors	0.00 to <0.15	6,651,709	1,235	0.02	0.05	0.05	0.02
	0.00 to <0.10	5,755,515	881	0.02	0.04	0.04	0.02
	0.10 to <0.15	896,194	354	0.04	0.10	0.10	0.06
	0.15 to <0.25	1,128,727	919	0.08	0.18	0.20	0.13
	0.25 to <0.50	982,712	1,860	0.19	0.37	0.40	0.26
	0.50 to <0.75	99,435	408	0.41	0.69	0.69	0.43
	0.75 to <2.50	1,128,556	4,978	0.44	1.26	1.17	0.88
	0.75 to <1.75	1,128,556	4,978	0.44	1.26	1.17	0.88
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	453,964	6,868	1.51	4.17	4.30	2.87
	2.5 to <5	280,384	2,951	1.05	2.85	3.13	2.19
	5 to <10	173,580	3,917	2.26	5.77	6.17	3.97
	10.00 to <100.00	192,527	19,303	10.03	23.53	26.46	18.85
	10 to <20	84,420	3,780	4.48	11.36	12.11	9.50
	20 to <30	60,269	5,353	8.88	22.72	23.89	17.34
	30.00 to <100.00	47,838	10,170	21.26	52.13	55.02	37.35
	100.00 (Default)	136,639	–	–	100.00	100.00	–

Notes:
[1] Nationwide use overlapping windows for calculating long run average PD as it is consistent with internal practices on calculating long run averages
[2] The average historical annual default rate is calculated based on the realised monthly defaults (volume weighted), averaged over a measurement period. The measurement period is 5 years for qualifying revolving exposures
[3] Approximately 5% of Nationwide's loans and advances had a maturity of less than 1 year as per UK CR1-A
[4] The observed average default rate exceeds the average PD for some PD grades, but the model remains conservative at an overall level. The PD is realigned on a quarterly basis to address any under-estimation. Additional RWA and EL adjustments are applied where necessary
[5] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

To confirm:

- All exposures within the range of the Retail A-IRB models are included in the back-testing results provided.
- All Retail A-IRB models use overlapping 12-month windows in the calculation of long run average PD rates.
- The average historical default rates provided for Retail A-IRB are the simple average of the annual default rate of the five most recent years.

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - A-IRB - Retail Qualifying Revolving - 04 Apr 2023

a	b	c	d	e	f	g	h
A-IRB							
Exposure class	PD range	Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)[4]	Average PD (%)[4]	Average historical annual default rate (%)
Retail - Qualifying revolving - with own estimates of LGD or conversion factors	0.00 to <0.15	7,047,558	2,365	0.03	0.04	0.04	0.03
	0.00 to <0.10	6,285,385	1,565	0.02	0.04	0.04	0.02
	0.10 to <0.15	762,173	800	0.10	0.10	0.10	0.06
	0.15 to <0.25	926,513	1,739	0.19	0.18	0.19	0.13
	0.25 to <0.50	872,680	3,594	0.41	0.37	0.40	0.26
	0.50 to <0.75	106,801	584	0.55	0.69	0.69	0.50
	0.75 to <2.50	914,111	11,904	1.30	1.27	1.15	0.87
	0.75 to <1.75	914,111	11,904	1.30	1.27	1.15	0.87
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	350,986	18,152	5.17	4.16	4.31	2.77
	2.5 to <5	211,729	7,676	3.63	2.87	3.10	2.17
	5 to <10	139,257	10,476	7.52	5.76	6.14	3.76
	10.00 to <100.00	137,492	38,111	27.72	22.25	26.07	17.53
	10 to <20	61,490	11,418	18.57	11.30	11.97	8.07
	20 to <30	40,019	10,609	26.51	22.55	23.63	15.64
	30.00 to <100.00	35,983	16,084	44.70	52.11	52.91	37.69
	100.00 (Default)	124,130	–	–	100.00	100.00	–

Notes:

[1] Nationwide use overlapping windows for calculating long run average PD as it is consistent with internal practices on calculating long run averages

[2] The average historical annual default rate is calculated based on the realised monthly defaults (volume weighted), averaged over a measurement period. The measurement period is 5 years for qualifying revolving exposures

[3] Approximately 5% of Nationwide's loans and advances had a maturity of less than 1 year as per UK CR1-A

[4] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

Retail - Other non-SME (Personal Loans)[123]

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - A-IRB - Retail Other - 04 Apr 2024

	a	b	c	d	e	f	g	h
A-IRB								
Exposure class	**PD range**	**Number of obligors at the end of previous year**	**Of which number of obligors which defaulted in the year**	**Observed average default rate (%)[4]**	**Exposures weighted average PD (%)[4]**	**Average PD (%)[4]**	**Average historical annual default rate (%)**
Retail - Other non-SME - with own estimates of LGD or conversion factors	0.00 to <0.15	56,364	13	0.02	0.08	0.07	0.05
	0.00 to <0.10	56,364	13	0.02	0.08	0.07	0.05
	0.10 to <0.15	–	–	–	–	–	–
	0.15 to <0.25	49,108	43	0.09	0.17	0.17	0.10
	0.25 to <0.50	59,167	100	0.17	0.34	0.34	0.21
	0.50 to <0.75	64,355	281	0.44	0.69	0.69	0.45
	0.75 to <2.50	45,854	453	0.99	1.38	1.38	1.00
	0.75 to <1.75	45,854	453	0.99	1.38	1.38	1.00
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	60,900	1,942	3.19	3.84	3.89	3.14
	2.5 to <5	35,629	793	2.23	2.75	2.75	2.22
	5 to <10	25,271	1,149	4.55	5.50	5.50	4.46
	10.00 to <100.00	27,269	4,243	15.56	22.16	22.79	16.37
	10 to <20	15,142	1,114	7.36	11.00	11.00	7.98
	20 to <30	6,536	822	12.58	22.00	22.00	14.73
	30.00 to <100.00	5,591	2,307	41.26	54.48	55.65	42.79
	100.00 (Default)	19,718	–	–	100.00	100.00	–

Notes:
[1] Nationwide use overlapping windows for calculating long run average PD as it is consistent with internal practices on calculating long run averages
[2] The average historical annual default rate is calculated based on the realised monthly defaults (volume weighted), averaged over a measurement period. The measurement period is 5 years for personal loan exposures
[3] Approximately 5% of Nationwide's loans and advances had a maturity of less than 1 year as per UK CR1-A
[4] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

To confirm:

- All exposures within the range of the Retail A-IRB models are included in the back-testing results provided.
- All Retail A-IRB models use overlapping 12-month windows in the calculation of long run average PD rates.
- The average historical default rates provided for Retail A-IRB are the simple average of the annual default rate of the five most recent years.
- The number of obligors with residual maturity of less than 12 months at the disclosure date for Retail Other is 70,482.

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - A-IRB - Retail Other - 04 Apr 2023

A-IRB

	a	b	c	d	e	f	g	h
Exposure class	PD range		Number of obligors at the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)[4]	Exposures weighted average PD (%)[45]	Average PD (%)[45]	Average historical annual default rate (%)
Retail - Other non-SME - with own estimates of LGD or conversion factors	0.00 to <0.15		67,563	99	0.15	0.08	0.07	0.14
	0.00 to <0.10		67,563	99	0.15	0.08	0.07	0.14
	0.10 to <0.15		–	–	–	–	–	–
	0.15 to <0.25		64,156	139	0.22	0.17	0.17	0.20
	0.25 to <0.50		62,995	249	0.40	0.34	0.34	0.32
	0.50 to <0.75		61,465	426	0.69	0.69	0.69	0.56
	0.75 to <2.50		48,911	721	1.47	1.38	1.38	1.12
	0.75 to <1.75		48,911	721	1.47	1.38	1.38	1.12
	1.75 to <2.5		–	–	–	–	–	–
	2.50 to <10.00		54,937	2,257	4.11	3.86	3.86	3.32
	2.5 to <5		32,737	1,057	3.23	2.75	2.75	2.36
	5 to <10		22,200	1,200	5.41	5.50	5.50	4.70
	10.00 to <100.00		21,029	3,830	18.21	22.11	22.04	17.18
	10 to <20		12,083	1,125	9.31	11.00	11.00	8.49
	20 to <30		4,583	794	17.32	22.00	22.00	16.09
	30.00 to <100.00		4,363	1,911	43.80	56.00	52.64	45.15
	100.00 (Default)		20,131	–	–	100.00	100.00	–

Notes:

[1] Nationwide use overlapping windows for calculating long run average PD as it is consistent with internal practices on calculating long run averages

[2] The average historical annual default rate is calculated based on the realised monthly defaults (volume weighted), averaged over a measurement period. The measurement period is 5 years for personal loan exposures

[3] Approximately 5% of Nationwide's loans and advances had a maturity of less than 1 year as per UK CR1-A

[4] The observed average default rate exceeds the average PD for some PD grades, but the model remains conservative at an overall level. The PD is realigned on a quarterly basis to address any under-estimation. Additional RWA and EL adjustments are applied where necessary

[5] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

Institutions[1]

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - F-IRB - Institutions - 04 Apr 2024

	a	b	c	d	e	f	g	h
F-IRB								
	Exposure class	PD range	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)[2]	Average PD (%)[2]	Average historical annual default rate (%)
	Institutions without own estimates of LGD or conversion factors	0.00 to <0.15	**44**	**–**	**–**	**0.06**	**0.06**	**–**
		0.00 to <0.10	**39**	**–**	**–**	**0.05**	**0.05**	**–**
		0.10 to <0.15	**5**	**–**	**–**	**0.10**	**0.10**	**–**
		0.15 to <0.25	**1**	**–**	**–**	**–**	**0.15**	**–**
		0.25 to <0.50	**–**	**–**	**–**	**–**	**–**	**–**
		0.50 to <0.75	**–**	**–**	**–**	**–**	**–**	**–**
		0.75 to <2.50	**–**	**–**	**–**	**–**	**–**	**–**
		0.75 to <1.75	**–**	**–**	**–**	**–**	**–**	**–**
		1.75 to <2.5	**–**	**–**	**–**	**–**	**–**	**–**
		2.50 to <10.00	**–**	**–**	**–**	**–**	**–**	**–**
		2.5 to <5	**–**	**–**	**–**	**–**	**–**	**–**
		5 to <10	**–**	**–**	**–**	**–**	**–**	**–**
		10.00 to <100.00	**–**	**–**	**–**	**–**	**–**	**–**
		10 to <20	**–**	**–**	**–**	**–**	**–**	**–**
		20 to <30	**–**	**–**	**–**	**–**	**–**	**–**
		30.00 to <100.00	**–**	**–**	**–**	**–**	**–**	**–**
		100.00 (Default)	**–**	**–**	**–**	**–**	**–**	**–**

Notes:
[1] Approximately 4% of Nationwide's debt securities had a maturity of less than 1 year as per UK CR1-A
[2] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - F-IRB - Institutions - 04 Apr 2023

F-IRB

	a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors in the end of previous year		Observed average default rate (%)	Exposures weighted average PD (%)[2]	Average PD (%)[2]	Average historical annual default rate (%)
			Of which number of obligors which defaulted in the year				
Institutions without own estimates of LGD or conversion factors	0.00 to <0.15	44	–	–	0.06	0.09	–
	0.00 to <0.10	36	–	–	0.05	0.07	–
	0.10 to <0.15	8	–	–	0.10	0.13	–
	0.15 to <0.25	–	–	–	0.15	–	–
	0.25 to <0.50	1	–	–	–	0.29	–
	0.50 to <0.75	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–

Notes:
[1] Approximately 3% of Nationwide's debt securities had a maturity of less than 1 year as per UK CR1-A
[2] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

Corporates - SME[1]

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - F-IRB - Corporates SME - 04 Apr 2024

F-IRB

a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)[2]	Average PD (%)[2]	Average historical annual default rate (%)
Corporates - SME without own estimates of LGD or conversion factors	0.00 to <0.15	118	–	–	0.04	0.04	–
	0.00 to <0.10	118	–	–	0.04	0.04	–
	0.10 to <0.15	–	–	–	–	–	–
	0.15 to <0.25	3	–	–	0.17	0.18	–
	0.25 to <0.50	1	–	–	0.35	0.43	–
	0.50 to <0.75	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–

Notes:
[1] Approximately 5% of Nationwide's loans and advances had a maturity of less than 1 year as per UK CR1-A
[2] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

To confirm:

- The number of obligors with residual maturity of less than 12 months at the disclosure date for Corporates SME is 4.

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - F-IRB - Corporates SME - 04 Apr 2023

F-IRB

	a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)[2]	Average PD (%)[2]	Average historical annual default rate (%)
Corporates - SME without own estimates of LGD or conversion factors	0.00 to <0.15	129	–	–	0.04	0.04	–
	0.00 to <0.10	129	–	–	0.04	0.04	–
	0.10 to <0.15	–	–	–	–	–	–
	0.15 to <0.25	2	–	–	0.17	0.16	–
	0.25 to <0.50	–	–	–	0.43	–	–
	0.50 to <0.75	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–

Notes:

[1] Approximately 5% of Nationwide's loans and advances had a maturity of less than 1 year as per UK CR1-A

[2] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

Corporates - Other (Non-SME)[1]

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - F-IRB - Corporates Other - 04 Apr 2024

F-IRB

a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)[2]	Average PD (%)[2]	Average historical annual default rate (%)
Corporates - Other without own estimates of LGD or conversion factors	0.00 to <0.15	56	–	–	0.04	0.04	–
	0.00 to <0.10	56	–	–	0.04	0.04	–
	0.10 to <0.15	–	–	–	–	–	–
	0.15 to <0.25	–	–	–	–	–	–
	0.25 to <0.50	–	–	–	–	–	–
	0.50 to <0.75	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–

Notes:
[1] Approximately 5% of Nationwide's loans and advances had a maturity of less than 1 year as per UK CR1-A
[2] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

To confirm:

- The number of obligors with residual maturity of less than 12 months at the disclosure date for Corporates Other (Non-SME) is 3.

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) - F-IRB - Corporates Other - 04 Apr 2023

F-IRB

	a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)[2]	Average PD (%)[2]	Average historical annual default rate (%)
Corporates - Other without own estimates of LGD or conversion factors	0.00 to <0.15	54	–	–	0.04	0.03	–
	0.00 to <0.10	54	–	–	0.04	0.03	–
	0.10 to <0.15	–	–	–	–	–	–
	0.15 to <0.25	–	–	–	–	–	–
	0.25 to <0.50	–	–	–	–	–	–
	0.50 to <0.75	–	–	–	–	–	–
	0.75 to <2.50	–	–	–	–	–	–
	0.75 to <1.75	–	–	–	–	–	–
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–

Notes:
[1] Approximately 5% of Nationwide's loans and advances had a maturity of less than 1 year as per UK CR1-A
[2] Exposure weighted average PD aligns to the corresponding UK CR6 table (current period) whereas Average PD includes prior period PD in line with regulatory instructions

13.9. UK CR9.1 - IRB approach - Back-testing of PD per exposure class (only for PD estimates according to Article 180(1))

Institutions[1]

UK CR9.1 – IRB approach – Back-testing of PD per exposure class - 04 Apr 2024

F-IRB

a	b	c	c	c	d		e	f	g	h
Exposure class	PD range	External rating equivalent: Fitch	External rating equivalent: Moody's	External rating equivalent: S&P	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
Institutions	0.00 to <0.037	AAA to AA	Aaa to Aa2	AAA to AA	–	–	–	–	–
	0.037 to <0.073	AA- to A	Aa3 to A2	AA- to A	31	–	–	0.05	0.00
	0.073 to <0.230	A- to BBB	A3 to Baa2	A- to BBB	14	–	–	0.09	0.00
	0.230 to <0.915	BBB- to BB	Baa3 to Ba2	BBB- to BB	–	–	–	–	–
	0.915 to <6.385	BB- to B-	Ba3 to B3	BB- to B-	–	–	–	–	–
	6.385 to <100.00	CCC+ to D	Caa1 to D	CCC+ to D	–	–	–	–	–

UK CR9.1 – IRB approach – Back-testing of PD per exposure class - 04 Apr 2023

F-IRB

a	b	c	c	c	d	e	f	g	h
Exposure class	PD range	External rating equivalent: Fitch	External rating equivalent: Moody's	External rating equivalent: S&P	Number of obligors in the end of previous year	Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
Institutions	0.00 to <0.037	AAA to AA	Aaa to Aa2	AAA to AA	–	–	–	–	–
	0.037 to <0.073	AA- to A	Aa3 to A2	AA- to A	25	–	–	0.06	0.00
	0.073 to <0.230	A- to BBB	A3 to Baa2	A- to BBB	19	–	–	0.10	0.00
	0.230 to <0.915	BBB- to BB	Baa3 to Ba2	BBB- to BB	1	–	–	0.29	0.00
	0.915 to <6.385	BB- to B-	Ba3 to B3	BB- to B-	–	–	–	–	–
	6.385 to <100.00	CCC+ to D	Caa1 to D	CCC+ to D	–	–	–	–	–

Note:

[1] Nationwide only uses external credit rating agencies for bank exposures, which are within the Institutions exposure class. No exposures under the A-IRB method use external rating agencies

14 Annex XXIII | Specialised lending

14.1. UK CR10 - Specialised lending and equity exposures under the simple risk weighted approach

Project Finance[2]

UK CR10 – Specialised lending and equity exposures under the simple risk weighted approach - Specialist lending: Project finance - 04 Apr 2024							
Template UK CR10.1		a	b	c	d	e	f
£m		Specialised lending : Project finance (Slotting approach)					
Regulatory categories	**Remaining maturity**	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years	8	1	50%	9	4	–
	Equal to or more than 2.5 years	394	43	70%	426	223	2
Category 2	Less than 2.5 years	–	–	70%	–	–	–
	Equal to or more than 2.5 years	23	–	90%	23	16	–
Category 3	Less than 2.5 years	–	–	115%	–	–	–
	Equal to or more than 2.5 years	23	3	115%	25	21	1
Category 4	Less than 2.5 years	–	–	250%	–	–	–
	Equal to or more than 2.5 years	5	1	250%	6	11	–
Category 5	Less than 2.5 years	–	–	0%	–	–	–
	Equal to or more than 2.5 years	57	4	0%	60	–	30
Total	**Less than 2.5 years**	8	1		9	4	–
	Equal to or more than 2.5 years	502	51		540	271	33

UK CR10 – Specialised lending and equity exposures under the simple risk weighted approach - Specialist lending: Project finance - 04 Apr 2023

Template UK CR10.1		a	b	c	d	e	f
£m		Specialised lending : Project finance (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years	6	1	50%	7	3	–
	Equal to or more than 2.5 years	466	44	70%	499	262	2
Category 2	Less than 2.5 years	–	–	70%	–	–	–
	Equal to or more than 2.5 years	2	–	90%	2	1	–
Category 3	Less than 2.5 years	–	–	115%	–	–	–
	Equal to or more than 2.5 years	31	4	115%	34	29	1
Category 4	Less than 2.5 years	–	–	250%	–	–	–
	Equal to or more than 2.5 years	56	4	250%	59	111	5
Category 5	Less than 2.5 years	–	–	0%	–	–	–
	Equal to or more than 2.5 years	–	–	0%	–	–	–
Total	Less than 2.5 years	6	1		7	3	–
	Equal to or more than 2.5 years	555	52		594	403	8

Income-producing real estate[2]

UK CR10 – Specialised lending and equity exposures under the simple risk weighted approach - Specialist lending: IPRE - 04 Apr 2024							
Template UK CR10.2		a	b	c	d	e	f
£m		**Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)**					
Regulatory categories	**Remaining maturity**	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Category 1	Less than 2.5 years	**8**	**–**	**50%**	**8**	**4**	**–**
	Equal to or more than 2.5 years	**143**	**–**	**70%**	**143**	**99**	**1**
Category 2	Less than 2.5 years	**13**	**–**	**70%**	**13**	**10**	**–**
	Equal to or more than 2.5 years	**54**	**–**	**90%**	**54**	**48**	**–**
Category 3	Less than 2.5 years	**1**	**–**	**115%**	**1**	**1**	**–**
	Equal to or more than 2.5 years	**1**	**–**	**115%**	**1**	**2**	**–**
Category 4	Less than 2.5 years	**12**	**–**	**250%**	**12**	**29**	**1**
	Equal to or more than 2.5 years	**2**	**–**	**250%**	**2**	**5**	**–**
Category 5	Less than 2.5 years	**13**	**–**	**0%**	**13**	**–**	**6**
	Equal to or more than 2.5 years	**2**	**–**	**0%**	**2**	**–**	**1**
Total	**Less than 2.5 years**	**47**	**–**		**47**	**44**	**7**
	Equal to or more than 2.5 years	**202**	**–**		**202**	**154**	**2**

UK CR10 – Specialised lending and equity exposures under the simple risk weighted approach - Specialist lending: IPRE - 04 Apr 2023

Template UK CR10.2		a	b	c	d	e	f
£m		Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)					
Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years	9	–	50%	9	5	–
	Equal to or more than 2.5 years	161	–	70%	161	113	1
Category 2	Less than 2.5 years	34	–	70%	34	24	–
	Equal to or more than 2.5 years	59	–	90%	59	53	–
Category 3	Less than 2.5 years	2	–	115%	2	2	–
	Equal to or more than 2.5 years	6	–	115%	6	7	–
Category 4	Less than 2.5 years	27	–	250%	27	68	2
	Equal to or more than 2.5 years	1	–	250%	1	3	–
Category 5	Less than 2.5 years	64	–	0%	64	–	32
	Equal to or more than 2.5 years	10	–	0%	10	–	5
Total	Less than 2.5 years	136	–		136	99	34
	Equal to or more than 2.5 years	237	–		237	176	6

Equities[3]

UK CR10 – Specialised lending and equity exposures under the simple risk weighted approach - Equity exposures - 04 Apr 2024						
Template UK CR10.5	a	b	c	d	e	f
£m	Equity exposures under the simple risk-weighted approach					
Categories	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Risk weight**	**Exposure value**	**Risk weighted exposure amount**	**Expected loss amount**
Private equity exposures	**–**	**–**	**190%**	**–**	**–**	**–**
Exchange-traded equity exposures	**–**	**–**	**290%**	**–**	**–**	**–**
Other equity exposures	**63**	**–**	**370%**	**63**	**233**	**2**
Total	**63**	**–**		**63**	**233**	**2**

UK CR10 – Specialised lending and equity exposures under the simple risk weighted approach - Equity exposures - 04 Apr 2023						
Template UK CR10.5	a	b	c	d	e	f
£m	Equity exposures under the simple risk-weighted approach					
Categories	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Private equity exposures	–	–	190%	–	–	–
Exchange-traded equity exposures	–	–	290%	–	–	–
Other equity exposures	57	–	370%	57	211	1
Total	57	–		57	211	1

Notes:

[1] CR10.3 Specialised lending: Object finance (Slotting approach) and CR10.4 Specialised lending: Commodities finance (Slotting approach) have not been presented as Nationwide does not have any related exposures

[2] Off-balance sheet exposures are applied a credit conversion factor of 75%. Risk weighted exposure amount is post SME and infrastructure factors

[3] Other equity exposures primarily relate to equity investments, within Fintech companies, included within other assets as per the financial statements

15 Annex XXV | Counterparty credit risk (CCR)

15.1. UK CCRA - Information related to CCR

(a) Methodology used to assign internal capital and credit limits for counterparty credit exposures (Article 439 (a) CRR)

The Treasury IRB model is used to determine internal ratings and PDs for exposures to institutions. The model consists of three key elements: a statistically-driven quantitative financial strength rating; qualitative factor scores, and a qualitative overlay. Under the F-IRB approach, regulatory parameters are used for LGD and credit conversion factors applied to commitments.

The qualitative factor scores account for risk drivers that may not be reflected in published financial information, such as recent changes in operating conditions or business-specific factors. The qualitative overlay incorporates any external (or internal) support mechanisms that would take effect in the event of the counterparty encountering financial difficulties and any other factors deemed pertinent to performance. The model generates a long-term rating by combining the quantitative and qualitative factors. The output is a numerical rating ranging from 1 to 22; grade 1 is equivalent to AAA/Aaa and grade 22 represents default.

Credit limits for institutions are managed by a tiering system, with maximum limits determined by a combination of the internal rating and counterparty size. All exposures to institutions are reviewed at least annually and their performance is subject to monthly review via the portfolio surveillance process. The institution credit limit framework is formally reviewed via the annual credit policy and biannual credit risk strategy updates presented to Nationwide's Credit Committee. Credit limits are restricted to institutions with an internal rating of 8 (BBB+ equivalent) or above.

To comply with regulations, Nationwide is a direct member of a central clearing counterparty (CCP); direct membership necessitates a contribution to the CCP's default fund. The CCP is used to clear qualifying derivatives and is also used for repurchase (repo) agreements. The credit limit for the CCP is calculated and monitored based on business need. Capital for these exposures is calculated using the standardised approach.

(b) Policies related to guarantees and other credit risk mitigants (Article 439 (b) CRR)

Nationwide uses derivatives to reduce exposure to market risks. Such derivatives have the potential to create counterparty credit risk. These instruments are only transacted with highly-rated institutions and are collateralised under market standard documentation.

Nationwide's preferred method of documenting derivative activity is the International Swaps and Derivatives Association (ISDA) Master Agreement. In all such cases a Credit Support Annex (CSA) is executed in conjunction with the ISDA Master Agreement to mitigate credit risk on the derivatives portfolio. These agreements help mitigate counterparty credit risk because they allow the offsetting of amounts due to the same counterparties ('netting benefits') and require collateral to be deposited by certain counterparties ('collateral held') to mitigate the mark-to-market exposures on derivatives. Under these agreements Nationwide typically values its portfolio in-house using discounted cash flow and options pricing models as appropriate. Any such valuations are agreed with the relevant counterparties, and collateral is then exchanged to bring the credit exposure within agreed tolerances.

The net derivative credit exposure represents the credit exposure to derivative transactions after taking account of netting agreements and CSAs and after including Potential Future Credit Exposure (PFCE) as required in the calculation of exposure. Regular, typically daily, re-balancing of the collateral requirements reduces the potential increase in future credit exposure.

Collateralisation of derivatives introduces two material changes in credit exposure, namely:

- The posting of collateral reduces the impact of the current market value to the difference between the market value of the derivatives and the value of the collateral. This difference is limited by the operational use of 'thresholds' and 'minimum transfer amounts', which set criteria to avoid the movement of small amounts of collateral; and
- If the counterparty fails to post additional collateral required, a default can be enforced within a very short timeframe resulting in a substantial reduction in the potential future increases in credit exposure. This rapid default enforcement shortens the timescale within which future changes in interest rates and foreign exchange rates may occur, which would affect the value of the exposure.

Derivative positions and collateral are valued daily and compared with counterparty valuations to agree collateral settlement. Any disputes in value are monitored and escalated by the dispute resolution procedures. Market standard CSA collateral allows GBP, EUR and USD cash and in some cases, extends to high grade sovereign debt securities; both cash and securities are currently held as collateral by the Society.

(c) Description of policies with respect to Wrong-Way risk (Article 439 (c) CRR)

“Wrong-way risk” may occur when exposure to a counterparty is negatively correlated with the credit quality of that counterparty. This risk is mitigated by Nationwide’s policy of executing an ISDA Master Agreement, including Credit Support Annex, and agreeing an Eligible Collateral Schedule with each of its counterparties. These prohibit Nationwide or its counterparties using their own debt securities in meeting initial and variation margin requirements. In addition, Nationwide’s eligible collateral policy requires that reverse-repo collateral take the form of highly rated securities. Management are not able to accept self-issued bonds as eligible collateral in these transactions.

(d) Any other risk management objectives and relevant policies related to CCR (Article 431 (3) and (4) CRR)

Nationwide also enters into Securities Financing Transactions (SFTs). These transactions demonstrate Nationwide’s ability to monetise the Liquid Asset Buffer and generate incremental income. The counterparty risk arising from SFTs is mitigated in a similar way to how it is mitigated for derivatives. Counterparty credit limits are controlled by TCR and Nationwide enters into Global Master Repurchase Agreements with its SFT counterparties, which allow for the collateralisation of SFT exposures. Amounts are adjusted daily to reflect the change in the fair value of the underlying securities. In addition to paragraph (c), Nationwide will not enter into securities transactions with a counterparty where the underlying is the counterpart’s own securities, retained or otherwise.

(e) The amount of collateral Nationwide would have to provide if its credit rating was downgraded (Article 439 (d) CRR)

Liquidity is held for both additional collateral that would have to be posted in the event of a credit rating downgrade and adverse movements in market rates. Collateral requirements following downgrade are assessed on a contractual basis, whereas liquidity for changes in market rates is assessed using historic market rate volatility.

The amount of additional collateral Nationwide would need to provide in the event of a one notch and two notch downgrade by external credit rating agencies would be £0 (2023: £0) and £0.7 billion (2023: £0.6 billion) respectively. The contractually required cash outflow would not necessarily match the actual cash outflow as a result of management actions that could be taken to reduce the impact of the downgrades.

15.2. UK CCR1 - Analysis of CCR exposure by approach

UK CCR1 – Analysis of CCR exposure by approach - 04 Apr 2024

		a	b	c	d	e	f	g	h
£m		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
UK1	Original Exposure Method (for derivatives)	–	–		1.4	–	–	–	–
UK2	Simplified SA-CCR (for derivatives)	–	–		1.4	–	–	–	–
1	SA-CCR (for derivatives)	35	467		1.4	7,704	703	703	273
2	IMM (for derivatives and SFTs)	–	–	–	–	–	–	–	–
2a	*Of which securities financing transactions netting sets*	–	–	–	–	–	–	–	–
2b	*Of which derivatives and long settlement transactions netting sets*	–	–	–	–	–	–	–	–
2c	*Of which from contractual cross-product netting sets*	–	–	–	–	–	–	–	–
3	Financial collateral simple method (for SFTs)	–	–	–	–	–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					15,283	2,738	2,738	5
5	VaR for SFTs					–	–	–	–
6	**Total**					**22,987**	**3,441**	**3,441**	**278**

UK CCR1 – Analysis of CCR exposure by approach - 04 Apr 2023

		a	b	c	d	e	f	g	h
£m		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
UK1	Original Exposure Method (for derivatives)	–	–		1.4	–	–	–	–
UK2	Simplified SA-CCR (for derivatives)	–	–		1.4	–	–	–	–
1	SA-CCR (for derivatives)	79	512		1.4	8,636	828	828	358
2	IMM (for derivatives and SFTs)	–	–	–	–	–	–	–	–
2a	*Of which securities financing transactions netting sets*	–	–	–	–	–	–	–	–
2b	*Of which derivatives and long settlement transactions netting sets*	–	–	–	–	–	–	–	–
2c	*Of which from contractual cross-product netting sets*	–	–	–	–	–	–	–	–
3	Financial collateral simple method (for SFTs)	–	–	–	–	–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					26,054	5,907	5,907	11
5	VaR for SFTs					–	–	–	–
6	Total					34,690	6,735	6,735	369

The total counterparty credit risk exposure value reduced in the period to £3.4 billion (2023: £6.7 billion) primarily due to a reduction in whole mortgage loan pools pledged in relation the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME).

15.3. UK CCR2 - Transactions subject to own funds requirements for CVA risk

UK CCR2 – Transactions subject to own funds requirements for CVA risk

		a	b	a	b
		04 April 2024		04 April 2023	
£m		Exposure value	RWEA	Exposure value	RWEA
1	Total transactions subject to the Advanced method	–	–	–	–
2	(i) VaR component (including the 3× multiplier)		–		–
3	(ii) stressed VaR component (including the 3× multiplier)		–		–
4	Transactions subject to the Standardised method	748	362	940	517
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	–	–	–	–
5	**Total transactions subject to own funds requirements for CVA risk**	**748**	**362**	940	517

15.4. UK CCR3 - Standardised approach - CCR exposures by regulatory exposure class and risk weights

UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights - 04 Apr 2024

		a	b	c	d	e	f	g	h	i	j	k	l
		Risk weight											
£m	Exposure classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	2,693	–	–	–	–	–	–	–	–	–	–	2,693
2	Regional government or local authorities	–	–	–	–	–	–	–	–	–	–	–	–
3	Public sector entities	–	–	–	–	–	–	–	–	–	–	–	–
4	Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–
5	International organisations	–	–	–	–	–	–	–	–	–	–	–	–
6	Institutions	–	–	–	–	–	–	–	–	–	–	–	–
7	Corporates	–	–	–	–	–	–	–	–	–	–	–	–
8	Retail	–	–	–	–	–	–	–	–	–	–	–	–
9	Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–
10	Other items	–	–	–	–	–	–	–	–	–	–	–	–
11	**Total exposure value**	**2,693**	–	–	–	–	–	–	–	–	–	–	**2,693**

UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights - 04 Apr 2023

		a	b	c	d	e	f	g	h	i	j	k	l
		Risk weight											
£m	Exposure classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	5,794	–	–	–	–	–	–	–	–	–	–	5,794
2	Regional government or local authorities	–	–	–	–	–	–	–	–	–	–	–	–
3	Public sector entities	–	–	–	–	–	–	–	–	–	–	–	–
4	Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–
5	International organisations	–	–	–	–	–	–	–	–	–	–	–	–
6	Institutions	–	–	–	–	–	–	–	–	–	–	–	–
7	Corporates	–	–	–	–	–	–	–	–	–	–	–	–
8	Retail	–	–	–	–	–	–	–	–	–	–	–	–
9	Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–
10	Other items	–	–	–	–	–	–	–	–	–	–	–	–
11	Total exposure value	5,794	–	–	–	–	–	–	–	–	–	–	5,794

15.5. UK CCR4 - IRB approach - CCR exposures by exposure class and PD scale

Institutions[1]

UK CCR4 – IRB approach – CCR exposures by exposure class and PD scale - 04 Apr 2024

£m	PD scale	a Exposure value	b Exposure weighted average PD (%)	c Number of obligors	d Exposure weighted average LGD (%)	e Exposure weighted average maturity (years)	f RWEA	g Density of risk weighted exposure amounts
	Institutions							
1	0.00 to <0.15	**748**	**0.05**	**53**	**45.0**	**4**	**278**	**37.1**
2	0.15 to <0.25	–	–	–	–	–	–	–
3	0.25 to <0.50	–	–	–	–	–	–	–
4	0.50 to <0.75	–	–	–	–	–	–	–
5	0.75 to <2.50	–	–	–	–	–	–	–
6	2.50 to <10.00	–	–	–	–	–	–	–
7	10.00 to <100.00	–	–	–	–	–	–	–
8	100.00 (Default)	–	–	–	–	–	–	–
x	**Sub-total (Institutions)**	**748**	**0.05**	**53**	**45.0**	**4**	**278**	**37.1**
y	**Total (all CCR relevant exposure classes)**	**748**	**0.05**	**53**	**45.0**	**4**	**278**	**37.1**

UK CCR4 – IRB approach – CCR exposures by exposure class and PD scale - 04 Apr 2023

£m	PD scale	a Exposure value	b Exposure weighted average PD (%)	c Number of obligors	d Exposure weighted average LGD (%)	e Exposure weighted average maturity (years)	f RWEA	g Density of risk weighted exposure amounts
	Institutions							
1	0.00 to <0.15	940	0.05	54	45.0	4	369	39.3
2	0.15 to <0.25	–	–	–	–	–	–	–
3	0.25 to <0.50	–	–	–	–	–	–	–
4	0.50 to <0.75	–	–	–	–	–	–	–
5	0.75 to <2.50	–	–	–	–	–	–	–
6	2.50 to <10.00	–	–	–	–	–	–	–
7	10.00 to <100.00	–	–	–	–	–	–	–
8	100.00 (Default)	–	–	–	–	–	–	–
x	Sub-total (Institutions)	940	0.05	54	45.0	4	369	39.3
y	Total (all CCR relevant exposure classes)	940	0.05	54	45.0	4	369	39.3

Note:
[1] Nationwide only has counterparty credit risk exposures to institutions, risk weighted under the IRB approach

15.6. UK CCR5 - Composition of collateral for CCR exposures

UK CCR5 – Composition of collateral for CCR exposures - 04 Apr 2024

		a	b	c	d	e	f
		Collateral used in derivatives transactions				**Collateral used in securities financing transactions (SFTs)**	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
£m	**Collateral type**	Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash	**–**	**6,225**	**–**	**999**	**2,577**	**628**
2	Debt	**–**	**27**	**–**	**1,328**	**625**	**2,591**
3	Equity	**–**	**–**	**–**	**–**	**–**	**–**
4	Other	**–**	**–**	**–**	**–**	**–**	**–**
5	**Total**	**–**	**6,252**	**–**	**2,327**	**3,202**	**3,219**

UK CCR5 – Composition of collateral for CCR exposures - 04 Apr 2023

		a	b	c	d	e	f
		Collateral used in derivatives transactions				Collateral used in securities financing transactions (SFTs)	
		Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received	Fair value of collateral posted
£m	Collateral type	Segregated	Unsegregated	Segregated	Unsegregated		
1	Cash	–	7,529	–	1,062	2,867	1,156
2	Debt	–	43	–	1,454	966	2,851
3	Equity	–	–	–	–	–	–
4	Other	–	–	–	–	–	–
5	Total	–	7,572	–	2,516	3,833	4,007

15.7. UK CCR6 - Credit derivatives exposures

Nationwide does not use credit derivatives to mitigate credit risk - therefore this template has not been presented.

15.8. UK CCR7 - RWEA flow statements of CCR exposures under the IMM

Nationwide does not use the Internal Model Method for CCR exposures - therefore this template has not been presented.

15.9. UK CCR8 - Exposures to CCPs

UK CCR8 – Exposures to CCPs		a	b	a	b
		04 April 2024		04 April 2023	
£m		**Exposure value**	**RWEA**	Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**137**		103
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	**1,293**	**26**	1,402	28
3	(i) OTC derivatives	**1,293**	**26**	1,224	24
4	(ii) Exchange-traded derivatives	**–**	**–**	–	–
5	(iii) SFTs	**–**	**–**	178	4
6	(iv) Netting sets where cross-product netting has been approved	**–**	**–**	–	–
7	Segregated initial margin	**–**		–	
8	Non-segregated initial margin	**1,592**	**32**	1,724	35
9	Prefunded default fund contributions	**100**	**79**	77	40
10	Unfunded default fund contributions	**–**	**–**	–	–
11	**Exposures to non-QCCPs (total)**		**–**		–
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	**–**	**–**	–	–
13	(i) OTC derivatives	**–**	**–**	–	–
14	(ii) Exchange-traded derivatives	**–**	**–**	–	–
15	(iii) SFTs	**–**	**–**	–	–
16	(iv) Netting sets where cross-product netting has been approved	**–**	**–**	–	–
17	Segregated initial margin	**–**		–	
18	Non-segregated initial margin	**–**	**–**	–	–
19	Prefunded default fund contributions	**–**	**–**	–	–
20	Unfunded default fund contributions	**–**	**–**	–	–

16 Annex XXVII | Securitisation positions

16.1. UK-SECA - Information related to securitisation exposures

(a) Description of securitisation and re-securitisation activities (Article 449(a) CRR)

Nationwide invests in highly rated securitisation tranches, primarily to help meet regulatory liquidity requirements. Investment is focused in a small number of low-risk sectors, mainly Residential Mortgage-Backed Securities (RMBS) and Auto Asset Backed Securities (ABS). Securities that satisfy the “simple, transparent and standardised” (STS) criteria can be included in Nationwide’s Liquid Asset Buffer.

Nationwide has securitised certain mortgage loans by transferring the loans to special purpose entities (SPEs) sponsored by the Group. The SPEs are fully consolidated into the Group accounts. The Silverstone Master Trust Programme for retail mortgages is currently the only vehicle that securitises assets originated by the Society. The senior, Class A, notes issued by Silverstone Master Issuer (SMI) plc meet UK STS criteria, are notified as STS-compliant with the FCA and were distributed to external investors (providing funding for the Society) and to the Society (as retained securitisation positions). Class Z notes provide note subordination that, together with the General Reserve, provides the credit enhancement required to maintain the Aaa/AAA (Moody’s/Fitch) rating of the Class A notes. SMI Series 2017-1 (the Z VFN) is a variable funding note that can be increased and decreased in size to meet all required note subordination requirements as outstanding Class A notes are issued and redeemed. There are no other Class Z notes.

Nationwide does not use Silverstone for risk-transfer or regulatory capital relief purposes. Although the Silverstone programme benefits from a ‘True Sale’ legal opinion, the transfers of the mortgage loans to the Silverstone Master Trust are not treated as sales by Nationwide for accounting purposes. Nationwide continues to recognise the mortgage loans on its own balance sheet after the transfer because it substantially retains their risks and rewards through the receipt of substantially all the profits or losses of the Silverstone entities.

Nationwide introduced its Stock & Drop (S&D) initiative in 2023, details of the of the Stock produced and the first Drop are outlined below. S&D involves the production of one or more series of Silverstone notes (the Stock) once a year. The Stock is purchased and retained by Nationwide for future sale to 3rd party investors. New Silverstone issues can take weeks, a period that can often end when market conditions are less welcoming for the sale/distribution of new notes than before and during the production phase. S&D allows Nationwide to hold the notes for distribution to 3rd parties (the Drops) in later, more benign market conditions, or as the need arises. Though these sales are secondary in nature, the distribution process is handled like a normal, new issue book-build involving a number of relationship investment banks.

Silverstone issued and Nationwide purchased £600 million Series 2023-1 Class 1A (3yr WAL), £600 million Series 2023-1 Class 2A (5yr WAL) and £500 million Series 2023-1 Class 3A in November of 2023. All £600 million of the Series 2023-1 Class 2A notes were successfully sold into the market (dropped) in March 2024.

(b) The type of risk Nationwide are exposed to in securitisation and re-securitisation activities (Article 449(b) CRR)

(i) risk retained in own-originated transactions

Silverstone Master Issuer issues Class A notes. There is also an unrated Class Z (non-STS) variable funding note (see above) which is retained by Nationwide. All outstanding Class A notes are STS. The holding of S&D related stock increased the proportion of Class A that are retained to a majority of those outstanding at 4 April 2024 (£3.2 billion of the £5.2 billion). The Z VFN was increased from £385 million to £410 million as part of the £1.7 billion stock producing SMI 2023-1 notes in November 2023.

The Society and its subsidiaries are under no obligation to support any losses that may be incurred by the securitisation programme or any holders of the notes issued. The parties holding the notes in issue are only entitled to obtain payment of the principal and interest to the extent that the resources of the Silverstone Master Trust structure are sufficient to support such payments and the holders of the notes have contracted not to seek recourse in any other form.

In November 2020, Nationwide and the NPF Trustee entered into an arrangement whereby Nationwide agreed to provide collateral (a contingent asset) in the form of Silverstone retained Class A notes of minimum value of £1.7 billion to provide additional security to NPF, which would then have access to such notes in case of certain events, such as Nationwide’s insolvency. At 4 April 2024, Nationwide held £3.2 billion of Silverstone retained STS Class A notes. Of these, £2.1 billion are available to meet the minimum pledge of the contingent asset required by Nationwide Pension Fund (NPF) and £1.1 billion are S&D related notes. Any unpledged retained Class A contingent asset notes are unencumbered and eligible for use in repo transactions or as collateral for other potential purposes, including any Stock that has not been yet dropped. Though retained Stock notes are eligible for use in repo transactions or as collateral for other potential purposes and could be encumbered, it is Nationwide's intention that these notes remain available to Drop at short notice.

(ii) risk incurred in relation to transactions originated by third parties

Nationwide's securitisation positions include UK and Dutch Prime RMBS, UK Auto ABS, UK Buy-to-Let RMBS, UK Non-Conforming RMBS and UK Credit Card ABS. This exposes Nationwide to risks associated with underlying borrower credit quality, price movements in housing and used vehicle markets, lenders' underwriting policies, servicers' capabilities, and the credit quality of counterparties providing services to the securitisations (e.g. swap counterparties). These risks are mitigated by credit enhancement and other structural features. Approximately 59% are either UK or EU STS positions.

(c) Approaches to calculating the risk-weighted exposure amounts (Article 449(c) CRR)

Nationwide has opted to use the External Ratings Based Approach (SEC-ERBA) method to calculate capital requirements for all securitisation exposures.

(d) A list of SSPEs (Article 449(d) CRR)

i) SSPEs which acquire exposures originated by Nationwide

Silverstone Master Trust

(ii) SSPEs which acquire exposures sponsored by Nationwide

Nil

(iii) SSPEs and other legal entities for which Nationwide provide securitisation-related services

Silverstone Master Trust

Silverstone Funding 1

Silverstone Master Issuer

(iv) SSPEs included in Nationwide's regulatory scope of consolidation

Silverstone Master Trust

Silverstone Funding 1

Silverstone Master Issuer

(e) Legal entities that Nationwide have provided support in accordance with Chapter 5 of Title II of Part Three CRR (Article 449(e) CRR)

Chapter 5 of Title II of Part Three CRR relates to risk weighted exposures under the standardised approach, this is not applicable in the context of Silverstone.

(f) A list of legal entities affiliated with Nationwide and that invest in securitisations originated by the institutions (Article 449(f) CRR)

Nationwide Building Society

(g) A summary of accounting policies for securitisation activity (Article 449(g) CRR)

As Originator/Sponsor

Although the Silverstone programme benefits from a 'True Sale' legal opinion, the transfers of the mortgage loans to the Silverstone Master Trust are not treated as sales by Nationwide for accounting purposes. Nationwide continues to recognise the mortgage loans on its own balance sheet after the transfer because it substantially retains their risks and rewards through the receipt of all the profits or losses of the Silverstone entities.

As Investor

Nationwide's accounting policy for securitisations follows the business model decision. If the intention is to 'Hold to Collect & Sell' then the securitisation positions is accounted for as FVOCI. If the intention is to hold to maturity it is accounted for as amortised cost. In all cases Nationwide's securitisation positions pass the Solely Payments of Principal and Interest' ('SPPI') test therefore none are accounted for as FVTPL. Nearly all (99.7%) of Nationwide's securitisations are accounted as FVOCI.

(h) The names of the ECAIs used for securitisations and the types of exposure for which each agency is used (Article 449(h) CRR)

For investment in securitisations originated by third parties Credit Policy requires securitisation positions to have ratings from at least two of the following ECAIs: S&P, Moody's, Fitch & DBRS. Issuance from the Silverstone programme has a minimum two ratings from the following ECAIs: S&P, Moodys, Fitch. The ratings composition is reviewed at each issuance.

(i) A description of the Internal Assessment Approach (Article 449(i) CRR)

Not applicable because Nationwide has adopted the SEC-ERBA approach.

16.2. UK-SEC1 - Securitisation exposures in the non-trading book

UK-SEC1 - Securitisation exposures in the non-trading book - 04 Apr 2024

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator[1]							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS					STS	Non-STS			STS	Non-STS		
£m			of which SRT		of which SRT		of which SRT									
1	**Total exposures**	–	–	–	–	–	–	–	–	–	–	–	**795**	**521**	–	**1,316**
2	Retail (total)	–	–	–	–	–	–	–	–	–	–	–	**795**	**521**	–	**1,316**
3	residential mortgage	–	–	–	–	–	–	–	–	–	–	–	**657**	**521**	–	**1,178**
4	credit card	–	–	–	–	–	–	–	–	–	–	–	**28**	–	–	**28**
5	other retail exposures	–	–	–	–	–	–	–	–	–	–	–	**110**	–	–	**110**
6	re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	loans to corporates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	lease and receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	other wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

UK-SEC1 - Securitisation exposures in the non-trading book - 04 Apr 2023

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator[1]							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS												
£m			of which SRT		of which SRT		of which SRT		STS	Non-STS			STS	Non-STS		
1	Total exposures	–	–	–	–	–	–	–	–	–	–	–	837	902	–	1,739
2	Retail (total)	–	–	–	–	–	–	–	–	–	–	–	837	902	–	1,739
3	residential mortgage	–	–	–	–	–	–	–	–	–	–	–	643	902	–	1,545
4	credit card	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	other retail exposures	–	–	–	–	–	–	–	–	–	–	–	194	–	–	194
6	re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Wholesale (total)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8	loans to corporates	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	commercial mortgage	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	lease and receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	other wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Note:
[1] Nationwide acts as originator for a number of securitisations as part of its Silverstone programme. However, all securitisations are not subject to own fund requirements and therefore nil values are disclosed

16.3. UK-SEC2 - Securitisation exposures in the trading book

Nationwide does not have a trading book - therefore this template has not been presented.

16.4. UK-SEC3 - Securitisation exposures in the non-trading book - Nationwide acting as originator or as sponsor

UK SEC3 discloses securitisation exposures where the institution acts as originator or sponsor. Nationwide originates a number of securitisations as part of the Silverstone programme. There are no capital requirements for these securitisations due to no significant risk transfer. Therefore, this template has not been presented.

16.5. UK-SEC4 - Securitisation exposures in the non-trading book - Nationwide acting as investor

UK-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor - 04 Apr 2024

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
£m	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
1 **Total exposures**	**1,316**	–	–	–	–	–	**1,316**	–	–	–	**184**	–	–	–	**15**	–	–
2 Traditional securitisation	**1,316**	–	–	–	–	–	**1,316**	–	–	–	**184**	–	–	–	**15**	–	–
3 Securitisation	**1,316**	–	–	–	–	–	**1,316**	–	–	–	**184**	–	–	–	**15**	–	–
4 Retail underlying	**1,316**	–	–	–	–	–	**1,316**	–	–	–	**184**	–	–	–	**15**	–	–
5 Of which STS	**795**	–	–	–	–	–	**795**	–	–	–	**80**	–	–	–	**6**	–	–
6 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7 Of which STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8 Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9 Synthetic securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11 Retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13 Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

UK-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor - 04 Apr 2023

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
£m	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
1 Total exposures	1,739	–	–	–	–	–	1,739	–	–	–	264	–	–	–	21	–	–
2 Traditional securitisation	1,739	–	–	–	–	–	1,739	–	–	–	264	–	–	–	21	–	–
3 Securitisation	1,739	–	–	–	–	–	1,739	–	–	–	264	–	–	–	21	–	–
4 Retail underlying	1,739	–	–	–	–	–	1,739	–	–	–	264	–	–	–	21	–	–
5 Of which STS	837	–	–	–	–	–	837	–	–	–	84	–	–	–	7	–	–
6 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7 Of which STS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8 Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9 Synthetic securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11 Retail underlying	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 Wholesale	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13 Re-securitisation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

16.6. UK-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

UK-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments - 04 Apr 2024

		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
£m			Of which exposures in default	
1	**Total exposures**	**7,370**	**39**	**–**
2	Retail (total)	**7,370**	**39**	**–**
3	residential mortgage	**7,370**	**39**	**–**
4	credit card	**–**	**–**	**–**
5	other retail exposures	**–**	**–**	**–**
6	re-securitisation	**–**	**–**	**–**
7	Wholesale (total)	**–**	**–**	**–**
8	loans to corporates	**–**	**–**	**–**
9	commercial mortgage	**–**	**–**	**–**
10	lease and receivables	**–**	**–**	**–**
11	other wholesale	**–**	**–**	**–**
12	re-securitisation	**–**	**–**	**–**

UK-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments - 04 Apr 2023

		a	b	c
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
£m			Of which exposures in default	
1	Total exposures	8,758	28	–
2	Retail (total)	8,758	28	–
3	residential mortgage	8,758	28	–
4	credit card	–	–	–
5	other retail exposures	–	–	–
6	re-securitisation	–	–	–
7	Wholesale (total)	–	–	–
8	loans to corporates	–	–	–
9	commercial mortgage	–	–	–
10	lease and receivables	–	–	–
11	other wholesale	–	–	–
12	re-securitisation	–	–	–

17 Annex XXIX | Standardised approach and internal model for market risk

17.1. UK MRA - Information related to market risk

(a) Nationwide's strategies and processes to manage market risk (Points (a) and (d) of Article 435 (1) CRR)

Nationwide's market risk only arises in the banking book as it does not have a trading book. Most of the exposure to market risk arises from fixed-rate mortgages and savings and changes in the market value of the liquidity portfolio. To reduce the impact of such movements, hedging activities are undertaken by Nationwide's Treasury function. For example, interest rate risks generated by lending to and receiving deposits from customers are first offset against each other internally with the remaining net exposure managed using derivatives, within risk limits set by ALCO.

Whilst the default strategy in managing market risk is to ensure such risks arising from Nationwide's assets and liabilities are fully hedged, the appetite recognises that to ensure maximum value to members, a limited amount of market risk will remain due to:

- Enhancing operational efficiency - eliminating all market risk would involve a larger volume of derivative and foreign exchange transactions which increases operational costs;
- Stability of earnings - hedging risks with derivatives for which effective hedge accounting is not possible could create earnings volatility e.g. optionality within retail products could be hedged with swaptions; and
- Cost minimisation - in some instances, such as investing in liquid assets other than cash, the market risk incurred (e.g. swap spread risk) is outweighed by the cost savings.

The Board is responsible for setting market risk appetite and ALCO is responsible for managing Nationwide's market risk profile within this defined risk appetite. Market risk is managed within a comprehensive risk framework which includes policies, limit setting and monitoring, stress testing and robust governance controls. This includes setting and monitoring more granular limits within Board limits with relevant market risk metrics reported monthly to ALCO.

The Society's Market Risk Policy is reviewed and approved annually by the Director of Treasury.

The Society has tight limits put in place to mitigate and allow effective monitoring of Market Risk. The key measures utilised by the Society include Value at Risk (VaR) and value sensitivity measures. These metrics are monitored daily and reported to ALCO monthly.

(b) The structure and organisation of the market risk management function (Point (b) of Article 435 (1) CRR)

Nationwide's Board is responsible for setting market risk appetite which is outlined in Nationwide's Society-wide Risk Strategy document.

ALCO, to which the Board has delegated the day-to-day management of market risk, performs its duties in accordance with Board Risk Appetite, its Terms of Reference and regulatory requirements. This includes the monitoring of performance against risk appetite and the Funding Plan.

Certain treasury activities, in respect of market risk, are delegated to Material Risk Takers (MRTs) within Treasury by ALCO. Market risk is managed and reported by segregated teams within the Treasury function in line with the Society's Enterprise Risk Management Framework. The Society operates a Three Lines of Defence model to provide challenge, oversight and assurance of Treasury activity.

(c) Scope and nature of risk reporting and measurement systems (Point (c) of Article 435 (1) CRR)

The principal market risks that affect Nationwide are listed below together with the types of risk reporting measures used:

Market risk exposure	Definition	Reporting measure
Interest rate risk	The impact of market movements in interest rates, which affects interest rate margin realised from lending and borrowing activities. Volatility in short-term interest rates can also impact net income contribution from rate insensitive liabilities.	Value sensitivity / Value at risk / Net interest income sensitivity / Economic value of equity sensitivity
Basis risk	The impact on earnings of relative changes in short-term interest rate benchmarks, for example between Bank Base Rate and Sonia	Earnings sensitivity
Swap spread risk	The impact on the market value of treasury investments arising from changes in the spread between bond yields and swap rates	Value at risk
Inflation risk	The impact on the market value of treasury investments arising from changes in the spread between asset prices and swap rates	Value sensitivity
Currency risk	The impact on earnings due to changes in exchange rates	Value sensitivity / Value at risk
Product option risk	The impact from changes to hedging which may be required when customer behaviour deviates from expectations, principally resulting from early repayment of fixed rate loans	Value at risk / Economic value of equity sensitivity
Structural interest rate risk	The impact of market movements in interest rates, which affects the income arising from balance sheet items that have stable balances, an interest rate that is fixed, are non-interest bearing or insensitive to changes in market rates, and have no defined maturity date. This includes 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 level.	Duration / Value at risk / Net interest income sensitivity

Nationwide has a capital requirement for each of the above market risks. In addition, stress analysis is used to evaluate the impact of more extreme, but plausible events.

17.2. UK MR1 - Market risk under the standardised approach

The 2% threshold as set out in the UK CRR has not been met; therefore, the values have been set to nil and the template has not been presented.

17.3. UK MRB - Information on the internal Market Risk Models

Nationwide do not use an internal Market Risk Model for Market Risk.

17.4. UK MR2-A - Market risk under the internal Model Approach (IMA)

Nationwide does not use the Internal Model Approach for market risk - therefore this template has not been presented.

17.5. UK MR2-B - RWA flow statements of market risk exposures under the IMA

Nationwide does not use the Internal Model Approach for market risk - therefore this template has not been presented.

17.6. UK MR3 - IMA values for trading portfolios

Nationwide does not use the Internal Model Approach for market risk - therefore this template has not been presented.

17.7. UK MR4 - Comparison of Value at Risk (VaR) estimates with gains/losses

Nationwide does not use the Internal Model Approach for market risk - therefore this template has not been presented.

18 Annex XXXI | Operational risk

18.1. UK ORA - Information on operational risk

(a) Risk management objectives and policies (Points (a), (b), (c) and(d) of Article 435(1) CRR)

Structure and organisation of risk management function for operational risk

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. This risk is managed through proportionate controls designed to identify and prevent failures that could affect customers, colleagues or the Society. Nationwide manages operational and conduct risk across a number of sub-categories, which include information and technology management, payments, economic crime and regulatory compliance.

Nationwide operates a Three Lines of Defence model to manage operational and conduct risk. Details on this approach are set out in 'Annex III Risk management policies and objectives' section. Risk management is driven by a positive risk culture and consists of core components: risk appetite, policy, risk management, reporting and enablers and governance.

Risk measurement and control

The operational and conduct risk profile is informed by risk assessments from across Nationwide, and by review and challenge by both 1st line management and the 2nd line Oversight functions. 2nd line Oversight supports management in managing the risks it faces in its normal day-to-day activities and when implementing change programmes. The 3rd line of defence provides assurance to the Board on the effectiveness of the control environment.

Nationwide recognises the importance of continuous improvement in the understanding of the operational and conduct risks it is exposed to and the associated control environment it relies on to mitigate these risks. Nationwide has continued to mature its operational and conduct risk management processes and capabilities, with a particular focus on change management, economic crime risk capabilities and strengthening the technology control environment. It is critical Nationwide remains safe and secure, with a risk and control culture embedded across the Society.

Nationwide has implemented the requirements of the FCA's Consumer Duty for new and existing products, which came into effect on 31 July 2023. The Consumer Duty requires a higher standard of consumer care beyond the previous set of principles and rules set by the FCA and requires firms to be more proactive in the delivery of fair outcomes and more robust in demonstrating and measuring them. A range of activity has been undertaken to ensure that Nationwide continues to deliver good customer outcomes and meets these increased expectations, including the enhancement of our product governance, reviews of the value offered by our products and services, assessment of the support offered throughout our customer journeys and an uplifted approach to designing and reviewing our customer communications. This is supported by improved monitoring of customer outcomes including Board level monitoring. Work is ongoing to ensure the same standards are applied to products and services which are no longer on sale, prior to the FCA's deadline of 31 July 2024.

Operational risk reporting

Operational and conduct risk events which have occurred are monitored and reported on to better understand those exposures and drive sustainable mitigation to prevent re-occurrence. For the purposes of this report, events 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 our main banking competitors.

More information regarding key operational and conduct risks and losses are included in the Operational & conduct risk section in the Annual Report and Accounts 2024.

Policies on hedging and mitigating operational risk

The Society has an adequate risk framework in place and a largely effective control environment. Their design has been and will continue to be enhanced, to ensure they remain fit for purpose and reflect changes to the internal and external risk profile, allowing tailored responses to be developed where further maturity or improvements are considered appropriate. To give full coverage of risk management activities, subject matter specific policies articulate the principles and requirements that must be met to manage Nationwide's key risks in line with the Society's ERMF.

To ensure the ERMF remains fit for purpose, the strengthening of the operational and conduct risk and control environment, including economic crime and anti-money laundering controls, will continue to be a focus in 2024.

Further information on operational and conduct risk management can be found in the Annual Report and Accounts 2024.

(b) Approaches for the assessment of minimum own funds requirements (Article 446 CRR)

The standardised approach (STA) is used to calculate Pillar 1 operational risk.

(c) Description of the AMA methodology approach used (Article 446 CRR) and (d) use of insurance for risk mitigation (Article 454 CRR))

This is not applicable to Nationwide as we do not apply the Advanced Measurement Approach (AMA).

18.2. UK OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

UK OR1 - Operational risk own funds requirements and risk-weighted exposure amounts - 04 Apr 2024

		a	b	c	d	e
		Relevant indicator[1]			Own funds requirements	Risk weighted exposure amount
£m	Banking activities	Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	–	–	–	–	–
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	3,779	4,577	4,578	520	6,498
3	*Subject to TSA:*	3,779	4,577	4,578		
4	*Subject to ASA:*	–	–	–		
5	Banking activities subject to advanced measurement approaches AMA	–	–	–	–	–

UK OR1 - Operational risk own funds requirements and risk-weighted exposure amounts - 04 Apr 2023

		a	b	c	d	e
		Relevant indicator[1]			Own funds requirements	Risk weighted exposure amount
£m	Banking activities	Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	–	–	–	–	–
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	3,232	3,779	4,577	467	5,831
3	*Subject to TSA:*	3,232	3,779	4,577		
4	*Subject to ASA:*	–	–	–		
5	Banking activities subject to advanced measurement approaches AMA	–	–	–	–	–

Notes:
[1] The relevant indicators use audited figures

19 Annex XXXIII | Remuneration policy

19.1. UK REMA - Remuneration policy

(a) Information relating to the bodies that oversee remuneration:

(i) Name, composition and mandate of the main body

Nationwide's Remuneration Committee (the 'Remuneration Committee' or the 'Committee') is responsible for determining on behalf of the Board the remuneration strategy and the specific remuneration packages for the Society Chair, the executive directors and other members of the Executive Committee, as well as any other employees who are deemed to fall within scope of the Remuneration Part of the PRA Rulebook and SYSC 19D of the FCA Handbook (together, the 'UK Remuneration Code').

The Committee also provides oversight and advice to the Board on the appropriateness and relevance of the remuneration policy and pay practices for the workforce across the Society, with a specific focus on the risks posed, including, but not limited to, conduct risk. The implementation of the remuneration policy is subject to an internal independent annual review.

There were six scheduled Remuneration Committee meetings held during the financial year.

Details of the Committee's composition and activities during the year ending 4 April 2024 can be found in the Report of the Directors on Remuneration set out in the Annual Report and Accounts 2024. This report and the Committee's full Terms of Reference are available at nationwide.co.uk.

(ii) External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework

Deloitte LLP are appointed as the Remuneration Committee's independent external consultants. The Committee agreed to retain Deloitte LLP during 2023/24 after a review of its fees and quality of service provided. Deloitte advise on a wide range of areas in relation to the remuneration framework, including Nationwide's performance related pay plans, key considerations in relation to the approach to remuneration for Nationwide's senior employees, including executive directors, and compliance with the UK Remuneration Code.

(iii) The scope of Nationwide's remuneration policy

Nationwide's overarching remuneration strategy and policy apply to the executive directors and all other employees of Nationwide. Nationwide does not have any branches or subsidiaries located outside of the UK.

(iv) Staff or categories of staff whose professional activities have a material impact on institutions' risk profile

Nationwide identifies Material Risk Takers ('MRTs') in accordance with the requirements of the UK Remuneration Code. MRTs identified for 2023/24 are those individuals whose professional activities could have a material impact on Nationwide's risk profile, based on, but not limited to, the qualitative and quantitative criteria as set out in the Remuneration Part of the PRA Rulebook. We identify MRTs by reviewing their responsibilities within their role and assessing the materiality of the impact their role could have on the risk profile of Nationwide. For 2023/24 there were a total of 104 MRTs (2022/23: 120). Those identified as MRTs include, but are not limited to:

- Executive and non-executive directors of Nationwide, and Senior Management (being the other members of the Executive Committee, for the purposes of these disclosures);
- Other staff with key functional or managerial responsibility including senior managers of control functions such as audit and risk; and
- Other risk takers, including those identified against Nationwide's internally developed criteria, whose professional activities could have a material impact on Nationwide's risk profile.

(b) Information relating to the design and structure of the remuneration system for identified staff:

(i) An overview of the key features and objectives of remuneration policy

Being a member-owned organisation, our approach to pay reflects the needs of our members and is consistent with our purpose, strategy and values, whilst also being competitive in the talent market.

There are three main elements of remuneration for employees (including MRTs):

- Base salary;
- Benefits (including, for example, pension, car benefits and healthcare); and
- Variable pay.

We seek to deliver pay, for all our employees, which is competitive, fair and aligned with the value delivered to customers.

Fixed pay

All employees receive salary, or in the case of non-executive directors, fees. Salary levels are reviewed at least annually, considering market data, individual skills and experience. Pension and other benefits are provided as part of a competitive reward package. Fixed pay may also include cash in lieu of pension and other cash allowances, such as location allowance, in accordance with market practice. These pay elements are categorised as fixed pay as they are based on predetermined criteria, are non-discretionary, are transparent and cannot be reduced, suspended or cancelled. Role based allowances may be offered in exceptional circumstances and in accordance with regulatory requirements. There are currently no MRTs who receive role-based allowances.

Non-executive directors do not take part in any variable pay plans or in any pension arrangements. Non-executive directors are paid a basic fee, with an additional supplement paid for additional roles or responsibilities, including the Senior Independent Director and Voice of the Employee, or for serving on, or chairing, a Board committee. Fees are set considering practice at other organisations as well as the time commitment for the role at Nationwide. The Society Chair's fee is normally reviewed and approved by the Remuneration Committee on an annual basis. The fees paid to non-executive directors are normally reviewed and approved by the executive directors and by the Society Chair annually. Benefits may be provided to non-executive directors if considered appropriate, including reimbursement of any reasonable expenses (together with any tax thereon where these are deemed to be taxable benefits).

Variable pay

Variable pay for 2023/24 was delivered via our Society-wide Annual Performance Pay (APP) plan, and a number of our senior leaders also received awards under the Long-Term Performance Pay (LTPP) plan, based on performance during the year. APP outcomes for 2023/24 for all eligible colleagues were determined by reference to consistent Society gateways, performance measures and two separate individual performance ratings reflecting both delivery and behaviours. The 2023/24 LTPP awards are subject to a future-looking three-year performance period.

Under the APP plan for 2023/24, we focused on rewarding our employees, including MRTs, for delivering the highest quality service, broadening and deepening the relationships we have with customers, the strength of our brand in the market and managing Nationwide's cost base wisely. Outcomes under the LTPP plan awards in respect of 2023/24 will be determined by reference to a balanced scorecard of financial and non-financial objectives drawn from the Society's Plan with performance measures over the three years to 2026/27. The Board will only approve payment of any variable pay if it is sure that Nationwide is financially secure.

During 2023/24, all variable pay operated within a limit of 200% of fixed pay. This means the total value of any variable pay in respect of the performance year was not greater than two-times the total value of fixed remuneration (base salary, pension payments and other benefits) on an individual basis. Where appropriate, Nationwide has continued to use the notional discount rate for the purpose of calculating the ratio between fixed and variable components of remuneration.

Further details in relation to the key features and objectives of our remuneration policy, including for 2024/25 onwards, can be found in the Report of the Directors on Remuneration set out in the Annual Report and Accounts 2024.

The Remuneration Committee is responsible for determining and agreeing with the Board the remuneration strategy and the broad policy on remuneration for all MRTs. This includes approving the design of, and determining the performance measures and targets for, any discretionary performance pay plan operated by Nationwide for the benefit of these employees. The Committee also approves the outcomes of any performance pay plan and reviews the year-end pay outcomes for all of these employees. The Committee is supported by the Board Risk Committee on risk-related matters including performance pay plan design, the assessment of specific performance measures, and wider issues relating to risk and controls. The Remuneration Committee is also supported by and receives input from the Audit Committee as well as management, while ensuring that conflicts of interests are suitably mitigated, and by the Committee's independent external consultants (Deloitte LLP during 2023/24).

Further details in relation to the roles of the relevant stakeholders in the decision-making process used for determining the remuneration policy can be found throughout these disclosures, and all Board Committees' full Terms of Reference are available at nationwide.co.uk.

(ii) Information on the criteria used for performance measurement and ex ante and ex post risk adjustment

Nationwide uses variable pay to align reward with performance and takes a rounded view of performance by assessing against a range of measures, considering risk, sustainability of performance and Nationwide's values. We ensure that individuals are only rewarded for the achievement of challenging objectives drawn from the Society's Plan and the extent to which their individual performance and behaviours meet our expectations. Under the APP plan, an individual conduct gateway applies such that where any colleagues have a conduct-related formal disciplinary sanction issued within the performance year, they will not meet the gateway and will not be eligible to participate in the plan, resulting in a zero award. LTPP grants are subject to a pre-grant assessment as well as a future-looking three-year performance period, at the end of which performance against the pre-determined measures will be assessed.

Our approach to risk adjustment at a Society level provides for a discretionary assessment of 'ex ante' and 'ex post' risk adjustment, based on performance against our risk appetite as set out in the Society Plan, and taking into account any risk events that came to light during the year from a conduct, reputational, financial or operational perspective. In reaching its determination of an appropriate level of risk adjustment, the Remuneration Committee considers a range of factors, including evidence from the Audit Committee and Board Risk Committee. This includes an assessment of our financial performance provided by the Audit Committee, an assessment of all types of current and future risk issues provided by the Board Risk Committee, supported by the risk management and compliance functions and, for all MRTs, any conduct issues on an individual basis based on information provided by the Chief People Officer. Accordingly, the Remuneration Committee has discretion to reduce variable pay, including to zero, in relation to risk-related or individual conduct related matters. For all of our MRTs, variable pay is subject to malus (i.e. reduction and/or cancellation of unvested awards) and clawback (i.e. repayment or recoupment of paid/vested awards).

Risk adjustment may be applied by way of:

- A reduction or cancellation of in-year payments under Nationwide's variable pay arrangements;
- Where payments under the variable pay arrangements are retained or deferred, the retained or deferred element may be reduced or cancelled at the Committee's discretion;
- All variable pay awards for MRTs are subject to clawback for a minimum of five and up to seven years from when the award is made. This requirement will continue to apply if the individual leaves employment with Nationwide; and
- For PRA- and FCA-designated Senior Managers, awards are subject to clawback provisions for a period of seven years from the date of the award. This may be extended to ten years from the date of award in the event of an ongoing internal/regulatory investigation at the end of the seven-year period.

(iii) Whether the management body or the remuneration committee where established reviewed Nationwide's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration

During the year ending 4 April 2024 the Remuneration Committee reviewed Nationwide's remuneration policy from a range of perspectives, including:

- the performance measures which apply for Nationwide's variable pay plans for 2023/24, including the balanced scorecard of measures that will apply to awards under the LTPP plan;
- our approach to deferral outside of the MRT population, with a view to ensuring our approach continues to be appropriate and aligned with market practice; and
- our approach to MRT identification to ensure ongoing compliance with regulatory requirements in this area.

Further details can be found in the Report of the Directors on Remuneration set out in the Annual Report and Accounts 2024.

(iv) Information of how Nationwide ensures that staff in internal control functions are remunerated independently of the businesses they oversee

For our senior population in control functions (Risk, Compliance and Internal Audit), the majority of any APP award for 2023/24 was linked to the performance of the control function and individual performance. The individual performance objectives for all control function employees are also linked to delivering the objectives of the control function, with no financial or other metrics directly linked to the business areas they control, thereby ensuring the remuneration of these individuals is independent from the areas they oversee. Remuneration for the senior officers in control functions is directly overseen by the Remuneration Committee, with input on objectives and performance from the Board Risk Committee and Audit Committee, as appropriate. In all cases, award levels are set at a level which allows Nationwide to employ qualified and experienced individuals without compromising their objectivity and independence.

(v) Policies and criteria applied for the award of guaranteed variable remuneration and severance payments

Guaranteed variable remuneration is only awarded in exceptional circumstances and would always be limited to new hires in the first year of service. Any such payments would be made in line with the requirements of the UK Remuneration Code.

Payments on termination of employment are made in accordance with any contractual or other statutory entitlements (e.g. redundancy) and are made in a way that reflects performance over time and does not reward failure or misconduct.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes

In considering remuneration in the context of Nationwide's risk objectives, the Remuneration Committee takes into account a range of factors, including input from the Audit Committee and Board Risk Committee. Remuneration and risk adjustment outcomes are determined by reference to an assessment of our financial performance provided by the Audit Committee and an assessment of all types of current and future risk issues provided by the Board Risk Committee, supported by the risk management, audit and compliance functions.

Nationwide's Risk and Performance Adjustment Standard details our approach to ex ante risk adjustment and provides that performance will be assessed on an ongoing basis in the context of Board Risk Appetite and will take into account all relevant risk categories, for example, Operational and Conduct risk, Credit risk, Market risk and Liquidity and Funding risk. The approach includes an assessment of affordability in relation to the award or release of variable remuneration, consideration of the cost and quantity of capital and liquidity required, the consistency with the timing and likelihood of potential future revenues incorporated into current earnings, and an additional qualitative event-based overlay, applied by the Remuneration Committee at the recommendation of the Audit Committee, Board Risk Committee or Chief Risk Officer (CRO), to take account of any other exceptional events which may also need to be taken into consideration.

The Committee may reduce or cancel the payment of variable remuneration where it deems appropriate in light of any emerging or potential risks.

Details of the approach to ex post risk adjustment are included in section (f)(ii).

(d) The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD

All variable pay in respect of the year ending 4 April 2024 operated within a limit of 200% of fixed pay. See section b(i) above for further details.

Further details in relation to our approach to remuneration for 2024/25 onwards can be found in the Report of the Directors on Remuneration set out in the Annual Report and Accounts 2024.

(e) Description of the ways in which Nationwide seeks to link performance during a performance measurement period with levels of remuneration:

(i) An overview of main performance criteria and metrics for institution, business lines and individuals

Annual Performance Pay

APP outcomes for 2023/24 for all eligible colleagues, including MRTs, were determined by reference to consistent Society gateways, performance measures and two separate individual performance ratings reflecting both delivery and behaviours. Society-wide performance measures are based on challenging strategic and financial measures drawn from the Society's Plan and for 2023/24 reflected the measures set out below:

- Number of engaged customers;
- Customer Experience Score;
- Total costs; and
- Heard good things about Nationwide.

Three 'gateways' must be passed before any payment is made under the APP plan, based on measures of profit before tax, leverage ratio and conduct risk. If certain thresholds in respect of these gateways are not met, then scale back may be applied (including reducing awards to zero). The Remuneration Committee must also be satisfied that there are no significant current or future conduct, reputational, financial, operational risks or other reasons why awards should not be made, considering input from the Board Risk and Audit Committees.

Individual performance is also rewarded under the scheme, considering both the 'what' and the 'how', with objectives aligned to Nationwide's strategy as well as individual conduct and behaviours. Senior individuals may have performance goals that are linked to the performance of the department or business line in which they are based. For control function staff, APP awards are primarily linked to the performance of the specific function rather than the business line which they oversee.

To receive an award under the Society-wide APP plan, all employees, including MRTs, must meet a satisfactory level of individual performance, assessed against the delivery of individual goals, conduct and behaviours. Awards are scaled back, including to zero, where an individual has not achieved a satisfactory level of performance.

Long-Term Performance Pay

LTPP awards are granted subject to the achievement of satisfactory Society and individual performance during the year prior to grant. Awards are then subject to a future-looking three-year performance period, with outcomes determined by reference to a balanced scorecard of financial and non-financial objectives drawn from the Society's Plan. For LTPP awards in respect of 2023/24, this scorecard will reflect the measures set out below:

- Financial goals;
- Customer service satisfaction;
- Environmental, Social and Governance (ESG) objectives;
- Risk and Compliance; and
- Transformation goals, aligned with the Society's strategic drivers.

The 'gateways' described above in relation to the APP plan will also apply to LTPP awards.

Further details of the measures, targets and performance outcomes under the Society's variable pay arrangements for 2023/24 can be found in the Report of the Directors on Remuneration set out in the Annual Report and Accounts 2024.

(ii) An overview of how amounts of individual variable remuneration are linked to Nationwide's and individual performance

In respect of both our Society-wide APP arrangement and the LTPP plan, employees have on-target and maximum award opportunities which are set at the start of the performance year and reflect the individual's role and seniority within Nationwide. Individual award outcomes will be determined by reference to an assessment of the performance measures set out above.

All variable pay in respect of the year ending 4 April 2024 operated within a limit of 200% of fixed pay.

(iii) Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments

In line with the requirements of the UK Remuneration Code, at least 50% of variable remuneration awarded to MRTs is paid in cash linked to the value of Nationwide's core capital deferred shares ('CCDS') over the relevant deferral and retention periods. For these purposes, the value of CCDS may be adjusted to remove the impact of long-term interest rates. The remainder of any awards is paid in cash.

Given Nationwide's mutual status, other forms of non-cash instrument are not readily available for the purposes of meeting the requirements of the UK Remuneration Code, and the Remuneration Committee has determined that our approach is appropriate.

(iv) Information of the measures Nationwide will implement to adjust variable remuneration in the event that performance metrics are weak, including criteria for determining "weak" performance metrics

As detailed above, there are three gateway measures that must be passed before any payment is made under either the Society-wide APP arrangement or the LTPP plan that applied for 2023/24. The Remuneration Committee receives input, including from the Board Risk Committee, Audit Committee and the CRO, in determining the extent to which these gateways are met, and if certain thresholds are not met in respect of these gateways, then awards may be scaled back, including to zero. The three gateways cover profit before tax and leverage ratio to ensure affordability and Nationwide's ongoing stability are considered, as well as an assessment of conduct risk.

Nationwide's performance is assessed against a balanced scorecard of measures under both variable pay plans. For 2023/24 awards, these included a range of financial and non-financial measures drawn from the Society's Plan, with maximum, target and threshold levels of performance determined by the Remuneration Committee at the start of the performance period. Awards are determined following the end of the performance period based on the extent to which the performance targets have been satisfied. No awards will be made where performance has not met the threshold target.

In considering any formulaic outcomes of the measures and financial gateways, the Committee will determine whether these are a true reflection of performance or whether any further discretionary adjustments should be applied.

All variable pay is subject to a robust risk assessment in advance of the payment of any awards. The Remuneration Committee must be satisfied that there are no significant current or future conduct, reputational, financial, operational risks or other reasons why awards should not be made, considering input from the Board Risk and Audit Committees.

(f) Description of the ways in which Nationwide seeks to adjust remuneration to take account of long-term performance:

(i) An overview of Nationwide's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff

For all MRT roles, variable pay awards are subject to deferral. A Society-wide deferral approach also applies to non-MRTs, whereby a portion of awards above a specified threshold will be deferred. Our approach to deferral for 2023/24 variable pay awards, as set out below, provides that the time horizons and level of deferral will vary considering seniority, role and level of remuneration, including whether the individual meets the 'higher paid' criteria as set out in the UK Remuneration Code.

For executive members of the Board and other PRA-designated Senior Managers meeting the 'higher paid' criteria for whom total variable pay exceeds £500,000, up to 40% of each individual's overall variable pay (i.e., across both the APP and LTPP plans where individuals are eligible to receive awards under both plans), vests following the year and the remaining amount is deferred, payable between years three and seven following the date of award. A minimum of 50% of both the upfront portion and the deferred portion is linked to the performance of Nationwide's CCDS. CCDS linked elements are subject to a twelve-month retention period and may be adjusted where distributions cannot be paid during the deferral period.

For PRA-designated Senior Managers meeting the 'higher paid' criteria for whom total variable pay does not exceed £500,000, up to 60% of each individual's overall variable pay vests following the year and the remaining amount is deferred, payable between years three and seven following the date of award. A minimum of 50% of both the upfront portion and the deferred portion is linked to the performance of Nationwide's CCDS. CCDS linked elements are subject to a twelve-month retention period and may be adjusted where distributions cannot be paid during the deferral period.

For PRA-designated Senior Managers not meeting the 'higher paid' criteria, FCA-designated Senior Managers, other members of senior management, and 'higher paid' MRTs meeting the requirements for five-year deferral, up to 60% of each individual's overall variable pay vests following the year and the remaining amount is deferred, payable over five years following the date of award. A minimum of 50% of both the upfront portion and the deferred portion is linked to the performance of Nationwide's CCDS. CCDS linked elements are subject to a twelve-month retention period and may be adjusted where distributions cannot be paid during the deferral period.

For all other MRTs who are subject to the UK Remuneration Code requirements in full, up to 60% of each individual's overall variable pay vests following the year and the remaining amount is deferred, payable over four years following the date of award. A minimum of 50% of both the upfront portion and the deferred portion is linked to the performance of Nationwide's CCDS. CCDS linked elements are subject to a twelve-month retention period and may be adjusted where distributions cannot be paid during the deferral period.

For other employees, where variable is equal to or exceeds £80,000 a portion will be deferred over four years following the date of award, with all payments made in cash.

(ii) Information of Nationwide's criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law)

All variable pay awards made to MRTs are subject to malus and clawback arrangements. Awards are subject to clawback for a minimum of five and up to seven years from when the award is made. For PRA and FCA-designated Senior Managers, awards are subject to clawback for up to ten years in the event of ongoing internal/regulatory investigation at the end of a seven-year period, in line with regulatory requirements. These requirements will continue to apply if the individual leaves employment with Nationwide.

The circumstances in which ex post adjustment may be applied include, but are not limited to:

- Where the Committee believes that the variable pay outcomes are not representative of overall performance or are otherwise unaffordable;
- If it emerges that the original assessment of performance was misleading, or where there is a material downturn in financial performance over the deferral or retention period;
- Where Nationwide, or any relevant business area suffers a material failure of risk management;
- Where there is evidence that an employee participated in or was responsible for conduct which resulted in significant losses to Nationwide or failed to meet appropriate standards of fitness or propriety; and
- There is reasonable evidence of employee misbehaviour or misconduct or direct or indirect accountability for a material failure of risk management or misconduct.

All participants in variable pay plans are not allowed to undermine the performance of the arrangement or Nationwide's ability to take action in relation to their variable pay as a result of any form of risk exposure, by using personal investment strategies, such as hedging.

(iii) Where applicable, shareholding requirements that may be imposed on identified staff

Not applicable given Nationwide's mutual status.

(g) The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR

Nationwide's performance is assessed under both the APP and LTPP arrangements using challenging strategic and financial measures drawn from the Society's Plan.

Further details are included in section (e) and in the Report of the Directors on Remuneration set out in the Annual Report and Accounts 2024.

(h) The total remuneration for each member of the management body or senior management

Details of the remuneration of our executive and non-executive directors can be found in the Report of the Directors on Remuneration set out in Annual Report and Accounts 2024.

(i) Information on whether Nationwide benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR:

Nationwide is a proportionality Level 1 firm in the UK and therefore applies the requirements of the remuneration part of the UK Remuneration Code in full.

Nationwide applies the derogation laid down in Article 94(3)(b) of CRD where an individual's annual variable remuneration (a) does not exceed £44,000 and (b) does not represent more than one third of the individual's total annual remuneration.

Details of the staff in relation to which this derogation was applied in respect of 2023/24 are set out below:

Number of staff benefiting from the derogation laid down in Article 94(3)(b) of CRD for 2021/22	Total fixed remuneration	Total variable remuneration
18	£2,720,990	£476,671

(j) Information on the remuneration of their collective management body (Article 450(2) CRR)

See tables UK REM1 to UK REM5.

19.2. UK REM1 - Remuneration awarded for the financial year[1]

UK REM1 - Remuneration awarded for the financial year - 04 Apr 2024

£m			a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1	**Fixed remuneration**	Number of identified staff	11	2	10	81
2		Total fixed remuneration	2.0	2.3	5.4	17.7
3		Of which: cash-based	2.0	2.3	5.4	17.7
UK-4a		Of which: shares or equivalent ownership interests	–	–	–	–
5		Of which: share-linked instruments or equivalent non-cash instruments	–	–	–	–
UK-5x		Of which: other instruments	–	–	–	–
7		Of which: other forms	–	–	–	–
9	**Variable remuneration**	Number of identified staff	–	2	10	74
10		Total variable remuneration	–	4.6	5.8	9.3
11		Of which: cash-based	–	2.0	2.7	4.6
12		Of which: deferred	–	1.2	1.4	1.2
UK-13a		Of which: shares or equivalent ownership interests	–	–	–	–
UK-14a		Of which: deferred	–	–	–	–
UK-13b		Of which: share-linked instruments or equivalent non-cash instruments	–	2.6	3.1	4.7
UK-14b		Of which: deferred	–	1.8	1.8	2.3
UK-14x		Of which: other instruments	–	–	–	–
UK-14y		Of which: deferred	–	–	–	–
15		Of which: other forms	–	–	–	–
16		Of which: deferred	–	–	–	–
17	**Total remuneration (2 + 10)**		**2.0**	**6.9**	**11.2**	**27.0**

UK REM1 - Remuneration awarded for the financial year - 04 Apr 2023

£m			a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1	Fixed remuneration	Number of identified staff	11	3	14	90
2		Total fixed remuneration	1.6	2.7	6.3	19.3
3		Of which: cash-based	1.6	2.7	6.3	19.3
UK-4a		Of which: shares or equivalent ownership interests	–	–	–	–
5		Of which: share-linked instruments or equivalent non-cash instruments	–	–	–	–
UK-5x		Of which: other instruments	–	–	–	–
7		Of which: other forms	–	–	–	–
9	Variable remuneration	Number of identified staff	–	3	13	77
10		Total variable remuneration	–	3.8	4.0	7.3
11		Of which: cash-based	–	1.7	1.8	3.8
12		Of which: deferred	–	0.9	0.8	0.8
UK-13a		Of which: shares or equivalent ownership interests	–	–	–	–
UK-14a		Of which: deferred	–	–	–	–
UK-13b		Of which: share-linked instruments or equivalent non-cash instruments	–	2.1	2.2	3.5
UK-14b		Of which: deferred	–	1.4	1.1	1.7
UK-14x		Of which: other instruments	–	–	–	–
UK-14y		Of which: deferred	–	–	–	–
15		Of which: other forms	–	–	–	–
16		Of which: deferred	–	–	–	–
17	Total remuneration (2 + 10)		1.6	6.5	10.3	26.6

Note:
[1]Certain rows of this table have not been presented as they are not applicable in the UK

19.3. UK REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile

UK REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) - 04 Apr 2024

		a	b	c	d
£m		**MB Supervisory function**	**MB Management function**	**Other senior management**	**Other identified staff**
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	–	–	–	**4**
2	Guaranteed variable remuneration awards -Total amount	–	–	–	**0.6**
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	–	–	–	–
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	–	–	–	–
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	–	–	–	**5**
7	Severance payments awarded during the financial year - Total amount	–	–	–	**0.2**
8	Of which paid during the financial year	–	–	–	**0.2**
9	Of which deferred	–	–	–	–
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	–	–	–	**0.2**
11	Of which highest payment that has been awarded to a single person	–	–	–	**0.1**

£m		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	UK REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) - 04 Apr 2023				
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff	–	1	2	1
2	Guaranteed variable remuneration awards -Total amount	–	0.8	0.9	–
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	–	–	–	–
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	–	–	–	–
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	–	–	–	–
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff	–	–	2	6
7	Severance payments awarded during the financial year - Total amount	–	–	–	0.9
8	Of which paid during the financial year	–	–	–	0.4
9	Of which deferred	–	–	–	–
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	–	–	–	0.4
11	Of which highest payment that has been awarded to a single person	–	–	–	0.4

19.4. UK REM3 - Deferred remuneration

UK REM3 - Deferred remuneration - 04 Apr 2024

		a	b	c	d	e	f	UK - g	UK - h
£m	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods[1]	Of which due to vest in the financial year[2]	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)[3]	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year[4]	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods[4]
1	**MB Supervisory function**								
2	Cash-based	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other forms	–	–	–	–	–	–	–	–
7	**MB Management function**	4.9	0.4	4.5	–	–	(0.1)	0.3	–
8	Cash-based	1.4	–	1.4	–	–	–	–	–
9	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
10	Share-linked instruments or equivalent non-cash instruments	3.5	0.4	3.1	–	–	(0.1)	0.3	–
11	Other instruments	–	–	–	–	–	–	–	–
12	Other forms	–	–	–	–	–	–	–	–
13	**Other senior management**	5.2	0.4	4.8	–	–	–	0.4	–
14	Cash-based	1.6	0.3	1.3	–	–	–	0.3	–
15	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
16	Share-linked instruments or equivalent non-cash instruments	3.6	0.1	3.5	–	–	–	0.1	–
17	Other instruments	–	–	–	–	–	–	–	–
18	Other forms	–	–	–	–	–	–	–	–
19	**Other identified staff**	6.4	0.9	5.5	–	–	(0.1)	0.8	–
20	Cash-based	1.5	0.4	1.1	–	–	–	0.4	–
21	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
22	Share-linked instruments or equivalent non-cash instruments	4.9	0.5	4.4	–	–	(0.1)	0.4	–
23	Other instruments	–	–	–	–	–	–	–	–
24	Other forms	–	–	–	–	–	–	–	–
25	**Total amount**	16.5	1.7	14.8	–	–	(0.2)	1.5	–

Notes:
[1] This is the total value of deferred remuneration awarded for previous performance periods as at 5 April 2023, prior to any changes of value due to ex-post adjustment or changes to the prices of instruments
[2] This is the value that was due to be paid out in the financial year ending 4 April 2024, prior to any changes of value of deferred remuneration due to ex-post adjustment or changes to the prices of instruments
[3] This reflects the change in value of deferred remuneration paid out in the financial year
[4] For the purposes of this table amounts shown in column G are amounts paid out in the financial year post any retention period

UK REM3 - Deferred remuneration - 04 Apr 2023

£m	Deferred and retained remuneration	a	b	c	d	e	f	UK - g	UK - h
		Total amount of deferred remuneration awarded for previous performance periods[1]	Of which due to vest in the financial year[2]	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)[3]	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year[4]	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods[4]
1	MB Supervisory function	–	–	–	–	–	–	–	–
2	Cash-based	–	–	–	–	–	–	–	–
3	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
4	Share-linked instruments or equivalent non-cash instruments	–	–	–	–	–	–	–	–
5	Other instruments	–	–	–	–	–	–	–	–
6	Other forms	–	–	–	–	–	–	–	–
7	MB Management function	4.4	0.4	4.0	–	–	–	0.4	–
8	Cash-based	1.3	0.2	1.1	–	–	–	0.2	–
9	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
10	Share-linked instruments or equivalent non-cash instruments	3.1	0.2	2.9	–	–	–	0.2	–
11	Other instruments	–	–	–	–	–	–	–	–
12	Other forms	–	–	–	–	–	–	–	–
13	Other senior management	5.2	0.5	4.7	–	–	–	0.5	–
14	Cash-based	1.5	0.3	1.2	–	–	–	0.3	–
15	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
16	Share-linked instruments or equivalent non-cash instruments	3.7	0.2	3.5	–	–	–	0.2	–
17	Other instruments	–	–	–	–	–	–	–	–
18	Other forms	–	–	–	–	–	–	–	–
19	Other identified staff	5.5	1.3	4.2	–	–	0.1	1.4	–
20	Cash-based	1.7	0.9	0.8	–	–	–	0.9	–
21	Shares or equivalent ownership interests	–	–	–	–	–	–	–	–
22	Share-linked instruments or equivalent non-cash instruments	3.8	0.4	3.4	–	–	0.1	0.5	–
23	Other instruments	–	–	–	–	–	–	–	–
24	Other forms	–	–	–	–	–	–	–	–
25	Total amount	15.1	2.2	12.9	–	–	0.1	2.3	–

Notes:

[1] This is the total value of deferred remuneration awarded for previous performance periods as at 5 April 2022, prior to any changes of value due to ex-post adjustment or changes to the prices of instruments

[2] This is the value that was due to be paid out in the financial year ending 4 April 2023, prior to any changes of value of deferred remuneration due to ex-post adjustment or changes to the prices of instruments

[3] This reflects the change in value of deferred remuneration paid out in the financial year

[4] For the purposes of this table amounts shown in column G are amounts paid out in the financial year post any retention period

19.5. UK REM4 - Remuneration of 1 million EUR or more per year

UK REM4 - Remuneration of 1 million EUR or more per year

		a	a
		04 Apr 2024	04 Apr 2023
	EUR	Identified staff that are high earners as set out in Article 450(i) CRR	Identified staff that are high earners as set out in Article 450(i) CRR
1	*1,000,000 to below 1,500,000*	6	3
2	*1,500,000 to below 2,000,000*	1	1
3	*2,000,000 to below 2,500,000*	1	1
4	*2,500,000 to below 3,000,000*	1	–
5	*3,000,000 to below 3,500,000*	–	–
6	*3,500,000 to below 4,000,000*	–	–
7	*4,000,000 to below 4,500,000*	–	1
8	*4,500,000 to below 5,000,000*	–	–
9	*5,000,000 to below 6,000,000*	1	–
10	*6,000,000 to below 7,000,000*	–	–
11	*7,000,000 to below 8,000,000*	–	–

19.6. UK REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile

UK REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) - 04 Apr 2024

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
	£m	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	**Total number of identified staff**										104
2	Of which: members of the MB	11	2	13							
3	Of which: other senior management				–	4	–	4	2	–	
4	Of which: other identified staff				–	15	–	39	27	–	
5	**Total remuneration of identified staff**	2.0	6.9	8.9	–	9.5	–	19.7	9.0	–	
6	Of which: variable remuneration	–	4.6	4.6	–	4.0	–	8.3	2.8	–	
7	Of which: fixed remuneration	2.0	2.3	4.3	–	5.5	–	11.4	6.2	–	

UK REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) - 04 Apr 2023

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
	£m	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										120
2	Of which: members of the MB	11	3	14							
3	Of which: other senior management				–	5	–	7	2	–	
4	Of which: other identified staff				–	17	–	51	24	–	
5	Total remuneration of identified staff	1.6	6.5	8.1	–	7.6	–	22.7	6.6	–	
6	Of which: variable remuneration	–	3.8	3.8	–	2.2	–	7.3	1.8	–	
7	Of which: fixed remuneration	1.6	2.7	4.3	–	5.4	–	15.4	4.8	–	

20 Annex XXXV | Encumbered and unencumbered assets

20.1. UK AE1 - Encumbered and unencumbered assets

UK AE1 - Encumbered and unencumbered assets - 04 Apr 2024

		010	030	040	050	060	080	090	100
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
£m			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
010	**Assets of the reporting institution**	**47,586**	**2,253**			**232,422**	**57,478**		
030	Equity instruments	**–**	**–**	**–**	**–**	**62**	**–**	**62**	**–**
040	Debt securities	**3,756**	**2,253**	**3,756**	**2,253**	**23,076**	**22,728**	**23,076**	**22,728**
050	of which: covered bonds	**62**	**62**	**62**	**62**	**2,919**	**2,919**	**2,919**	**2,919**
060	of which: securitisations	**–**	**–**	**–**	**–**	**1,766**	**829**	**1,766**	**829**
070	of which: issued by general governments	**3,008**	**1,506**	**3,008**	**1,506**	**16,791**	**16,476**	**16,791**	**16,759**
080	of which: issued by financial corporations	**748**	**748**	**748**	**748**	**6,337**	**5,786**	**6,337**	**5,786**
090	of which: issued by non-financial corporations	**–**	**–**	**–**	**–**	**3**	**–**	**3**	**–**
120	Other assets	**44,866**	**–**			**213,039**	**34,015**		

UK AE1 - Encumbered and unencumbered assets - 04 Apr 2023

		010	030	040	050	060	080	090	100
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
£m			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
010	Assets of the reporting institution	65,684	5,922			217,444	51,089		
030	Equity instruments	–	–	–	–	51	–	51	–
040	Debt securities	8,562	5,922	8,562	5,922	16,516	16,346	16,516	16,346
050	of which: covered bonds	233	140	233	140	2,520	2,520	2,520	2,520
060	of which: securitisations	1,210	–	1,210	–	639	517	639	517
070	of which: issued by general governments	6,683	5,370	6,683	5,370	11,820	11,699	11,820	11,699
080	of which: issued by financial corporations	1,716	415	1,716	415	5,053	4,862	5,053	4,862
090	of which: issued by non-financial corporations	–	–	–	–	4	–	4	–
120	Other assets	56,156	–			199,273	34,887		

20.2. UK AE2 - Collateral received and own debt securities issued

UK AE2 - Collateral received and own debt securities issued - 04 Apr 2024					
		010	030	040	060
		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
£m			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
130	**Collateral received by the reporting institution**	–	–	**7,428**	**257**
140	Loans on demand	–	–	**6,301**	–
150	Equity instruments	–	–	–	–
160	Debt securities	–	–	**319**	**257**
170	of which: covered bonds	–	–	–	–
180	of which: securitisations	–	–	**168**	–
190	of which: issued by general governments	–	–	**67**	**67**
200	of which: issued by financial corporations	–	–	**242**	–
210	of which: issued by non-financial corporations	–	–	–	–
220	Loans and advances other than loans on demand	–	–	–	–
230	Other collateral received	–	–	–	–
240	**Own debt securities issued other than own covered bonds or securitisations**	–	–	–	–
241	**Own covered bonds and asset-backed securities issued and not yet pledged**			**815**	–
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	**47,586**	**2,253**		

UK AE2 - Collateral received and own debt securities issued - 04 Apr 2023					
		010	030	040	060
		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
£m			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
130	Collateral received by the reporting institution	–	–	6,856	374
140	Loans on demand	–	–	6,345	–
150	Equity instruments	–	–	–	–
160	Debt securities	–	–	374	374
170	of which: covered bonds	–	–	–	–
180	of which: securitisations	–	–	–	–
190	of which: issued by general governments	–	–	368	368
200	of which: issued by financial corporations	–	–	6	–
210	of which: issued by non-financial corporations	–	–	–	–
220	Loans and advances other than loans on demand	–	–	–	–
230	Other collateral received	–	–	–	–
240	Own debt securities issued other than own covered bonds or securitisations	–	–	–	–
241	Own covered bonds and asset-backed securities issued and not yet pledged			103	–
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	65,684	5,922		

20.3. UK AE3 - Sources of encumbrance

UK AE3 - Sources of encumbrance					
		010	030	010	030
		04 Apr 2024		04 Apr 2023	
£m		**Matching liabilities, contingent liabilities or securities lent**	**Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered**	Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
010	**Carrying amount of selected financial liabilities**	**35,358**	**45,103**	48,740	62,206

20.4. UK AE4 - Accompanying narrative information

(a) Information on asset encumbrance

Encumbrance arises where assets are pledged as collateral against secured funding and other collateralised obligations and therefore cannot be used for other purposes.

Nationwide maintains a level of encumbrance commensurate with the scale and scope of its business operations, within the context of a robust and diversified funding capability. The Board is responsible for setting risk appetite with respect to levels of liquidity and funding risks, including asset encumbrance. Nationwide's limit framework ensures the amount of assets it encumbers during normal business conditions is limited so that sufficient contingent funding capacity is retained in the event of a stress.

Accounting values are used in all tables, these reflect the median of the sums of the four quarterly end-of-period values over the previous year as prescribed by regulatory requirements.

The consolidation scope applied for the purposes of asset encumbrance disclosures is consistent with those applied for liquidity requirements.

There are also no differences between the treatment of transactions which have been deemed to have been pledged or transferred compared to their encumbrance status.

(b) Information on the impact of the business model on assets encumbrance and the importance of encumbrance to Nationwide's business model:

(i) the main sources and types of encumbrance

Most of Nationwide's asset encumbrance arises from the use of Owner Occupier mortgages to collateralise its secured funding programmes as shown in the Other Assets row in table UK AE1, namely the Covered Bond and Silverstone Residential Mortgage-Backed Securities programmes, and from Nationwide's participation in the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME). Nationwide also undertakes securities financing transactions in the form of repurchase (repo) agreements where cash is borrowed in return for pledging assets as collateral.

Nationwide both pledges and receives collateral from margining requirements on transactions conducted under the terms of ISDA, CSA, Global Master Securities Lending Agreements (GMSLA) and Global Master Repurchase Agreements (GMRA).

(ii) the structure of encumbrance between entities within a group

There is no material difference in the level of encumbrance of Nationwide entities on a Group or Individual basis.

(iii) information on over-collateralisation

A buffer of over-collateralisation is voluntarily maintained for operational efficiency across Nationwide's secured funding programmes. Nationwide Covered Bond programme has an asset pool of c.£23.6 billion and c.£15.4 billion of notes outstanding, whilst the Silverstone programme has an asset pool of c.£7.3 billion and c.£5.6 billion of notes. Collateral in the Covered Bond pools over and above the minimum over-collateralisation required is not considered encumbered as it can be freely withdrawn. The minimum required over-collateralisation is the greater of that required to (a) maintain the rating (pass the contractual Asset Coverage Test) and, (b) comply with the statutory 8% minimum over-collateralisation. Conversely over-collateralisation in Silverstone asset pool is considered encumbered as it cannot be freely withdrawn.

(iv) additional information on encumbrance of assets

Most encumbered assets are denominated in sterling given they primarily relate to the use of mortgages originated in the UK.

(v) proportion of items included in column 060 ‘Carrying amount of unencumbered assets’ in template UK AE1 that Nationwide would not deem available for encumbrance in the normal course of its business

The majority of unencumbered assets comprise owner-occupied or buy-to-let mortgages, providing Nationwide with high levels of contingent funding capacity, with only a small proportion deemed unavailable for encumbrance which primarily consist of derivative and intangible assets.

(vi) the amount of underlying assets and of cover pool assets of retained securitisations and retained covered bonds

Nationwide retains approximately £3.2 billion of Silverstone RMBS, some of which are (i) encumbered and pledged to the Nationwide Pension Fund, (ii) currently unencumbered but may be pledged to 3rd parties and become encumbered, and (iii) currently unencumbered but may subsequently be sold in the secondary market. The remaining retained notes consist of the seller share required to support the programme rating which are unencumbered. The assets in the Silverstone cover pool are considered encumbered for regulatory reporting purposes. Nationwide does not retain any Covered Bond notes.

(vii) the impact of Nationwide’s business model on their level of encumbrance

Most of Nationwide’s asset encumbrance arises from the use of Owner Occupier mortgages to collateralise its secured funding programmes as shown in the Other Assets row in table UK AE1, namely the Covered Bond and Silverstone RMBS programmes, and from Nationwide’s participation in the Bank of England’s TFSME.

There is a limited volume of assets encumbered without an associated liability, including assets ringfenced to facilitate payment systems.

(viii) additional information on the breakdown of rows in the templates UK AE1, UK AE2 and UK AE3

Row 120 of template UK AE1 “Other assets” primarily relates to loans and advances, with encumbrance arising where mortgages are used as collateral for secured funding programmes and Nationwide’s participation in TFSME, with the corresponding liabilities included in Row 010 of template UK AE3 “Carrying amount of selected financial liabilities”.

21 Annex XXXVII | Interest rate risk in the banking book (IRRBB)

21.1. UK IRRBBA - IRRBB risk management objectives and policies

Qualitative disclosures:

(a) How Nationwide defines, measures, mitigates and controls IRRBB for the purposes of risk control and measurement

Nationwide's interest rate risk arises in the banking book; it does not have a trading book. Interest rate risk, which is defined as the impact of market movements in interest rates, which affect interest rate margin realised from lending and borrowing activities, is a key component of Nationwide's market risk framework.

The Board is responsible for setting market risk appetite and the Assets and Liabilities Committee (ALCO) is responsible for managing Nationwide's market risk profile, including interest rate risk, within this defined risk appetite.

Market risk is managed within a comprehensive risk framework which includes policies, limit setting and monitoring, stress testing and robust governance controls. This includes setting and monitoring more granular limits within Board limits, with relevant risk metrics reported monthly to ALCO. Governance and controls are also in place for the models and systems which are used to measure interest rate risk.

Consistent with other risk categories, IRRBB is subject to Nationwide's Three Lines of Defence model with oversight undertaken by Second Line and assurance provided by Third Line (Internal Audit). This includes an independent Model Risk Oversight function which sets validation standards and undertakes initial and regular validation of models.

The key market risks to which Nationwide is exposed are:

- Interest rate risk;
- Basis risk;
- Swap spread risk;
- Product option risk (fixed-rate mortgage prepayment and take-up risk and fixed-rate savings access risk); and
- Structural interest rate risk.

Refer to the Market Risk section of the Risk Report within the Annual Report and Accounts 2024 for further details of these specific risk types.

(b) Nationwide's overall IRRBB management and mitigation strategies

Interest rate risk specifically is managed and mitigated through a combination of:

- monitoring and reporting risk exposures;
- matching or offsetting exposures;
- appropriate use of derivatives;
- the design of appropriate product features, such as early repayment charges; and
- setting an appropriate internal transfer price for product risks.

(c) The periodicity of the calculation of Nationwide's IRRBB measures

Interest rate risk is measured using a combination of value-based assessments and earnings sensitivity assessments. This includes Economic Value of Equity (EVE) and Net Interest Income (NII) sensitivities. EVE sensitivities and NII sensitivities are measured on a quarterly and monthly frequency respectively but can be assessed more frequently in the event of market conditions changing. Internal risk limits are also set for these metrics.

These measures are complemented by more granular metrics, such as PV01 and Value at Risk (VaR) risk limits set for sub-portfolios and risk types which are monitored daily. This includes risk metrics which measure the impact of the market value of treasury investments arising from changes in the spread between bond yields and swap rates (swap spread risk).

Models are also used to determine IRRBB capital requirements which includes product option risk. The output of the models is used as part of the annual Internal Capital Adequacy Assessment Process (ICAAP), with the outputs also monitored regularly for risk management purposes.

(d) Interest rate shock and stress scenarios that Nationwide uses to estimate changes in its economic value and in earnings

Nationwide's EVE and NII sensitivities are calculated in accordance with the PRA's regulatory requirements, with the following six prescribed interest rate shocks applied. Note that NII sensitivity is assessed against the parallel shock up and parallel shock down only.

- Parallel shock up;
- Parallel shock down;
- Steepener shock;
- Flattener shock;
- Short rates shock up; and
- Short rates shock down.

For the purposes of NII sensitivity, more likely rate shocks are assessed, which include +/- 25 and +/- 100 basis point changes in interest rates, with the Nationwide Board also monitoring NII sensitivity against its risk appetite.

(e) A high-level description of key modelling and parametric assumptions used in calculating change in economic value of equity (ΔEVE) and change in net interest income (ΔNII) in template UK IRRBB1

EVE sensitivity

The key assumptions used in calculating the EVE sensitivity shown in template UK IRRBB1 are as follows:

- the sensitivity represents the difference between the present value of assets and liabilities in a baseline scenario and the shock scenario;
- the balance sheet at the report date is run off over its remaining expected duration;
- the yield curve at the report date is instantaneously shocked in line with the six prescribed scenarios. This includes GBP rates being shocked by 250 basis points in the parallel shocks. A floor of -100 basis points is applied then unwound by 5 basis points per annum for twenty years until the rate returns to 0%. This floor and assumed recovery is consistent with regulations and is applied to the relevant shock scenarios where rates would otherwise become significantly negative;
- Nationwide's own equity is excluded;
- commercial margins are excluded from cash flows and discount rates;

- behavioural risk modelling is used to estimate the change in the extent to which customers use options contained in retail products, specifically the repayment of fixed-rate mortgages, the take-up of fixed-rate mortgage offers / pre-applications and the early access of fixed-rate savings products; and
- non-maturing deposits (NMDs) are assumed to reprice overnight unless they have been deemed to be rate-insensitive and stable, in which case they are assumed to reprice in line with their associated hedging.

Net Interest Income (NII) sensitivity

The key assumptions used in calculating the NII sensitivity shown in template UK IRRBB1 are as follows:

- static balance sheet over a one-year horizon, with all assets and liabilities maturing within the year reinvesting in like-for-like products;
- the prevailing interest rates at the report date are held constant over the one-year horizon to which instantaneous parallel interest rate shocks are applied, with GBP shocked at +/- 250 basis points. Unlike the EVE sensitivity, no rate floor is applied;
- it is assumed that changes in interest rates are fully passed through to retail products, which includes managed rate variable products;
- the sensitivities do not include any management actions which could be taken in response to a change in interest rates; and
- the values are reported on a pre-tax basis.

(f) Modelling assumptions used in Nationwide internal measurement systems (IMS) for purposes other than disclosure that differ from the modelling assumptions prescribed for the disclosure in template UK IRRBB1

The NII sensitivity presented in template UK IRRBB1 below assumes that the extent of the rate shock is fully passed through to managed rate retail mortgage and savings balances and fixed-rate mortgages and savings which reinvest during the one-year horizon. This can result in customer rates becoming negative.

For the purposes of internal reporting, which includes scenarios which apply less severe but more likely interest rate shocks, it is assumed that retail customer rates do not fall below 0 basis points. This reflects the possibility that customer rates may not become negative even if market rates did. The key impact of this assumption is additional NII sensitivity which arises from managed rate savings customer rates flooring at 0 basis points. The impact of this is described in section (h) below.

(g) How Nationwide hedges its IRRBB, as well as the associated accounting treatment

Interest rate risk is hedged primarily through a combination of matching or offsetting exposure and the appropriate use of derivatives.

Nationwide has structural hedging programmes in place to stabilise earnings as interest rates change on-balance-sheet items that have stable balances, have an interest rate that is fixed or are non-interest bearing and have no defined maturity date. The most material structural hedging programmes include General Reserves and Core Capital Deferred Shares (CCDS) and current accounts.

In addition to structural hedging programmes, Nationwide also undertakes other balance sheet hedging to mitigate the asymmetric risk which arises in very low or negative interest rate scenarios.

Details of the accounting treatment of Nationwide's derivatives and hedge accounting is set out in note 1 to the financial statements within the Annual Report and Accounts 2024.

(h) Other information regarding significance and sensitivity of the IRRBB measures

Below is a description of the key drivers of the EVE and NII sensitivities which are presented in template UK IRRBB1.

EVE sensitivity

EVE sensitivity, which is monitored quarterly, measures the change in the value of Nationwide's assets and liabilities, excluding equity, arising from a change in interest rates and is calculated on the following basis:

Nationwide's most severe EVE sensitivity is the parallel shock up, with a decline in EVE of £992 million (2023: £834 million). This represents a Supervisory Outlier Test (ΔEVE as a percentage of Tier 1 capital) result of 6.2% (2023: 5.5%), which is within the 15% regulatory threshold.

The most material driver of the sensitivity relates to CCDS and reserves structural hedging, with a decline in EVE of £860 million (2023: £795 million) arising from this due to the exclusion of Nationwide's own equity. Whilst CCDS and reserves structural hedging can have a significant impact in EVE sensitivity, it does reduce volatility in net interest margin which arises when interest rates change. This includes providing a positive contribution to income should rates fall over a short period of time, which is the case in the NII sensitivity parallel shock down scenario.

The remainder of the sensitivity primarily relates to the estimated change in customer behaviour and the extent to which they are assumed to use product optionality in the scenario and the impact of short-term timing mismatches which may arise from the hedging of fixed-rate retail products on a macro-portfolio level.

Most of Nationwide's EVE sensitivity arises in GBP due to Nationwide's hedging policy and strategy for non-GBP exposures.

Note that whilst treasury investments, which are subject to swap spread risk, are included in EVE sensitivity calculations, Nationwide's primary measurement of swap spread risk is through a VaR metric against which risk limits are set.

NII sensitivity

NII sensitivity, which is monitored monthly, measures the extent to which NII is affected by changes in interest rates and is calculated as follows:

NII sensitivities will vary over time due to several factors, such as the timing of maturing assets and liabilities, product pricing, market conditions, and strategic changes to the balance mix. As such, they should not be considered as a guide to future performance.

The parallel shock down, which assumes a 250-basis point reduction in GBP interest rates, is Nationwide's most severe NII sensitivity with a reduction in NII of £259 million (2023: £197 million). This is driven by changes in NII arising from various on-balance sheet items and a change in customer mortgage take-up behaviour. It also includes the positive contribution from structural hedging and other balance sheet hedging strategies, which partially offset the negative contribution to NII when rates fall from various on-balance sheet items.

The result is also influenced by the assumption that the rate change is fully passed through to managed rate retail mortgage and savings balances and fixed-rate mortgages and savings which reinvest during the one-year horizon. If a customer rate floor of 0 basis points were applied, the reduction in NII in this scenario would be £298 million (2023: £724 million).

Quantitative disclosures:

(i) Average repricing maturity assigned to non-maturity deposits (NMDs)

The average repricing maturity assigned to NMDs is 0.7 years (2023: 0.7 years). This is calculated using both balances which are assumed to reprice overnight (non-core) and those which have been assigned a term repricing profile (core).

(j) Longest repricing maturity assigned to NMDs.

The longest repricing maturity assigned is 5.0 years (2023: 5.0 years).

21.2. UK IRRBB1 - Quantitative information on IRRBB

UK IRRBB1 - Quantitative information on IRRBB							
		a	b	c	d	e	f
	In reporting currency	ΔEVE		ΔNII		Tier 1 capital	
£m	Period	**04 Apr 24**	04 Apr 23	**04 Apr 24**	04 Apr 23	**04 Apr 24**	04 Apr 23
010	Parallel shock up	**(992)**	(834)	**(82)**	(100)		
020	Parallel shock down	**287**	259	**(259)**	(197)		
030	Steepener shock	**(72)**	(103)				
040	Flattener shock	**3**	122				
050	Short rates shock up	**(275)**	(76)				
060	Short rates shock down	**283**	195				
070	**Maximum**	**(992)**	(834)	**(259)**	(197)		
080	**Tier 1 capital**					**16,134**	15,069

22 Other principal risks

22.1. Other business risks

Nationwide ensures that it can generate sustainable profits by focusing on recurrent sources of income that provide value commensurate with risk appetite. This risk is monitored as part of ongoing business performance reporting to, and through regular discussion of business model risks by, senior management and the Board.

Nationwide's business model is reliant on generating net interest margin – primarily the difference between the interest rates paid to savers and those received from mortgage holders. During 2023, the Bank of England's response to high inflation led to the Bank rate increasing to a high of 5.25% by August 2023. This affected both mortgage and savings rates. Inflation has since fallen towards the Bank of England's target of 2%. While economic activity has remained weak, there are encouraging signs that cost of living pressures are easing. Nevertheless, conditions for households are likely to remain challenging in the near term, as the effect of previous interest rate increases feed through and labour market conditions soften.

22.2. Pension risk

Summary

Pension risk is defined as the risk that the value of the pension schemes' assets will be insufficient to meet the estimated liabilities, creating a pension deficit. Pension risk could negatively impact Nationwide's capital position and may result in increased cash funding obligations to the pension schemes.

Nationwide has funding obligations to a number of defined benefit pension schemes, of which the Nationwide Pension Fund (the Fund) represents over 99% of the Society's pension obligations. The Fund has approximately 29,000 participants (Fund members), the majority of whom are deferred members (former and current employee members, not yet retired). The Fund closed to new entrants in 2007 and closed to future accrual on 31 March 2021.

In accordance with UK legislation, the assets of the Fund are held in a legally separate trust from Nationwide's assets and are administered by a board of trustees (the Trustee) which has fiduciary responsibilities to Fund members.

Nationwide has a specialist pension risk management team responsible for regularly monitoring the financial risk to the Group from the Fund. This includes analysis, insight, risk appetite articulation and regular reporting to governance committees. The team maintains effective engagement with the Trustee in order to manage the long-term impact on Nationwide's capital and financial position. This is supported by Nationwide's representation at the Trustee's Investment and Funding Committee and investment working groups, and the sharing of management information between Nationwide and the Trustee for the consideration of specific risk management initiatives.

Pension risk is embedded into Nationwide's Enterprise Risk Management Framework and stress testing processes. Nationwide monitors the potential capital deterioration from the retirement benefit position that might occur in a 1-in-200-year stress test. Nationwide considers all pension regulation and legislation change which may impact Nationwide's obligations to the Fund.

Volatility in investment returns from the assets and the value of the liabilities both affect the Fund's net deficit or surplus position. The key risk factors which impact this position are set out below. These factors can have a positive or negative impact on the Fund's position;

- Asset performance;
- Liabilities; and
- Actuarial assumptions.

For further details of these risk factors, Nationwide's approach to management of pension risk and the outlook for this risk, see the Risk Report section of the Annual Report and Accounts 2024.

Developments in the year

In May 2023, the Fund entered into a longevity swap transaction to manage the scheme's longevity risk in relation to £1.7 billion of pension liabilities, covering approximately 7,000 pensioners. This transaction will provide income to the Fund in the event that pensions are paid out for longer than expected, mitigating the financial impact and reducing the scheme's longevity risk exposure by approximately one third.

As the Fund is closed to future accrual, there were no employer contributions made in respect of future benefit accrual during the year. There were also no employer deficit contributions into the Fund for the year ended 4 April 2024 and none are scheduled for the year ending 4 April 2025. The effective date of the Fund's next Triennial Valuation is 31 March 2025.

Glossary

A more extensive glossary which corresponds to the Annual Report and Accounts 2024 can be reviewed at nationwide.co.uk.

A-IRB	Advanced Internal Ratings Based (see Internal ratings based approach).
Asset Backed Securities (ABS)	Securities that represent an interest in an underlying pool of referenced assets. The referenced pool can comprise any assets which attract a set of associated cash flows, including credit card assets, but are commonly pools of residential or commercial mortgages. Investors in these securities have the right to cash received from future payments (interest and or principal) on the underlying asset pool.
Basel III	The Basel Committee rules text, issued in December 2010, which presents the details of strengthened global regulatory standards on bank capital adequacy and liquidity. This has been implemented via the Capital Requirements Directive legislation.
Basel 3.1	UK reforms to the existing Basel III framework originally developed by the Basel Committee on Banking Supervision (BCBS). The proposals would, among other things, revise the calculation of RWAs by improving both the measurement of risk in internal models (IMs) and standardised approaches (SAs), and the comparability of risk measurement across firms.
Buy to Let Mortgages	Mortgages offered to customers purchasing residential property as a rental investment.
Capital Requirements Directive V (CRD V)	The supervisory framework which covers prudential rules for banks, building societies and investment firms in the UK.
Capital Requirements Regulation (CRR)	Regulation defining prudential requirements for capital, liquidity and credit risk for credit institutions and investment firms.
Capital Resources Requirement	The amount of capital that Nationwide is required to hold based upon the risks to which the business is exposed.
Collectively assessed impairments	Where a portfolio comprises assets with similar characteristics, collective impairment assessment takes place using appropriate statistical techniques. The collective assessment takes account of losses that will have taken place but are not yet identified.
Commercial lending	Loans secured on commercial property, loans to registered social landlords and loans relating to project finance.
Common Equity Tier 1 capital	The highest quality form of capital as defined by CRD IV, comprising accumulated reserves and qualifying instruments after regulatory deductions.
Common Equity Tier 1 (CET1) ratio	Common Equity Tier 1 capital expressed as a percentage of risk weighted assets.
Countercyclical capital buffer (CCyB)	Designed to counter procyclicality in the financial system ensuring that when cyclical system risk is increasing that institutions accumulate capital to create buffers that strengthen the resilience of the banking sector during periods of stress when losses materialise. This will help maintain the supply of credit to the economy and dampen the downswing of the financial cycle. The CCyB can also help dampen excessive credit growth during the upswing of the financial cycle.
Counterparty credit risk	Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows.
Covered Bonds	Debt securities backed by a portfolio of mortgages that are segregated from the issuer's other assets to be solely for the benefit of the holders of the covered bonds.
Credit quality steps	A credit quality assessment scale as set out in CRD IV.

Credit risk	The risk of loss as a result of a customer or counterparty failing to meet their financial obligations.
Credit risk mitigation	Techniques to reduce the potential loss in the event that a customer (borrower or counterparty) becomes unable to meet its obligations. This may include the taking of financial or physical security, the assignment of receivables or the use of credit derivatives, guarantees, credit insurance, set-off or netting.
Default	Circumstances in which the probability of default is taken as 100% for the purposes of the calculation of regulatory capital and compliance with the Capital Requirements Directive IV (CRD IV) legislation. This is defined as when a borrower reaches a predefined arrears status or where a borrower is considered unlikely to repay the credit obligation in full without the lender taking action such as realising security. For further information see CRR article 178.
Exposure at Default (EAD)	An estimation of the amount of exposure that will be outstanding at the time of default.
European Banking Authority (EBA)	The independent EU authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector.
Expected credit loss (ECL)	The present value of all cash shortfalls over the expected life of the financial instrument. Term is used for the accounting for impairment provisions under the new IFRS 9 standard.
ECL 12 Month	Cash shortfalls resulting from default events that are possible in the next 12 months weighted by the probability of the default occurring.
ECL lifetime	Cash shortfalls resulting from default events that are possible over the remaining expected life of the loan, weighted by the probability of that default occurring.
Expected loss (EL)	A calculation to estimate the potential losses on current exposures due to potential defaults. It is the product of probability of default (PD), loss given default (LGD) and exposure at default (EAD).
Exposure	The maximum loss that a financial institution might suffer if a borrower, counterparty or group fails to meet their obligations or if assets and off-balance sheet positions have to be realised.
Exposure Value	A parameter used in IRB approaches to estimate the exposure (amount outstanding) at the time of default.
External Credit Assessment Institution	External Credit Assessment Institution (ECAI). An ECAI (e.g. Moody's, Standard and Poor's, Fitch) is an institution that assigns credit ratings to issuers of certain types of debt obligations as well as the debt instruments themselves.
Financial Conduct Authority (FCA)	The statutory body responsible for conduct of business regulation and supervision of UK authorised firms from 1 April 2013. The FCA also has responsibility for the prudential regulation of firms that do not fall within the Prudential Regulation Authority's (PRA's) scope.
Financial Services Authority (FSA)	The financial services industry regulator in the UK, before transition to the PRA and FCA in April 2013.
Forbearance	Forbearance takes place when a concession is made on the contractual terms of a loan to a customer that is experiencing or about to experience financial difficulties.
Foundation internal ratings based (F-IRB) approach	A method of calculating credit risk capital requirements using internal probability of default (PD) models but with regulators' supervisory estimates of loss given default (LGD) and conversion factors for the calculation of exposure at default. (EAD).
Funding Risk	Funding risk is the risk that Nationwide 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.

Fair Value through other comprehensive income (FVOCI)	Financial assets held at fair value on the balance sheet with changes in fair value recognized through other comprehensive income.
Fair value through profit or loss (FVTPL)	Financial assets held at fair value on the balance sheet with changes in fair value being recognised through the income statement.
FX PRR	Foreign Exchange Position Risk Requirement. The capital requirement under CRR (Market risk) as part of the calculation of the market risk capital requirement.
Guarantee	An agreement by a third party to cover the potential loss to a credit institution should a specified counterparty default on their obligations.
ICA	Internal Capital Assessment the document produced as a result of the ICAAP.
ICR	Individual Capital Requirement. The minimum amount of capital the Group should hold as set by the PRA under Pillar 2 and informed by the ICAAP.
Internal capital adequacy assessment process (ICAAP)	The Group's own assessment of the levels of capital that it needs to hold in respect of its regulatory capital requirements for credit, market and operational risks as well as for other risks including stress events.
Impaired loans	Loans which are three or more months in arrears, or which have individual provisions raised against them.
Individually assessed impairments	Residential loans are assessed individually for impairment when they are in possession. Commercial loans are assessed individually for impairment when there is objective evidence that an impairment loss has occurred.
Interest rate risk	Interest rate risk is the exposure of a firm's financial condition to adverse movements in interest rates.
Internal ratings based approach (IRB)	An approach for measuring exposure to credit risks. IRB approaches are more sophisticated and risk sensitive than the Standardised approach and may be Foundation or Advanced. IRB approaches may only be used with Prudential Regulation Authority (PRA) permission.
International Swaps and Derivatives Association (ISDA) master agreement	A standardised contract developed by ISDA and used to enter into bilateral derivatives transactions. The contracts grant legal rights of set-off for derivative transactions with the same counterparty. This reduces the credit risk of the derivatives to the extent that negative values offset positive values.
Legacy Mortgages	Self-certified, near prime and sub-prime lending, all of which were discontinued in 2009
Leverage ratio	A ratio which measures Tier 1 capital as a proportion of exposures on a non-risk weighted basis
LIBOR (London Interbank Offered Rate)	A benchmark interest rate at which banks can borrow funds from other banks in the London interbank market.
Liquid assets	Total of cash in hand and balances with the Bank of England, loans and advances to banks and investment securities.
Liquidity risk	Liquidity risk is the risk that Nationwide is unable to meet its liabilities as they fall due and maintain member and stakeholder confidence.
Long-run average PD	Probability of default based on a long-run average default rate which would be expected over a full economic cycle.

Loan to value ratio (LTV)	A ratio which expresses the amount of exposure as a percentage of the value of the property on which it is secured. Nationwide calculates LTV on an indexed basis such that the value of the property is updated on a regular basis to reflect changes in the market using either the house price or commercial real estate indices.
Loss given default (LGD)	An estimate of the difference between exposure at default (EAD) and the net amount of the expected recovery expressed as a percentage of EAD.
Market risk	The risk that the net value of, or net income arising from, Nationwide's assets and liabilities is impacted as a result of market prices or rate changes.
Maturity	The remaining time in years that a borrower is permitted to take to fully discharge their contractual obligation (principal, interest and fees) under the terms of a loan agreement.
Medium Term Performance Pay Plan	The Medium Term Performance Pay Plan rewards sustained performance and the achievement of challenging financial targets over a three-year performance cycle.
Minimum capital requirement	The minimum amount of regulatory capital that a financial institution must hold to meet the Pillar 1 requirements for credit, market and operational risk.
Model validation	The process of assessing how well a risk model performs, using a predefined set of criteria including the discriminatory power of the model, the appropriateness of the inputs and expert opinion.
Netting	The ability to reduce credit risk exposures by offsetting the value of any deposits against loans to the same counterparty.
Non-Performing	An exposure in respect of which a default is considered to have occurred or as per other definitions as included in CRR article 47a
Operational risk	The risk of loss arising from failures of internal processes, people and systems or from external events.
Probability of default (PD)	An estimate of the probability that a borrower will default on their credit obligations in the next 12 months.
Permanent Interest Bearing Shares (PIBS)	Unsecured, deferred shares of Nationwide that, in the event of insolvency, rank equally with the claims of Additional Tier 1 (AT1) securities, behind the claims of all subordinated debt holders, depositors, creditors and investing members of Nationwide, and ahead of the claims of core capital deferred shares (CCDS) investors. PIBS are also known as subscribed capital.
Pillar 1 Minimum capital requirements	The regulatory minimum capital requirements for credit, market and operational risk.
Pillar 2 The supervisory review process	Sets out the processes by which financial institutions review their overall capital adequacy. Supervisors then evaluate how well financial institutions are assessing their risks and take appropriate actions in response to the assessments. This includes all risks (including Pillar 1 risks). ICR is an outcome from Pillar 2.
Pillar 3 Market discipline	Disclosure requirements for firms to publish details of their risks, capital and risk management. The aims are greater transparency and strengthening market discipline.
PiT	Point-in-time. A modelling approach which assesses the credit risk of an exposure at a single point in time.

Prime residential mortgages	Mainstream residential loans, which typically have a higher credit quality and fit standard underwriting processes. As such, they are likely to have a good credit history, and pass a standard affordability assessment at the point of origination.
Project Finance	Loans advanced to provide financial support for public-private partnerships between the public and private sectors under the Private Finance Initiative.
Provisions	Amounts set aside to cover incurred losses associated with credit risks.
Present Value 01/200 (PV01 PV200)	A calculation to assess the change in value of the net present value (NPV) of financial instruments with 1 basis point 200 basis points parallel shifts in interest rates. PV01 shows the sensitivity while PV200 applies a more severe stress test.
Prudential Regulation Authority (PRA)	The statutory body responsible for the prudential supervision of banks, building societies, insurers and a small number of significant investment firms in the UK from 1 April 2013. The PRA is a subsidiary of the Bank of England.
Qualifying Revolving Retail Exposures	Facilities to retail customers that provide a revolving facility e.g. credit cards and overdrafts from which credit risks arise. Nationwide's main current account is the FlexAccount.
Rating system	A system for assessing and ranking customers and accounts by risk. A rating system comprises all of the methods, processes, controls, data collection and IT systems that support the assessment of credit risk, the assignment of exposures to grades or pools (rating), and the quantification of default and loss estimates for credit risk exposures.
Repurchase agreement (repo) **Reverse repurchase agreement (reverse repo)**	An agreement that allows a borrower to use a financial security as collateral for a cash loan. In a repo, the borrower agrees to sell a security to the lender subject to a commitment to repurchase the asset at a specified price on a given date. For the party selling the security (and agreeing to repurchase it in the future) it is a repo; for the counterparty to the transaction (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement or reverse repo.
Resecuritisation	A securitisation where the risk associated with an underlying pool of exposures is tranched and at least one of the underlying exposures is a securitisation position.
Revaluation reserve	The revaluation reserve represents the cumulative gains, and associated deferred taxation, arising on the revaluation of certain property assets held by Nationwide.
Retail loans	Loans to individuals rather than institutions, including residential mortgage lending and consumer banking.
Reverse stress tests	Regulatory stress tests that require a firm to assess scenarios and circumstances that would render its business model unviable, thereby identifying potential business vulnerabilities.
Risk appetite	The level and type of risk that Nationwide is willing to assume in pursuit of its strategic goals.
Risk weighted assets (RWA)	The value of assets, after adjustment under the capital rules to reflect the degree of risk they represent.
RWA density	Risk-weighted assets divided by exposure after default (post credit risk mitigation and the application of credit conversion factors).

Securitisation	A process by which a group of assets, usually loans, are aggregated into a pool, which is used to back the issuance of new securities. A company transfers assets to a special purpose entity (SPE) which then issues securities backed by the assets. The cash flows from the assets are used to pay interest on and repay the debt securities.
Senior non-preferred debt	A form of wholesale funding that is unsecured and ranks behind the claims of all depositors, creditors and other investing members, but before the claims of holders of regulatory capital instruments (instruments qualifying as CET1, AT1 or Tier 2 capital).
Society	Nationwide Building Society.
SREP	Supervisory Review and Evaluation Process, the PRA assessment of a firm's own capital assessment (ICA) under Pillar 2.
Standardised approach	The basic method used to calculate credit risk capital requirements. In this approach the risk weights used in the capital calculation are determined by regulators' supervisory parameters. The Standardised approach is less risk-sensitive than the internal ratings based (IRB) approach.
Stress testing	A process which involves identifying possible future adverse events or changes in economic conditions that could have unfavourable effects on Nationwide (either financial or non-financial), assessing Nationwide's ability to withstand such changes, and identifying management actions to mitigate the impact.
Subordinated debt	A form of Tier 2 capital that is unsecured and ranks behind the claims of all depositors, creditors and investing members but before the claims of holders of Additional Tier 1 securities (AT1), permanent interest bearing shares (PIBS) and core capital deferred shares (CCDS).
Subordinated Liabilities	Unsecured debt instruments issued by the Society consisting of non-preferred senior debt, and subordinated debt qualifying as Tier 2 capital.
The Standardised Approach (operational risk)	The standardised approach to operational risk, calculated using three-year historical net income multiplied by a factor of between 12-18%, depending on the underlying business being considered.
Tier 1 capital	A measure of Nationwide's financial strength. Tier 1 capital comprises Common Equity Tier 1 capital and additional Tier 1 capital instruments.
Tier 2 capital	A further measure of Nationwide's financial capital that meets the Tier 2 requirements set out in the Capital Requirements Regulation (CRR), comprising qualifying subordinated debt and other securities and eligible impairment allowances after regulatory deductions.
Total Capital Requirements (TCR)	The minimum amount of capital the Group should hold as set by the PRA under Pillar 2 and informed by ICAAP (replaced the Individual Capital Guidance (ICG) in 2017).
Value at Risk (VaR)	A technique that estimates the potential loss that could occur on risk positions as a result of future movements in market rates and prices over a specified time horizon and to a given level of statistical confidence. In its day to day monitoring, Nationwide uses a 10 day horizon and a 99% confidence level.
Wrong-way risk	Defined by the PRA as a situation where there is an adverse correlation between the counterparty's probability of default and the mark-to- market value of the underlying transaction.

Abbreviations

Abbreviation	Brief description	Abbreviation	Brief description
ABS	Asset Backed Securities	GMSLA	Global Master Securities Lending Agreement
ACS	Annual Cyclical Scenario	G-SII	Globally Systemically Important Institutions
A-IRB	Advanced Internal Ratings Based	ICA	Internal Capital Assessment
ALCO	Assets and Liabilities Committee	ICAAP	Internal Capital Adequacy Assessment Process
AT1	Additional Tier 1	IFRS	International Financial Reporting Standards
BRC	Board Risk Committee	IPRE	Income Producing Real Estate
BRRD	Bank Recovery and Resolution Directive	IRB	Internal Ratings Based
CCDS	Core Capital Deferred Shares	IRRBB	Interest Rate Risk in the Banking Book
CCF	Credit Conversion Factors	ISDA	International Swaps and Derivatives Association
CCP	Central Counterparty	LARS	Limits and Ratings System
CET1	Common Equity Tier 1	LCR	Liquidity Coverage Ratio
CCyB	Countercyclical Capital Buffer	LGD	Loss Given Default
CRD	Capital Requirements Directive	LTV	Loan to Value
CRE	Commercial Real Estate	MDB	Multilateral Development Bank
CRM	Credit Risk Mitigation	MRT	Material Risk Taker
CRR	Capital Requirements Regulation	NPV	Net Present Value
CSA	Credit Support Annex	NSFR	Net Stable Funding Ratio
CST	Concurrent Stress Testing	O-SII	Other Systemically Important Institution
CVA	Credit Valuation Adjustment	PD	Probability of Default
EAD	Exposure at Default	PFE/PFCE	Potential Future Credit Exposure
EBA	European Banking Authority	PIBS	Permanent Interest-Bearing Shares
ECAI	External Credit Assessment Institution	PiT	Point in Time
ECL	Expected Credit Losses	PRA	Prudential Regulatory Authority
EEA	European Economic Area	QCCP	Qualifying Central Counterparty
ERC	Executive Risk Committee	RWA	Risk Weighted Assets
ERMF	Enterprise Risk Management Framework	RSL	Registered Social Landlords
FCA	Financial Conduct Authority	SMI	Silverstone Master Issuer
FI	Financial Institution	SA	Standardised Approach
F-IRB	Foundation Internal Ratings Based	SFT	Security financing transaction
FPC	Financial Policy Committee	SRB	Systemic Risk Buffer
FSA	Financial Services Authority	TCR	Total Capital Requirements
FVOCI	Fair Value through Other Comprehensive Income	TFS	Term Funding Scheme
FVP&L	Fair value through profit or loss (FVTPL)	VM	Variation Margin
FX PRR	Foreign Exchange Position Risk Requirement	Z-VFN	Z Variable Funding Note
GIC	Guaranteed Investment Contract		
GMRA	Global Master Repurchase Agreement		

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