Registered Number: OC313878

Nationwide Covered Bonds LLP

Annual Report and Financial Statements for the period ended 31 March 2025

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Members and Partnership Information

Members

Nationwide Building Society
Moulton Capital Finance Limited

Management Board

Nationwide Building Society
Moulton Capital Finance Limited

Independent Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London
E14 5EY

Registered Office

Nationwide House
Pipers Way
Swindon
SN38 1NW

Registered Number

OC313878
Registered in England and Wales

Members' Report for the period ended 31 March 2025

On behalf of the members of Nationwide Covered Bonds LLP (the "LLP"), the Management Board have pleasure in presenting the Annual Report and the audited financial statements for the LLP for the period ended 31 March 2025. The year end date of the LLP has been changed to 31 March, which aligns with that of its parent. The financial statements have been prepared for the period from 5 April 2024 to 31 March 2025.

As set out in the accounting policies, the Annual Report and Financial Statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. All financial information given in the members' report is taken solely from the statutory results prepared on the above basis. The members consider the financial statements to be fair, balanced and understandable.

Business objectives and principal activities

The LLP is a limited liability partnership which was incorporated by Nationwide Building Society ("the Society", "the Group" or "Nationwide") and Moulton Capital Finance Limited. The LLP is registered, domiciled and operates solely in the United Kingdom (UK). The LLP was incorporated on 25 June 2005. The LLP is a special purpose vehicle whose purpose is to guarantee the Covered Bonds issued by the Society by acquiring mortgage loans and their related security from the Society (the "Originator") pursuant to the terms of the Mortgage Sale Agreement entered on 30 November 2005, when trading commenced. No change in principal activity is envisaged or has occurred during the period.

The LLP enters into interest rate swap agreements with the Society under which it swaps the interest cash flows of the mortgage loans for SONIA plus a margin. The LLP funds the purchase of the mortgage loans by loans from the Society, replicating the issue of Covered Bonds by the Society in currency. Currencies currently in use are Sterling (GBP) (the LLP's functional currency), Euros (EUR), US Dollar (USD), Swiss Franc (CHF) and Norwegian Krone (NOK). The LLP enters into currency swap agreements under which it pays cash flows in GBP and receives EUR, USD, CHF and NOK cash flows which are used to pay the loans to Nationwide. The Society is one of the designated members of the LLP, the Covered Bond originator and the LLP's parent undertaking.

The programme documentation relating to the programme structure defines certain prescribed roles and terms and should be read in conjunction with these financial statements. The programme documentation can be found on the investor relations page at https://www.nationwide.co.uk/investor-relations/covered-bond-terms-of-access/covered-bond-programme/

Employees

The LLP does not have any employees (2024: No employees).

Designated members

The following designated members have remained unchanged since incorporation of the LLP on 25 June 2005:

- Nationwide Building Society
- Moulton Capital Finance Limited

Going concern

The directors consider that preparing the financial statements on the going concern basis is appropriate.

The operations of the LLP are limited in nature and the market risks from financial assets and liabilities of the LLP have been economically hedged. In addition, the LLP continues to have a low liquidity risk profile, with over-collateralisation of the beneficial interest in mortgages providing additional income and mitigating risk. More information on risk management is disclosed in Note 11 to the financial statements.

The directors have assessed the financial performance and position of the LLP and have a reasonable expectation that the LLP will continue in business for the next 12 months and meet its liabilities as they fall due. For this reason, the going concern basis has been used in preparing the accounts.

Details on future developments, dividends and financial risk management are included in the Strategic Report on pages 6– 7.

Environment

The Company's environmental policy is set at a Group level. The Group remains committed to managing its environmental impacts and its ambition is to look for better, cleaner ways to run its operations.

Further details of the Group's activities can be found in the Strategic Report in its Annual Report and Accounts and on Nationwide Building Society's website at **nationwide.co.uk**

Domicile

The LLP is registered and domiciled in the United Kingdom. The registered office is Nationwide House, Pipers Way, Swindon, Wiltshire, SN38 1NW.

Auditors

The auditors, Ernst & Young LLP, have expressed their willingness to continue in office. A resolution for their re-appointment as auditors will be proposed at the next board meeting.

Members and members' interests

The LLP members during the period and up to the date of signing the financial statements are shown on page 2. At no time during the period have the members' executive and non-executive directors, or their connected parties, had any beneficial interest in the LLP nor have they had a material interest in any contract significant to the LLP's business.

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulation. The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial period. Under that law the members have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, as applied to limited liability partnerships, the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the limited liability partnership for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK GAAP standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain LLP's transactions and disclose with reasonable accuracy, at any time, the financial position of the LLP and enable them to ensure that the financial statements comply with the regulations. They are also responsible for safeguarding the assets of the LLP and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

In accordance with Section 418 of the Companies Act 2006 as applicable to limited liability partnerships, for each member in office at the date the members' report is approved:

- So far as the members are aware, there is no relevant audit information of which the LLP's auditors are unaware, and
- Each member has taken all the steps necessary as a member to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

Approved by the Management Board and signed on its behalf by

Richard Merrett

Richard Merrett

For and on behalf of the LLP

31 July 2025

Strategic Report for the period ended 31 March 2025

As set out in the accounting policies, the Annual Report and Financial Statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Business review

In the period to 31 March 2025, the LLP structure serviced an additional £2,512.4 million of covered bond issuance:

Note	Amount	Date
2024-1	Euro 500.0 million	25 April 2024
2024-2	Euro 500.0 million	25 April 2024
2025-1	British Pound 1,000.0 million	07 January 2025
2025-2	Euro 30.0 million	28 January 2025
2025-3	Euro 750.0 million	17 March 2025

During the period, there were £1,086.3 million covered bond note maturities:

Note	Amount	Date
2019-2	Euro 540.9 million	03 June 2024
2020-1	British Pound 609.7 million	10 January 2025

During the period, there were no buybacks of covered bonds.

The balance sheet on page 14 of the financial statements shows the LLP's financial position at the period end.

Future Developments

The LLP will continue to guarantee covered bonds issued by the Society by acquiring mortgage loans and their related security from the Society.

Strategic Goals

Although strategic goals are set at Group level, the Management Board is aware of the LLP's role in supporting the Group's ambition to meet these goals. Further information on the Group's strategic goals and performance against these goals, as well as the strategic goals for the next five years can be found in the Strategic report section of the Group Annual Report and Accounts.

The programme performance is monitored monthly for financial and non-financial indicators including covenants and tests for managing risk which are published within the monthly investor report (available via the Nationwide Building Society website), for example: Asset Coverage Test (ACT); Interest Coverage Test; Service Trigger (which monitors the servicer's ratings to required levels); and Yield Shortfall Test (which checks that the portfolio yield does not fall below SONIA plus 0.25%).

The level of over-collateralisation is central to the contractual mechanics and to credit rating agencies oversight. The level of over-collateralisation can be estimated using the ACT which is carried out each month and is deemed to establish the level of over-collateralisation for the LLP.

To date, all loan and note repayments have been made in accordance with the scheduled repayment dates.

Results

The loss for the period was £2.6 million (2024: £8.4 million profit). This is composed of net interest income of £1.4 million (2024: £3.2 million), losses from derivatives and hedge accounting of £2.6 million (2024: £8.4 million gain) and administrative expenses of £1.4 million (2024: £3.2 million).

Profits are pre-determined under the Covered Bonds LLP programme documentation. Profit before tax, which excludes gains/(losses) from derivatives and hedge accounting and foreign exchange gains/(losses), is fixed to a maximum of £1 per annum.

Results (continued)

At 31 March 2025, the amount of the beneficial interest in the mortgage loan portfolio was £23,814.5 million (2024: £23,580.6 million) and the amount of the deemed loan was £16,419.2 million (2024: £14,943.4 million). The difference of £7,395.3 million (2024: £8,637.2 million) mainly represents the amount of over-collateralisation in the structure.

Risk management and control of the LLP

The Group's mutual model ensures focus on securing the long-term needs of its members whilst maintaining a balance sheet primarily invested in UK residential property and an investment grade liquidity portfolio. The Group continues to have low exposure to higher risk assets and a strong capital position.

The Group adopts a prudent approach to risk management, keeping members' money safe and secure by ensuring that the risks taken in support of our strategy are controlled through a robust risk appetite framework.

The operations of the LLP are limited in nature and the market risks from financial assets and liabilities have been economically hedged. As a result, it is protected from the impacts of macroeconomic and geopolitical events.

In common with other retail financial services organisations, the Group's business model results in many inherent risks which are continuously monitored and managed. These are categorised as follows:

- **Credit Risk** - The risk of loss as a result of a member, customer or counterparts failing to meet their financial obligations.
- **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.
- **Financial Risk** - The risk of loss or damage to the Society as a result of material errors in statutory, regulatory and critical reporting; data; production of financial plans and forecasts; assessment of the financial impacts of business proposals and of non-compliance with accounting principles or tax laws.
- **Operational Risk** - The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.
- **Market risk -** The risk that the net value of, or net income arising from, the Society's assets and liabilities is impacted as a result of market price or rate changes. As Nationwide does not have a trading book, market risk only arises in the banking book.
- **Conduct and Compliance Risk** - The related causes or impacts where the Society exercises inappropriate judgement or makes errors in the execution of its business activities.
- **Strategic Risk** - the risk that failed business decisions, or lack thereof, may pose to the Society.

Further details on these inherent risks and how they are managed within the LLP can be found in note 11. The risk management objectives and polices which correspond to these risks and uncertainties and details on how these are managed and mitigated can be found in the Risk report section of the Group's Annual Report and Accounts.

Approved by the Management Board and signed on its behalf by

Richard Merrett
For and on behalf of the LLP
31 July 2025

Independent auditor's report to the members of Nationwide Covered Bonds LLP

Opinion

We have audited the financial statements of Nationwide Covered Bonds LLP (the "limited liability partnership") for the period ended 31 March 2025 which comprise the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in members' interest and the related notes 1 to 16 including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2025 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the limited liability partnership's ability to continue as a going concern.

Independent auditor’s report to the members of Nationwide Covered Bonds LLP

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor’s report thereon. The members are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of members

As explained more fully in the members’ Responsibilities Statement set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the partnership’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the partnership or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report to the members of Nationwide Covered Bonds LLP

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are the Companies Act 2006 and license conditions and supervisory requirements of the Financial Conduct Authority ("FCA").
- We understood how Nationwide Covered Bonds LLP is complying with those frameworks by making enquiries of those responsible for management, internal audit, and for legal and compliance matters. In addition, we performed a review of correspondence between the limited liability partnership and UK regulatory bodies and reviewed minutes of the limited liability partnership's members meetings.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by considering the controls that the limited liability partnership has established to address risks identified, or that otherwise seek to prevent, deter, or detect fraud. We made enquiries of those responsible for management and internal audit to supplement our assessment of how fraud might occur. Our procedures to address the risks identified also included incorporation of unpredictability into the nature, timing and/or extent of our testing, challenging assumptions and judgements made by those responsible for management in their significant accounting estimates, and testing period-end adjustments and other targeted journal entries posted with certain descriptions or unusual characteristics.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of those responsible for management and for legal and compliance matters at the limited liability partnership, including through review of members minutes of meetings.
- The limited liability partnership operates in a specialised financial services industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor’s report to the members of Nationwide Covered Bonds LLP

Use of our report

This report is made solely to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to Limited Liability Partnerships. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
Ernst & Young LLP
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Manprit Dosanjh (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London, United Kingdom
31 July 2025

Income statement for the period ended 31 March 2025

	Note	2025 £'m	2024 £'m
Interest receivable and similar income	3	857.3	849.7
Interest payable and similar expenses	4	(855.9)	(846.5)
Net interest income		**1.4**	**3.2**
(Losses)/gains from derivatives and hedge accounting	5	(2.6)	8.4
Administrative expenses	6	(1.4)	(3.2)
(Loss)/profit for the period		**(2.6)**	**8.4**

The notes on pages 16 to 40 form part of these financial statements.

Statement of comprehensive income as at 31 March 2025

	2025 £m	2024 £m
(Loss)/profit after tax	(2.6)	8.4
Cash flow hedge reserve		
Fair value movements taken to members' interests and equity	(9.9)	(0.2)
Amount transferred to the income statement	8.6	(0.4)
	(1.3)	**(0.6)**
Other hedging reserve		
Fair value movements taken to members' interests and equity	(25.8)	(6.6)
	(25.8)	**(6.6)**
Total comprehensive (expense)/income	**(29.7)**	**1.2**

The notes on pages 16 to 40 form part of these financial statements.

Balance sheet as at 31 March 2025

	Note	2025	2024 (note i)
		£'m	£'m
Non-current assets			
Loans and Other Debts Due from Members	8	14,720.5	13,805.4
Derivative Financial Instruments	9	273.1	268.6
Current assets			
Cash and Cash Equivalents	7	479.9	558.4
Loans and Other Debts Due from Members	8	1,698.7	1,138.0
Derivative Financial Instruments	9	25.7	-
Total Assets		**17,197.9**	**15,770.4**
Non-current liabilities			
Loans from Members	10	14,875.7	13,878.7
Derivative Financial Instruments	9	782.4	731.6
Current liabilities			
Loans from Members	10	1,640.5	1,223.5
Derivative Financial Instruments	9	7.9	15.6
Other Liabilities		0.1	-
Total Liabilities		**17,306.6**	**15,849.4**
Members' Other Interests			
General Reserve		(15.8)	(13.2)
Cash Flow Hedge Reserve		0.5	1.8
Other Hedging Reserve		(93.4)	(67.6)
Total Members' Other Interests		**(108.7)**	**(79.0)**
Total Members' Other Interests and Liabilities		**17,197.9**	**15,770.4**

Note:
(i) Comparatives have been restated as detailed in note 1.

The notes on pages 16 to 40 form part of these financial statements.

The financial statements were approved by the members on 31 July 2025.

Signed on behalf of the members

Richard Merrett

Richard Merrett

For and on behalf of the LLP
31 July 2025
Registration Number OC313878

Statement of changes in members interest for the period ended 31 March 2025

	General Reserve	Loans from Members*	Cashflow hedge reserve	Other hedging reserve	Total Members Interest
	£'m	£'m	£'m	£'m	£'m
Members' Interests as at 5 April 2024	**(13.2)**	**158.8**	**1.8**	**(67.6)**	**79.8**
(Loss)/profit for the Period	(2.6)	-	-	-	**(2.6)**
Increase/(decrease) in Loans from Members	-	1,414.0	-	-	**1,414.0**
(Increase)/decrease in Loans and Other Debts Due from Members	-	(1,475.8)	-	-	**(1,475.8)**
Net Movement in Hedging Reserve	-	-	(1.3)	(25.8)	**(27.1)**
Members' Interests as at 31 March 2025	**(15.8)**	**97.0**	**0.5**	**(93.4)**	**(11.7)**

	General Reserve	Loans from Members*	Cashflow hedge reserve	Other hedging reserve	Total Members Interest
	£'m	£'m	£'m	£'m	£'m
Members' Interests as at 5 April 2023	**(21.6)**	**74.7**	**2.4**	**(61.0)**	**(5.5)**
Profit/(Loss) for the Period	8.4	-	-	-	**8.4**
Increase/(decrease) in Loans from Members	-	1,441.4	-	-	**1,441.4**
(Increase)/decrease in Loans and Other Debts Due from Members	-	(1,357.3)	-	-	**(1,357.3)**
Net Movement in Hedging Reserve	-	-	(0.6)	(6.6)	**(7.2)**
Members' Interests as at 5 April 2024	**(13.2)**	**158.8**	**1.8**	**(67.6)**	**79.8**

* This is the net of Loans from Members and Loans and Other Debts Due from Members as per the Balance Sheet

Notes

The notes on pages 16 to 40 form part of these financial statements.

1. Statement of accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The financial statements have been prepared under the historical cost convention as modified to include the fair value of derivatives to the extent required or permitted under the relevant financial reporting framework and as set out in the relevant accounting policies.

The directors consider that preparing the financial statements on the going concern basis is appropriate. The operations of the LLP are limited in nature and the market risks from financial assets and liabilities of the LLP have been economically hedged. In addition, the LLP continues to have a low liquidity risk profile, with over-collateralisation of the beneficial interest in mortgages providing additional income and mitigating risk. More information on risk management is disclosed in Note 11 to the financial statements.

The LLP has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of International Accounting Standard 7 Statement of Cash Flows (IAS 7)
- The requirements of paragraphs 30 and 31 of International Accounting Standard 8 Accounting Policies, Changes in Accounting Estimates and Errors (IAS 8)
- The requirements of International Accounting Standard 24 Related Party Disclosures (IAS 24) paras 17 and 18A

The LLP has changed the presentation of the balance sheet in the current period from order of liquidity to distinguishing between current and non-current items. The comparative amounts have been restated to present the split between current and non-current, the total amounts are unchanged. The change had no impact on the Company's net assets, or profits for the year ended 4 April 2024. The LLP has made use of the exemption of FRS 101.8(g) and therefore does not present the third balance sheet disclosure requirement of IAS 1.10(f).

A summary of the LLP's accounting policies is set out below. The accounting policies have been consistently applied. The financial statements are presented in Sterling and all values are rounded to the nearest million pounds (£'m) except where otherwise indicated.

Further information about judgements in applying accounting policies and critical accounting estimates is provided in note 2.

Adoption of new and revised IFRSs

A number of amendments and improvements to accounting standards have been issued by the International Accounting Standards Board (IASB) with an effective date for annual reporting periods beginning on or after 1 January 2024. The adoption of these amendments had no significant impact on the LLP.

1. Statement of accounting policies (continued)

Restatement of prior year comparatives

Hedge Accounted derivative assets and liabilities for the year ended 04 April 2024 have been restated to distinguish between current and non-current. This change had no impact on the Company's net assets, or profits for the year ended 04 April 2024.

Hedge accounted derivative assets as at 04 April 2024	Previously published £m	Restated £m
In not more than one month	(85.2)	-
In more than one month but not more than three months	-	-
In more than three months but not more than six months	-	-
In more than six months but not more than nine months	-	-
In more than nine months but not more than twelve months	-	-
Total current assets	N/A	-
In more than one year but not more than two years	24.0	18.2
In more than two years but not more than five years	123.4	93.7
In more than five years	206.4	156.7
Total non-current assets	N/A	268.6
Total hedge accounted derivative assets	268.6	268.6

Hedge accounted derivative liabilities as at 04 April 2024	Previously published £m	Restated £m
In not more than one month	(19.2)	-
In more than one month but not more than three months	16.0	15.6
In more than three months but not more than six months	-	-
In more than six months but not more than nine months	-	-
In more than nine months but not more than twelve months	-	-
Total current liabilities	N/A	15.6
In more than one year but not more than two years	14.2	13.8
In more than two years but not more than five years	148.6	144.9
In more than five years	587.6	572.9
Total non-current liabilities	N/A	731.6
Total hedge accounted derivative liabilities	747.2	747.2

Future accounting developments

'Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS7' was issued in May 2024 and is effective for accounting periods beginning on or after 1 January 2026. The amendments provide clarification as to the derecognition criteria for financial liabilities when using an electronic payment system. The amendments also provide guidance on the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows. The impact of these amendments is currently being assessed.

1. Statement of accounting policies (continued)

Future accounting developments (continued)

IFRS 18 'Presentation and Disclosure in Financial Statements' was issued in April 2024 and is effective for accounting periods beginning on or after 1 January 2027, but is not yet endorsed for use in the UK. IFRS 18 replaces IAS 1, and while much of IAS 1 has been retained in IFRS 18, the new standard establishes updated principles for the presentation and disclosure of information in the financial statements, in particular the income statement. The requirements of IFRS 18 are currently being assessed, and while the new standard will potentially alter the presentation of information, it is not anticipated to affect underlying recognition or measurement criteria.

Main accounting assumptions

The Society is considered to have retained substantially all the exposure to the risks and rewards of ownership of the transferred mortgages. As a result, the acquisition of mortgage loans by the LLP is considered to fail the derecognition criteria of IFRS 9 so that the assets sold are retained on the balance sheet of the Society. As described further in note 8 to the financial statements, the LLP therefore treats the transaction as a loan from the Society (the "deemed loan"), secured on a collateral pool of assets, rather than the financial assets that it has legally purchased. The differences between the 'deemed loan' and the balance of mortgage loans is legally recognised as a capital contribution in the LLP. However, as the mortgage loans fail the derecognition criteria of IFRS 9, the capital contribution and the associated element of the deemed loan and interest receivable (referred to as 'over-collateralisation') on it is not recognised in the LLP. The deemed loan is shown net of the over-collateralisation adjustment on the face of the balance sheet. The gross amount is disclosed in the notes.

Contributions and drawings

Under the terms of the transaction document for the sale of the mortgage loans, Nationwide is legally treated as having made a capital contribution to the LLP for an amount equal to the difference between the current balance of the loans sold at transfer date and the cash payment made by the LLP for the loans and relevant securities on that transfer date.

If so requested by the Management Board, the members may, from time to time, make cash contributions to the LLP which will constitute cash capital contributions. The liquidation member, Moulton Capital Finance Limited, will not make any capital contributions to the LLP. No interest is paid on the members' capital balances.

As the sale of the beneficial interest in the mortgage portfolio does not pass the derecognition criteria as described in IFRS 9, capital contributions consist only of cash capital contributions.

Capital distributions may only be made in accordance with the LLP Deed where sufficient principal receipts are available and higher priority payments have been made. Under the priority of payments, payment to the members of the sum of £3,000 in aggregate (or such other sum as may be agreed by members from time to time) is allocated and paid to each member in proportion to their respective capital contribution balance as at the relevant calculation date, subject to a minimum of £1 each, as their profit for their respective interest as members in the LLP.

Deferred consideration

Under the terms of the mortgage sale agreement, Nationwide Building Society, as the Originator of the mortgage loans, retains the right to receive excess income (deferred consideration) arising on those loans, after certain higher priority payments have been met by the LLP. Deferred consideration is treated as a reduction in the interest due from Nationwide Building Society on the loan arising from the failure to derecognise the sale of the mortgages. Deferred consideration is presented within Loans and other debt due from members.

1. Statement of accounting policies (continued)

Interest receivable and interest expense

For instruments measured at amortised cost the effective interest rate (EIR) method is used to measure the carrying values of a financial asset or liability and to allocate associated interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the financial instruments or, when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability.

In calculating the effective interest rate, the LLP estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees received and paid and costs borne that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts above or below market rates.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. net of the allowance for expected credit losses (ECLs)).

Interest receivable is presented net of amounts payable for profits more than the £1 per annum limit set out in the programme documents. The associated amounts payable is presented net with loans and other debts due to members.

Taxation including deferred tax

Taxation on all partnership profits is solely the liability of members. Consequently, neither taxation nor related deferred taxation in the LLP is accounted for in these financial statements.

Non-derivative financial instruments

Financial assets comprise of cash and cash equivalents and loans and other debts due from members. Financial liabilities comprise of loans from members. Non-derivative financial instruments are held at amortised cost if they meet the business model and cashflow characteristics of IFRS 9.

Derecognition of non-derivative financial instruments is the point at which the LLP removes an asset or liability from its balance sheet. Financial assets are derecognised when the rights to receive cash flows have expired or where the assets have been transferred and substantially all the risks and rewards of ownership have been transferred. Financial liabilities are derecognised when the obligation is discharged, cancelled or has expired.

If a transferor retains substantially all the risks and rewards associated with the transferred assets, the transactions is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The members of the LLP have concluded that the originator has retained substantially all the exposure to risks and rewards of the pool of mortgage loans and therefore, the LLP does not recognise the mortgage loans on its balance sheet but rather a loan due from the originator.

The basis swaps between the LLP and the Originator are not recognised separately as derivative financial instruments, as the amounts payable under the swaps reflect interest flow from the mortgage loans which are not recognised by the LLP for accounting purposes. Instead, the deemed loan to the originator is recognised with an effective interest rate which reflects the amount receivable under the swap receiving leg.

The loans are over-collateralised (level of collateralisation greater than 100%) and supported by high credit quality mortgages which are ringfenced. The loans and other debts due from members qualify for amortised cost classification, as, while its repayment is based on the underlying pool of mortgage loans, the LLP benefits from other credit enhancements, which include additional collateral such as the reserve fund, the excess spread, the basis swap, the right to further collateral and other security under the loans' covenants.

1. Statement of accounting policies (continued)

Impairment of financial assets

Financial assets within the scope of IFRS 9 expected credit loss (ECL) requirements comprise all financial debt instruments measured at amortised cost. These include cash, loans and other debts due from members. The ECL represents the present value of expected cash shortfalls following the default of a financial instrument. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the LLP expects to receive.

The allowance for ECLs is based on an assessment of the probability of default, exposure at default and loss given default, discounted at the effective interest rate to give a net present value. The estimation of ECLs is unbiased and probability weighted, considering all reasonable and supportable information, including forward looking economic assumptions and a range of possible outcomes. ECLs are typically calculated from initial recognition of the financial assets for the maximum contractual period that the LLP is exposed to the credit risk.

For financial assets recognised in the balance sheet at amortised cost, the allowance for ECLs is offset against the gross carrying value so that the amount presented in the balance sheet is net of impairment provisions.

Expected credit loss allowance

Impairment is measured as the impact of credit risk on the present value of management's estimate of future cash flows. In determining the required level of impairment provisions, the LLP uses outputs from statistical models, incorporating a number of estimates and judgements to determine the Probability of Default (PD), the Exposure at Default, and the Loss Given Default of each loan. The most significant area of estimation uncertainty is the use of forward-looking information. The most significant area of judgement is the approach to identify significant increases in credit risk and impairment or the definition of default.

Identifying significant increases in credit risk (stage 2)

Loans are allocated to stage 1 or stage 2 according to whether there has been a significant increase in credit risk. The LLP has used judgement to select both quantitative and qualitative criteria which are used to determine whether a significant increase in credit risk has taken place. The impact of credit risk on the loans and other debts due from members is deemed to be immaterial (see notes 8 and 11).

The repayment of the loans and other debts due from members is dependent on the performance of the underlying residential mortgage portfolio originated by Nationwide Building Society. In assessing the loans and other debts due from members for impairment, the Members first consider the impairment of the underlying mortgage loans and consider the ECL of the loans and other debts due from members taking into account the relevant credit enhancements as described in note 11. Accordingly expected losses for loans and other debts due from members are immaterial.

Identifying credit impaired loans and the definition of default (stage 3)

The identification of credit impaired loans and the definition of default is an important judgement within the IFRS 9 staging approach. A loan is credit impaired where it has an arrears status of more than 90 days past due, is considered in default or it is considered unlikely that the borrower will repay the outstanding balance in full, without recourse to actions such as releasing security.

1. Statement of accounting policies (continued)

Derivatives and hedge accounting

a) Derivative financial instruments

Derivatives are entered into to reduce exposures to fluctuations in interest rates, exchange rates and market indices, and are not used for speculative purposes.

Derivatives are carried at fair value with movements in fair values recorded in the profit and loss account. Derivative financial instruments are principally valued by discounted cash flow models using yield curves that are based on observable market data or are based on valuations obtained from counterparties. Discounting uses the appropriate risk-free rate for the currency of the cash flow; for example, GBP cash flows are discounted using a SONIA yield curve.

In the first instance fair values are calculated using mid prices. An adjustment is then made to derivative assets and liabilities to value them on a bid and offer basis respectively. The bid-offer adjustment is calculated on a portfolio basis and reflects the costs that would be incurred if substantially all residual net portfolio market risks were closed out using available hedging instruments or by disposing of or unwinding actual positions. The methodology for determining the bid-offer adjustment involves netting between long and short positions and the grouping of risk by type, in accordance with hedging strategy. Bid-offer spreads are derived from market sources such as broker data and are reviewed periodically.

In measuring fair value, separate credit valuation and debit valuation adjustments are made for counterparty or own credit risk to the extent not already included in the valuation. Funding valuation adjustments are also made to reflect an estimate of the adjustment a market participant would make to incorporate funding costs and benefits that arise in relation to derivative exposures.

All derivatives are classified as assets where their fair value is positive and liabilities where their fair value is negative. Where there is the legal ability and intention to settle net, then the derivative is classified as a net asset or liability, as appropriate.

Where cash collateral is received, to mitigate the risk inherent in amounts due to the LLP, it is included as a liability. Where cash collateral is given, to mitigate the risk inherent in amounts due from the LLP, it is included as an asset.

b) Hedge Accounting

The LLP has adopted the general hedge accounting requirements of IFRS 9. When transactions meet the criteria specified in IFRS 9, the LLP can apply two types of hedge accounting: either hedges of the changes in fair value of the financial asset or liability or hedges of the variability in cash flows of the financial asset or liability.

The LLP does not have hedges of net investments. The financial statement note for derivative financial instruments sets out the split of the derivative portfolio between fair value, cash flow and no hedge accounting at the balance sheet date.

1. Statement of accounting policies (continued)

Derivative hedge accounting (continued)

At inception each hedge relationship is formally documented, including a description of the hedged item (a financial asset or liability which is being economically hedged) and the hedging instrument (a derivative), as well as the methods which will be used to assess the effectiveness of the hedge. Hedges are required to be effective on a prospective basis, in line with risk management strategy.

Fair value and cash flow hedges may have residual hedge ineffectiveness. This is the degree to which the change in fair value of the hedging instrument does not offset the change in fair value of the hedged item. This ineffectiveness is recognised in the income statement and typically arises from:

a) differences in the magnitude or timing of future expected cashflows in the hedged item and hedging instrument;
b) differences in the market curves used to value the hedged item and hedging instrument;
c) unexpected adjustments to either the hedged item or hedging instrument, due to early repayments or disposals;
d) the ongoing amortisation of any existing balance sheet mismatch between the fair value of the hedged item and hedging instrument.

The LLP discontinues hedge accounting when:

a) it is evident from testing that a hedging instrument ceases to meet the hedge effectiveness requirements;
b) the hedging instrument expires, or is sold, terminated or exercised;
c) the hedged item matures or is sold or repaid or, in the case of a forecasted item, is no longer deemed to be highly probable to occur.

The LLP is unable to voluntarily de-designate hedging relationships unless there has been a change to risk management objectives.

Fair value hedge accounting

Fair value hedge accounting results in the carrying value of the hedged item being adjusted to reflect changes in fair value attributable to the risk being hedged. This creates an offset to the fair value movements of the hedging instrument. Changes in the fair value of the hedged items and hedging instruments are recorded in the income statement, except for changes in the fair value of hedging instruments accounted for under IFRS 9 which are attributable to foreign currency basis spreads. Where foreign currency basis spreads are excluded from hedge designation, this element of fair valuation of the hedging instrument is instead recognised directly within equity within the 'other hedging reserve'.

For larger and distinctively identifiable assets and liabilities, such as debt securities in issue, a single or small number of hedging instruments may be used. This is referred to as a micro fair value hedge. If the hedge is effective, the LLP adjusts the carrying value of that specific asset or liability to reflect changes in its fair value due to movements in the designated benchmark rate, such as SONIA. This creates an offset to the fair value movement of the hedging instruments.

In fair value hedge accounting relationships, if the hedging instrument no longer meets the criteria for hedge accounting, the cumulative fair value hedge adjustment is amortised over the period to maturity of the previously designated hedge relationship. If the hedged item is sold or repaid, the unamortised fair value adjustment is immediately recognised in the income statement.

1. Statement of accounting policies (continued)

Derivative hedge accounting (continued)

Cash flow hedge accounting

In a cash flow hedge accounting relationship, the portion of the hedging instrument's fair value movement that is deemed to be an effective hedge is deferred to the cash flow hedge reserve, instead of being immediately recognised in the income statement. The ineffective portion of the derivative fair value movement is recognised immediately in the income statement.

Amounts deferred to the cash flow hedge reserve are subsequently recycled to the income statement. This recycling occurs when the underlying asset or liability being hedged impacts the income statement, for example when interest payments are recognised. In cash flow hedge accounting relationships, if the derivative no longer meets the criteria for hedge accounting, the cumulative gain or loss from the effective portion of the movement in the fair value of the derivative remains in other comprehensive income until the cash flows from the underlying hedged item are recognised in the income statement. If the hedged item is sold or repaid, the cumulative gain or loss in other comprehensive income is immediately recognised in the income statement.

Foreign exchange translation

The LLP holds monetary items denominated in foreign currencies which are translated at the rate prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement.

Segmental reporting

The LLP has only one business segment and operates wholly in the UK. Accordingly, no segmental analysis is presented in these financial statements.

Financial guarantees

Financial guarantees are contracts that require the LLP to make specified payments to reimburse the Noteholders for a loss incurred when the Issuer fails to make a payment due in accordance with the terms of the debt instrument. No additional liability over and above the interest and principal of the notes would be payable.

Where the LLP enters into a financial guarantee contract to guarantee the indebtedness of Nationwide Building Society, the LLP treats such contracts as contingent until such time as it becomes probable that the LLP will be required to make payments under the guarantee. The guarantee is initially recognised at fair value and subsequently re-assessed and valued at the higher of unamortised fees on the guarantee and best estimate of the value of the obligation under the guarantee (as reflected by the ECL allowance as required by IFRS 9). This is nil at inception and at the reporting date.

The financial guarantee is reviewed periodically to determine any credit risk exposure associated with the guarantee and, if appropriate, to consider whether a provision is required.

2. Judgements in applying accounting policies and critical accounting estimates

The preparation of the LLP's financial statements involves management making judgements and estimates when applying those accounting policies that affect the reported amounts of assets, liabilities, income and expense. Actual results may differ from those on which management's estimates are based. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. In preparing the financial statements, management has also considered the impact of climate-related risks on its financial position and performance. While the effects of climate change represent a source of uncertainty, the Group does not consider there to be a material impact on its judgements and estimates from physical and transition risks of climate change in the short to medium term.

3. Interest receivable and similar income

	2025	2024
	£'m	£'m
Interest Receivable from Members	523.6	431.5
Net Income on Financial Instruments Hedging Assets	469.4	527.0
Other Interest	14.9	15.9
Excess Profits Payable	(150.6)	(124.7)
	857.3	**849.7**

The increase in interest receivable is driven primarily by an increase in the deemed loan.

4. Interest payable and similar expenses

	2025	2024
	£'m	£'m
Interest Payable on Loans from Members	570.5	512.7
Net Expense on Financial Instruments Hedging Liabilities	285.4	333.8
	855.9	**846.5**

The increase in interest payable is driven primarily by an increase in the outstanding notes in issue.

5. Gains/(Losses) from derivatives and hedge accounting

	2025	2024
	£'m	£'m
(Losses)/Gains from fair value hedge accounting	(21.1)	3.4
(Losses)/Gains from cash flow hedge accounting	(0.2)	0.3
Other fair value gains/(losses) (note i)	19.0	4.5
Foreign exchange (loss)/gain	(0.3)	0.2
	(2.6)	**8.4**

Notes

(i) This category includes valuation adjustments which are applied at a portfolio level and so are not allocated to individual hedge accounting relationships.

Although the LLP uses derivatives exclusively to hedge risk exposure in interest rates or exchange rates, volatility in the profit and loss account can still arise due to hedge accounting ineffectiveness or because hedge accounting is not achievable. Management recognise that this arises from the application of accounting rules which do not reflect the economic reality of the business and as such this volatility will continue period on period but will always trend back to zero over time.

Losses of £21.1 million (2024: £3.4 million gain) from fair value hedge accounting are due to hedge ineffectiveness and the amortisation of existing balance sheet amounts.

Gains of £19 million (2024: £4.5 million) from other derivatives include gains of £13.9 million (2024: £0.3 million losses) from favourable movements in credit and debit valuation adjustments and gains of £4.8 million (2024: £6.3 million) from a tightening of bid offer spreads.

Further information on the current derivative portfolio is included in note 9.

5. Gains/(Losses) from derivatives and hedge accounting (continued)

Fair Value Hedge Accounting

2025			Change in fair value used for determining hedge ineffectiveness		Hedge ineffectiveness recognised in the income statement	Carrying amount of the hedged item	Of which: accumulated fair value adjustment
Hedged item balance sheet classification	**Hedging instrument**	**Risk category**	**Hedged item**	**Instrument**			
			£m	**£m**	**£m**	**£m**	**£m**
Liabilities:							
Loans from Members	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	**(180.3)**	**159.2**	**(21.1)**	**7,399.3**	**(313.5)**

Fair Value Hedge Accounting

2024			Change in fair value used for determining hedge ineffectiveness		Hedge ineffectiveness recognised in the income statement	Carrying amount of the hedged item	Of which: accumulated fair value adjustment
Hedged item balance sheet classification	**Hedging instrument**	**Risk category**	**Hedged item**	**Instrument**			
			£m	**£m**	**£m**	**£m**	**£m**
Liabilities:							
Loans from Members	Interest rate swaps, cross currency interest rate swaps	Interest rate and foreign exchange	(233.8)	237.2	3.4	11,049.1	(493.7)

5. Gains/(Losses) from derivatives and hedge accounting (continued)

Cash flow hedge accounting

2025			Change in fair value used for determining hedge ineffectiveness		Changes in instrument fair value reported as		Amounts accumulated in the cash flow hedge reserve (excluding deferred taxation)	
Hedged item balance sheet classification	Hedging instrument	Risk category	Hedged item	Instrument (note i)	Hedge ineffectiveness recognised in the income statement	Net amounts deferred to other comprehensive income	Continuing hedges	Discontinued hedges
			£m	£m	£m	£m	£m	£m
Assets:								
Loans and Other Debts Due from Members	Cross currency interest rate swaps	Interest rate and foreign exchange	**1.3**	**(1.5)**	**0.2**	**(1.3)**	**0.5**	**-**

2024			Change in fair value used for determining hedge ineffectiveness		Changes in instrument fair value reported as		Amounts accumulated in the cash flow hedge reserve (excluding deferred taxation)	
Hedged item balance sheet classification	Hedging instrument	Risk category	Hedged item	Instrument (note i)	Hedge ineffectiveness recognised in the income statement	Net amounts deferred to other comprehensive income	Continuing hedges	Discontinued hedges
			£m	£m	£m	£m	£m	£m
Assets:								
Loans and Other Debts Due from Members	Cross currency interest rate swaps	Interest rate and foreign exchange	0.2	(0.3)	(0.3)	(0.6)	1.8	-

Notes:

(i) This LLP does not include cross currency basis spreads within its hedge accounting relationships. The change in fair value is instead deferred to an 'other hedging reserve' and so is not included in the change in value of the hedging instrument.

6. Administrative expenses

Administrative expenses over the period include an audit fee of £51,600 (2024: £49,200) and non-audit fees of £174,000 (2024: £288,000). These fees are inclusive of VAT. Other expenses included here comprise external costs associated with running the programme such as legal fees relating to programme updates and issuances.

The directors' contracts of service are with Nationwide Building Society and their remuneration is included within the Group's financial statements. No remuneration or pension scheme benefits were paid or are payable by the Company to the directors.

7. Cash and cash equivalents

The LLP has placed its deposit account with the Nationwide Building Society as a provider of a Guaranteed Investment Contract. Withdrawals from the account are restricted by the detailed priority of payments set out in the transaction documents.

8. Loans and other debts due from members

	2025	2024
	£'m	£'m
Current Assets		
Deemed loan to Nationwide Building Society	1,608.1	1,025.0
Accrued interest	90.6	113.0
Total Current	**1,698.7**	**1,138.0**
Non-Current Assets		
Deemed loan to Nationwide Building Society	14,720.5	13,805.4
Total Non-Current	**14,720.5**	**13,805.4**
Loans and other debts due from members	**16,419.2**	**14,943.4**

The loan to members of £16,419.2 million (2024: £14,943.4 million) represent a deemed loan to Nationwide Building Society, generated as a result of the beneficial interest in the mortgage portfolio failing the derecognition criteria described in IFRS 9. The deemed loan replaces the beneficial interest in the mortgage portfolio legally held by the LLP and represents the substance of the transaction for accounting purposes. The initial amount of the deemed loan to members corresponds to the consideration paid by the LLP for the mortgage loans. The LLP recognises principal and interest cash flows from the underlying pool of mortgage loans only to the extent that it is entitled to retain such cash flows. Cash flows attributable to the members are not recognised by the LLP.

If the derecognition criteria had been met the LLP would have shown a beneficial interest in a mortgage portfolio of £23,814.5 million as at 31 March 2025 (2024: £23,580.6 million). The difference of £7,395.3 million (2024: £8,637.2 million) mainly represents the amount of over-collateralisation in the structure.

The mortgages are secured on residential property and are all designated in Sterling at either fixed rates or at variable rates of interest, based on the standard variable rate of the Society. As discussed in note 1, the LLP has entered a basis swap with the Society to swap the interest flow from these mortgages into floating rate of return based on SONIA. This swap is not recognised as a separate derivative financial instrument.

Reconciliation of movement in gross balance and impairment provisions

The loans and other debts due from members are held at amortised cost and reviewed for impairment at each reporting date. Under IFRS 9, the LLP treats the deemed loan as a single unit of account but makes an assessment of the performance of the loan by reference to the beneficial interest in mortgages that collateralise the deemed loan. The credit quality of these mortgages continues to be high, adhering to the eligibility criteria for selection under the Covered Bond covenant. As a result of this, along with the maintenance of relevant credit enhancements such as overcollateralisation, asset coverage requirements, excess spread and the reserve fund, the LLP treats the entire deemed loan as stage 1.

In addition, any impairment on the underlying mortgage portfolio would not itself result in impairment of the deemed loan. This is due to the fact that any mortgage losses on the underlying mortgage portfolio are deducted from the deferred consideration payable to the Society; the mortgage losses on the underlying mortgage portfolio would have to be greater than the excess revenue recognised from the underlying mortgage portfolio, as well as exceeding available credit enhancements in the LLP.

The possibility of this occurring has been assessed to be remote, therefore, along with the qualitative factors noted above, the impairment provision recognised as a 12 month “Stage 1” ECL has been deemed to be immaterial and is therefore not recognised within these accounts. At no time during the period was any part of the loan classified as stage 2 or stage 3 and there were no transfers between stages.

9. Derivative financial instruments

All derivative financial instruments are used to manage economic risk, although not all of the derivatives are subject to hedge accounting. Note 5 sets out the link between economic risk management and the hedge accounting applied by the LLP. The table below provides an analysis of the notional amount and fair value of derivatives by both hedge accounting type and instrument type. The amount of ineffectiveness recognised for each hedge type is shown in note 5.

2025	Contract/Notional amount £'m	Fair value asset £'m	Fair value liability £'m
Derivatives designated as fair value hedging instruments			
Interest rate swaps	10,005.9	132.7	453.6
Cross currency interest rate swaps	10,826.3	162.8	327.6
Derivatives designated as cash flow hedging instruments			
Cross currency interest rate swaps	10,801.1	3.3	9.1
	31,633.3	**298.8**	**790.3**

2024	Contract/Notional amount £'m	Fair value asset £'m	Fair value liability £'m
Derivatives designated as fair value hedging instruments			
Interest rate swaps	10,505.5	57.8	566.6
Cross currency interest rate swaps	9,790.4	207.4	171.1
Derivatives designated as cash flow hedging instruments			
Cross currency interest rate swaps	9,790.4	3.4	9.5
	30,086.3	**268.6**	**747.2**

The fair values in the above table are inclusive of accrued interest as follows:

- Cross currency interest rate swap assets include £2.5 million interest receivable (2024: £8.4 million receivable)
- Interest rate swap assets include £62.2 million interest receivable (2024: £28.7 million receivable)
- Cross currency interest rate swap liabilities include £12.6 million interest receivable (2024: £17.6 million receivable)
- Interest rate swap liabilities include £18.8 million interest receivable (2024: £27.6 million receivable)

9. Derivative financial instruments (continued)

Contract/Notional amount indicates the amount outstanding at the balance sheet date and does not represent amounts at risk.

Where the same derivative contract has been used in more than one hedge type, for example where one risk component has been included in a fair value hedge and another risk component has been included in a cash flow hedge, the LLP has included the full notional amount in both categories.

Offsetting

The LLP has financial assets and liabilities for which there is a legally enforceable right to set off the recognised amounts, and which may be settled net. However, the netting arrangements do not result in an offset of balance sheet assets and liabilities for accounting purposes as the right to set off is not unconditional in all circumstances. Therefore, in accordance with IAS 32 Financial Instruments: Presentation, there are no financial assets or liabilities which are offset with the net amount presented on the balance sheet. All financial assets and liabilities are presented on a gross basis on the balance sheet.

In accordance with IFRS 7 Financial Instruments: Disclosures, the following table shows the impact on derivative financial instruments, relating to transactions where:

a) There is an enforceable master netting arrangement or similar agreement in place, but the offset criteria are otherwise not satisfied
b) Financial collateral is paid and received

Master netting arrangements consist of agreements such as an International Swaps and Derivatives Association (ISDA) Master Agreement, whereby outstanding transactions with the same counterparty can be offset and settled net following a default or other predetermined event.

Financial collateral on derivative financial instruments consists of cash and securities settled, typically daily or weekly, to mitigate the mark to market exposures. Where cash collateral is received to mitigate the risk inherent in amounts due to the LLP, it is included as a liability. Where cash collateral is given to mitigate the risk inherent in amounts due from the LLP, it is included as an asset.

The ‘Net amounts after offsetting under IFRS 7’ presented below shows the exposure to counterparty credit risk for derivative contracts after netting benefits and are not necessarily intended to represent the LLP’s actual exposure to credit risk due to a variety of credit mitigation strategies which may be employed in addition to netting and collateral arrangements. Any such credit mitigation strategies are discussed further in the Credit Risk section of note 11.

9. Derivative financial instruments (continued)

2025	Gross and net amounts reported on the balance sheet £'m	Master netting arrangements £'m	Financial collateral £'m	Net amount £'m
Financial assets				
Derivative financial instruments	298.8	(296.7)	-	2.1
Total assets	**298.8**	**(296.7)**	**-**	**2.1**
Financial liabilities				
Derivative financial instruments	790.3	(296.7)	-	493.6
Total liabilities	**790.3**	**(296.7)**	**-**	**493.6**

2024	Gross and net amounts reported on the balance sheet £'m	Master netting arrangements £'m	Financial collateral £'m	Net amount £'m
Financial assets				
Derivative financial instruments	268.6	(262.9)	-	5.7
Total assets	**268.6**	**(262.9)**	**-**	**5.7**
Financial liabilities				
Derivative financial instruments	747.2	(262.9)	-	484.3
Total liabilities	**747.2**	**(262.9)**	**-**	**484.3**

9. Derivative financial instruments (continued)

The contractual maturity of derivatives used as hedging instruments in micro fair value and cash flow hedges is provided in the table below.

2025	Less than one year £'m	Between one and five years £'m	More than five years £'m	Total £'m
Micro Fair Value Hedges				
Interest Rate Swap	768	5,223	4,015	10,006
Cross Currency Interest Rate Swaps	755	5,743	4,328	10,826
	1,523	**10,966**	**8,343**	**20,832**
Cash Flow Hedges				
Cross Currency Interest Rate Swaps	755	5,743	4,328	10,826
	755	**5,743**	**4,328**	**10,826**

2024	Less than one year £'m	Between one and five years £'m	More than five years £'m	Total £'m
Micro Fair Value Hedges				
Interest Rate Swap	464	5,725	4,316	10,505
Cross Currency Interest Rate Swaps	477	4,984	4,329	9,790
	941	**10,709**	**8,645**	**20,295**
Cash Flow Hedges				
Cross Currency Interest Rate Swaps	477	4,984	4,329	9,790
	477	**4,984**	**4,329**	**9,790**

The weighted average rates of hedging instruments which achieve fixed rates are summarised in the table below. Fair value and cash flow hedging instruments which do not achieve a fixed rate have not been included in this analysis.

Average rates achieved	Less than one year	Between one and five years	More than five years	Total
Cross currency interest rate swaps				
Average EUR/GBP rate	1.19	1.18	1.19	1.19
Average USD/GBP rate	-	1.24	-	1.24
Average CHF/GBP rate	1.16	1.14	1.24	1.17
Average NOK/GBP rate	-	-	13.32	13.32

A variety of benchmark interest rates are used in global financial markets to calculate interest payments and fair values for derivative contracts.

10. Loans from members

Issuance	Currency	Notional (Million)	Maturity	Coupon Rate	2025	2024
					£'m	£'m
Series 2011-02	GBP	750.0	28 January 2026	5.625%	749.3	748.5
Series 2011-04	EUR	30.0	03 March 2031	4.740%	25.1	25.7
Series 2011-05	EUR	132.0	28 November 2025	4.924%	110.0	112.8
Series 2011-09	EUR	50.0	28 April 2032	5.010%	41.4	42.6
Series 2011-13	EUR	100.0	03 August 2026	4.565%	83.1	85.3
Series 2011-14	EUR	40.0	08 August 2029	4.432%	33.3	34.1
Series 2011-15	EUR	50.0	02 September 2026	4.120%	41.6	42.7
Series 2011-17	EUR	103.0	05 October 2027	3.770%	85.8	88.1
Series 2011-18	EUR	40.0	15 October 2029	3.750%	33.3	34.2
Series 2011-20	GBP	100.0	27 October 2026	SONIA + 1.639%	100.0	100.0
Series 2011-21	GBP	100.0	27 October 2028	SONIA + 1.642%	100.0	100.0
Series 2011-22	GBP	50.0	27 October 2031	SONIA + 1.644%	50.0	50.0
Series 2011-23	EUR	77.0	01 November 2032	3.900%	64.2	65.9
Series 2012-02	EUR	116.0	17 February 2027	3.810%	96.9	99.4
Series 2012-03	EUR	88.0	22 February 2030	3.832%	73.5	75.4
Series 2012-06	EUR	157.5	20 March 2028	3.555%	131.7	135.1
Series 2014-02	EUR	750.0	25 June 2029	2.250%	623.2	639.0
Series 2014-04	EUR	56.0	16 September 2039	1.940%	46.7	47.9
Series 2014-05	EUR	50.0	19 September 2039	2.066%	41.7	42.8
Series 2014-07	EUR	50.0	15 March 2039	1.692%	41.8	42.9
Series 2015-01	EUR	50.0	30 January 2030	1.000%	41.8	42.9
Series 2015-02	EUR	500.0	25 March 2027	0.625%	417.2	427.4
Series 2015-03	EUR	25.0	22 June 2035	0.746%	20.9	21.4
Series 2015-05	EUR	50.0	08 May 2035	0.750%	41.8	42.8
Series 2015-06	EUR	105.0	05 June 2034	1.351%	87.6	89.9
Series 2015-07	EUR	100.0	17 July 2031	1.702%	83.4	85.6
Series 2015-08	EUR	50.0	23 July 2035	1.770%	41.7	42.8
Series 2015-09	EUR	45.0	30 July 2035	1.760%	37.5	38.5
Series 2015-12	EUR	35.0	05 November 2035	1.540%	29.2	30.0
Series 2015-13	EUR	50.0	14 December 2032	1.620%	41.8	42.9
Series 2015-14	EUR	25.0	17 December 2035	1.680%	20.9	21.4
Series 2016-01	EUR	25.0	28 January 2041	1.673%	20.9	21.4
Series 2016-02	EUR	30.0	28 January 2041	1.618%	25.1	25.7
Series 2016-03	EUR	51.0	25 February 2036	1.395%	42.6	43.7
Series 2016-04	EUR	50.0	25 February 2036	1.345%	41.8	42.9
Series 2016-05	EUR	40.0	26 February 2041	1.336%	33.4	34.3
Series 2016-08	EUR	30.0	11 March 2036	1.331%	25.1	25.7
Series 2016-09	EUR	50.0	16 March 2038	1.425%	41.8	42.9
Series 2016-10	EUR	50.0	17 March 2031	1.195%	41.8	42.9
Series 2016-11	EUR	40.0	24 March 2036	1.390%	33.4	34.3
Series 2016-14	EUR	60.0	23 April 2041	1.420%	50.0	51.3
Series 2016-15	EUR	25.0	07 May 2041	1.572%	20.8	21.4
Series 2017-02	EUR	810.5	29 June 2032	1.375%	675.9	693.3
Series 2017-03	EUR	50.0	08 December 2037	1.481%	41.8	42.9
Series 2018-02	EUR	500.0	31 May 2028	1.125%	417.2	428.0
Series 2018-03	EUR	30.0	04 October 2038	1.600%	25.0	25.7
Series 2019-02	EUR	540.9	03 June 2024	0.050%	-	463.9
Series 2019-03	EUR	20.0	28 June 2044	1.040%	16.7	17.1
Series 2019-04	CHF	250.0	09 July 2025	0.000%	219.3	218.8
Series 2019-05	CHF	150.0	11 July 2031	0.167%	131.4	130.8
Series 2019-06	CHF	100.0	11 July 2044	0.485%	87.6	87.1

10. Loans from members (continued)

Issuance	Currency	Notional (Million)	Maturity	Coupon Rate	2025	2024
Series 2020-01	GBP	609.7	10 January 2025	SONIA + 0.55%	-	609.7
Series 2021-01	GBP	1,000.0	24 February 2031	SONIA + 0.40%	1,000.0	1,000.0
Series 2021-02	EUR	500.0	05 May 2042	0.500%	564.2	575.6
Series 2022-01	EUR	500.0	16 May 2037	0.023%	413.1	423.7
Series 2022-02	CHF	185.0	17 December 2025	0.009%	162.1	161.2
Series 2022-03	CHF	175.0	17 December 2029	0.015%	153.3	152.5
Series 2022-04	GBP	1,500.0	20 April 2026	SONIA + 0.60%	1,500.0	1,500.0
Series 2022-05	EUR	18.0	22 September 2037	0.029%	15.0	15.4
Series 2022-06	EUR	50.0	13 December 2038	0.029%	41.7	42.8
Series 2023-01	CHF	315.0	23 January 2026	0.018%	275.9	274.5
Series 2023-02	CHF	170.0	23 January 2030	0.020%	148.9	148.1
Series 2023-03	EUR	1,000.0	15 March 2028	0.036%	835.4	856.6
Series 2023-04	GBP	750.0	08 June 2028	5.675%	750.0	750.0
Series 2023-05	EUR	8.0	21 July 2043	3.562%	6.6	6.8
Series 2023-06	NOK	650.0	10 August 2032	4.69000%	29.6	29.7
Series 2023-07	NOK	80.0	31 August 2033	4.600%	3.9	3.9
Series 2023-08	NOK	1,000.0	31 August 2033	4.630%	48.4	48.5
Series 2023-09	GBP	750.0	24 October 2030	5.884%	750.0	750.0
Series 2023-10	EUR	10.0	30 October 2036	4.000%	8.3	8.6
Series 2023-11	USD	1,500.0	10 November 2026	5.264%	1,155.1	1,176.7
Series 2023-12	EUR	1,000.0	27 November 2028	3.375%	831.3	852.0
Series 2024-01	EUR	500.0	04 May 2027	2.606%	417.8	-
Series 2024-02	EUR	500.0	02 May 2034	3.309%	415.7	-
Series 2025-01	GBP	1,000.0	14 January 2030	5.123%	1,000.0	-
Series 2025-02	EUR	30.0	02 January 2052	3.12%	25.1	-
Series 2025-03	EUR	750.0	24 March 2032	3.0%	623.8	-
Notional					16,603.2	15,378.4
Accrued Interest					226.4	217.4
Fair Value Adjustment for Micro Hedged Risk					(313.4)	(727.5)
					16,516.2	**15,102.2**

11. Risk management and control of the LLP

The LLP's activities expose it to several financial risks including credit risk, liquidity and funding risk. For this reason, Nationwide Building Society devotes considerable resources to maintaining effective controls to manage, measure and mitigate these risks. The LLP uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central management function of the Nationwide Building Society on a group wide basis.

Control of derivatives

The LLP uses derivative financial instruments to hedge some of its financial risks but not for any speculative purposes. Nationwide Building Society's Assets and Liabilities Committee is responsible for setting limits and conditions over the use of derivative products. Any exchange traded instruments are subject to cash requirements under the standard margin arrangements applied by the individual exchanges. Such instruments are not subject to significant credit risk.

Credit exposures arising on derivative (interest rate and cross currency swaps) contracts with Nationwide and third-party counterparties. Rating agencies require that counterparties post collateral covering the mark-to-market (MTM) value plus volatility cushion in the form of cash and/or highly rated securities when counterparties are rated below certain single "A" levels and this is reflected in related documentation; however, Nationwide modified the documentation to require third party counterparties to post collateral that covers the MTM value whenever it is positive in favour of Nationwide Covered Bond LLP; i.e., at all times the MTM is in favour of the LLP, even when the counterparty is rated at or above the required rating. For valuing derivatives, the LLP uses discount curves based on overnight indexed swaps (OIS) rates.

Credit risk

Credit risk arises where there is a possibility that a counterparty may default. The LLP assesses its counterparties for credit risk before contracting with them. Credit rating is the main method used to measure counterparty risk. In accordance with the criteria of the rating agencies that rate the Notes, the Programme Documentation contain various rating triggers linked to each counterparty, which require certain actions to be taken if triggers are breached, including the posting of collateral or the replacement of a counterparty.

The counterparty credit ratings (short-term/long-term) are included below:

Counterparty Credit Ratings

		S&P, Moody's, Fitch (31/03/2025)		Trigger	S&P, Moody's, Fitch (04/04/2024)	
Function	Counterparty	Short Term	Long Term	Breached	Short Term	Long Term
Bank Account Provider	Nationwide Building Society	A-1/P-1/F1	A+/A1/A+	No	A-1/P-1/F1	A+/A1/A+
Swap Provider	Nationwide Building Society	A-1/P-1/F1	A+/Aa3(cr)/A+(dcr)	No	A-1/P-1/F1	A+/Aa3(cr)/A+(dcr)
Swap Provider	ING Bank N.V.	A-1/P-1/F1+	A+/Aa3(cr)/AA-(dcr)	No	A-1/P-1/F1+	A+/Aa3(cr)/AA-(dcr)
Swap Provider	National Australia Bank	A-1+/P-1/F1+	AA-/Aa1(cr)/AA-	No	A-1+/P-1/F1	AA-/Aa1(cr)/A+

The maximum exposure to credit risk is the carrying amount of the loans and other debts due from members of £16,419.2 million (2024: £14,943.4 million), the derivative financial instruments of £298.8 million (2024: £268.6 million) and cash and cash equivalents with Nationwide Building Society of £479.9 million (2024: £558.4 million). The loans and other debts due from members represents the LLP's beneficial interest in the pool of prime mortgages secured on residential property, originated by Nationwide Building Society (the deemed loan - see note 8). Therefore the primary credit risk of the LLP relates to credit risk associated with the pool of mortgages originated by Nationwide Building Society.

11. Risk management and control of the LLP (continued)

Credit Risk (continued)

For the LLP, credit risk is mitigated by the over-collateralisation of the beneficial interest in mortgages (see note 8) and by eligibility criteria for selection under the secured loan covenants. After selection, credit risk is monitored through the application of a monthly asset coverage test.

Due to the above qualitative criteria, the deemed loan has been assessed as stage 1 and no ECL has been recognised as it would not be material. At period end, there was no impairment provision against the loans and other debts due from members (2024: £nil).

The following tables present the characteristics of the total mortgage loan pool. The values of residential properties of which the mortgage loans are secured and updated quarterly to reflect changes in the house price index.

Mortgage pool details	**2025**	**2024**
Aggregate loan balance (£'m)	23,814	23,581
Number of loans	284,815	296,463
Largest loan (£)	986,776	982,228
Average balance of mortgage loan (£)	83,614	79,540
Longest dated mortgage legal maturity (years)	40	40

Distribution by current Loan to Value ratio (indexed)	**2025**	**2024**
	%	**%**
<70%	81.8	82.9
70% - 79.99%	10.6	10.5
80% - 89.99%	6.8	5.3
90% - 99.99%	0.8	1.2
>99.99%	-	0.1
Total book	**100.0**	**100.0**
Average Loan to Value of book (indexed)	49.5	48.9

11. Risk management and control of the LLP (continued)

Credit risk (continued)

Mortgages due status		**2025**		**2024**
	£'m	**%**	**£'m**	**%**
Not impaired				
Neither past due nor impaired	23,587.2	99.0	23,355.4	99.0
Past due up to 3 months but not impaired	114.2	0.5	106.3	0.5
Impaired	113.1	0.5	118.9	0.5
	23,814.5	**100.0**	**23,580.6**	**100.0**

Impaired mortgage loans		**2025**		**2024**
	£'m	**%**	**£'m**	**%**
Impaired status				
Past due 3 to 6 Months	53.2	47.0	32.2	27.1
Past due 6 to 12 Months	34.5	30.5	72.4	60.9
Past due Over 12 Months	25.4	22.5	14.3	12.0
Possessions	-	-	-	-
	113.1	**100.0**	**118.9**	**100.0**

A mortgage loan is classified as impaired if it is more than 3 months past due or in possession.

Geographical distribution

During the period, the geographical distribution of the Group’s residential mortgages across the UK has remained broadly stable. The highest concentration of lending remains in Greater London and the South East, with the proportion of lending in these regions totalling 39% (2024: 39%).

Liquidity risk

Liquidity risk is the risk that the LLP is unable to meet the payment obligations associated with its financial liabilities when they fall due.

The LLP liquidity policy is to maintain sufficient liquidity resources in the Reserve Bank account to service the swap payments for the next month forward, interest on the loan and any service fees. This is reviewed by the cash manager and any shortfall is funded from the general bank account. No such shortfalls occurred in the period. Liquidity risk is also mitigated through the additional income collected on the over-collateralisation of the beneficial interest in mortgages. All derivatives have the same notional amount and maturity date as the corresponding loans from LLP members. The table below analyses assets and liabilities into relevant maturity ratings based on the remaining years at the balance sheet date to the contractual maturity date. Refer to the Prepayment risk table for the undiscounted contractual maturities.

11. Risk management and control of the LLP (continued)

Liquidity risk (continued)

31 March 2025	< 1 Month	1 - 3 Months	3 - 6 Months	6 - 9 Months	9 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years	Total
Assets	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Cash and Cash equivalents	479.9	-	-	-	-	-	-	-	**479.9**
Loans and Other Debts Due from Members	36.9	125.4	227.1	284.9	1,024.4	3,360.1	5,613.2	5,747.2	**16,419.2**
HA derivatives *	-	-	14.0	4.7	7.0	73.4	93.1	106.6	**298.8**
Total assets	**516.8**	**125.4**	**241.1**	**289.6**	**1,031.4**	**3,433.5**	**5,706.3**	**5,853.8**	**17,197.9**
Liabilities	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Loans from Members	36.7	77.4	225.6	283.1	1,017.7	3,338.3	5,576.7	5,960.7	**16,516.2**
HA derivatives *	-	-	0.6	0.6	6.7	60.6	153.5	568.3	**790.3**
Other liabilities	0.1	-	-	-	-	-	-	-	**0.1**
Total liabilities	**36.8**	**77.4**	**226.2**	**283.7**	**1,024.4**	**3,398.9**	**5,730.2**	**6,529.0**	**17,306.6**
Net position	**480.0**	**48.0**	**14.9**	**5.9**	**7.0**	**34.6**	**(23.9)**	**(675.2)**	**(108.7)**

04 April 2024 (note i)	< 1 Month	1 - 3 Months	3 - 6 Months	6 - 9 Months	9 - 12 Months	1 - 2 Years	2 - 5 Years	Over 5 Years	Total
Assets	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Cash and Cash equivalents	558.4	-	-	-	-	-	-	-	**558.4**
Loans and Other Debts Due from Members	76.9	458.5	-	-	602.6	1,499.4	6,580.3	5,725.7	**14,943.4**
HA derivatives *	-	-	-	-	-	18.2	93.7	156.7	**268.6**
Total assets	**635.3**	**458.5**	**-**	**-**	**602.6**	**1,517.6**	**6,674.0**	**5,882.4**	**15,770.4**
Liabilities	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m	£'m
Loans from Members	40.0	530.8	12.2	18.1	622.4	1,506.6	6,624.4	5,747.7	**15,102.2**
HA derivatives *	-	15.6	-	-	-	13.8	144.9	572.9	**747.2**
Other liabilities	-	-	-	-	-	-	-	-	**-**
Total liabilities	**40.0**	**546.4**	**12.2**	**18.1**	**622.4**	**1,520.4**	**6,769.3**	**6,320.6**	**15,849.4**
Net position	**595.3**	**(87.9)**	**(12.2)**	**(18.1)**	**(19.8)**	**(2.8)**	**(95.3)**	**(438.2)**	**(79.0)**

* *HA – Hedge accounted.*

Note:

The comparatives for HA derivatives have been restated to include a reallocation of portfolio level valuation adjustments across all maturity buckets, previously valuation adjustments were presented in the <1 month maturity bucket.

Prepayment risk

Cash flows are dependent on the underlying mortgage loans originated within Nationwide Building Society. In the normal course of business, a proportion of mortgages borrowers repay their loan in advance of contractual maturity. As a result, the weighted average life of the deemed loan is likely to be significantly less than that implied by the contractual maturity dates of the mortgage pool.

11. Risk management and control of the LLP (continued)

Prepayment risk (continued)

The terms of the loans from LLP members are that repayments of principal will only be made to the extent that sufficient cash flows have been received from the LLP's assets. If prepayment rates in the mortgage pool reduce, principal repayments on the loans from LLP members (and thus the underlying notes in the Issuer as described on page 3) may be spread over a longer period.

The table below presents the cash flows payable by the LLP under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities (i.e. nominal values).

31 March 2025	**< 1 Month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 9 Months**	**9 - 12 Months**	**1 - 2 Years**	**2 - 5 Years**	**Over 5 Years**	**Total**
Liabilities	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Loans from members	48.3	111.5	304.4	415.7	1,209.1	3,846.4	6,545.7	6,647.1	19,128.2
Derivatives	34.0	4.0	58.0	58.0	47.0	221.0	295.0	156.0	873.0
Total liabilities	**82.3**	**115.5**	**362.4**	**473.7**	**1,256.1**	**4,067.4**	**6,840.7**	**6,803.1**	**20,001.2**

4 April 2024	**< 1 Month**	**1 - 3 Months**	**3 - 6 Months**	**6 - 9 Months**	**9 - 12 Months**	**1 - 2 Years**	**2 - 5 Years**	**Over 5 Years**	**Total**
Liabilities	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**	**£'m**
Loans from members	48.7	563.7	89.3	146.2	774.4	1,994.3	7,461.9	6,808.1	17,886.6
Derivatives	35.0	24.0	77.0	73.0	10.0	127.0	258.0	288.0	892.0
Total liabilities	**83.7**	**587.7**	**166.3**	**219.2**	**784.4**	**2,121.3**	**7,719.9**	**7,096.1**	**18,778.6**

Interest rate risk

The LLP is exposed to interest rate risk in that its multiple currency interest expense is at fixed and floating rates, whilst its interest income originates from its beneficial interest in a pool of the Nationwide Building Society's mortgages at Sterling fixed and floating rates.

The LLP hedges its exposure to fixed and floating currency rate risk through entering into derivative contracts with Nationwide Building Society and external counterparties. Through a combination of basis, interest rate and cross currency swaps, the LLP swaps the interest receivable from its beneficial interest in the pool of the mortgages and the interest payable on its loan liabilities such that the resulting cash flows are matched. Therefore, the LLP's exposure to interest rate risk is minimal.

Foreign currency risk

Foreign currency risk is the risk that the fair values of financial assets or financial liabilities, or future cash flows receivable or payable on financial assets or financial liabilities, fluctuate as a result of changes in market currency exchange rates.

The current operating currencies of the LLP are Sterling, Euro, US Dollar, Swiss Franc and Norwegian Krone. As the LLP prepares its financial statements in Sterling these will be affected by movements in the currency exchange rates. This exposure is mitigated using cross currency derivatives. The LLP hedges all its exposure on its currency borrowings back to Sterling using cross currency derivatives and it therefore does not have a material economic exposure to foreign exchange gains and losses. The LLP does not include cross currency basis spreads within its hedge accounting relationships. The change in fair value is instead deferred to an 'other hedging reserve' and so is not included in the change in value of the hedging instrument. Accordingly, it does not separately monitor value at risk arising from open foreign currency positions.

12. Fair value of financial assets and liabilities

Fair value of financial assets and liabilities at amortised cost 2025	**Carrying value**	**Fair value**
	£'m	**£'m**
Assets		
Loans & other debts due from members	16,419.2	16,112.1
Liabilities		
Loans from members	16,516.2	16,506.0
Accruals & other liabilities	0.1	0.1

2024	**Carrying value**	**Fair value**
	£'m	**£'m**
Assets		
Loans & other debts due from members	14,943.4	14,437.9
Liabilities		
Loans from members	15,102.2	15,145.0

The fair value of other debts due to members approximates carrying value.

The estimated fair value of loans and other debts due from members represents the discounted amount of estimated future cash flow expected to be received based on the underlying mortgage pool assets. Expected cash flows are discounted at currency market rates to determine fair value. These are level 3 within the fair value hierarchy.

Fair value of financial assets and liabilities held at fair value

The fair value of the derivatives falls within level 2 of the fair value hierarchy. Financial instruments classified as level 2 have been valued using models whose inputs are observable in an active market. Valuations based on observable inputs include swap derivative financial instruments which are valued using market standard pricing techniques. There are no instruments that fall within level 3 of the fair value hierarchy as at 31 March 2025 (2024: none). There have been no movements in and out of level 3 throughout the period.

Level 2 valuation technique using observable inputs

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuations based on observable inputs include derivative financial instruments such as swaps and forward rate agreements which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

13. Capital management

The Nationwide Building Society Group is subject to the capital requirements imposed by its regulator, the Prudential Regulation Authority (PRA). During the period, the Group incorporating the LLP, complied with the capital requirements set by the PRA.

14. Parent undertaking and ultimate controlling entity

The member companies of the LLP are Nationwide Building Society and Moulton Capital Finance Limited. Both companies are incorporated in the UK and registered in England and Wales.

Nationwide Building Society is the ultimate parent and controlling party which prepares the consolidate financial statements.

It is registered at Nationwide House, Pipers Way, Swindon, Wiltshire, SN38 1NW. The Group Annual Report and Accounts can be obtained from this address of at www.nationwide.co.uk.

15. Post balance sheet events

There are no post balance sheet events to report.

16. Related party transactions

During the period, fees of £nil (2024: £600) were paid or accrued for Moulton Capital Finance Limited in respect of corporate services provided to the LLP. These fees are inclusive of VAT.

No other transactions were entered into with key management personnel. The table below shows all non-related party transactions. All other transactions are entered into with the ultimate parent company in the normal course of business, details of these transactions can be found in the notes to these financial statements.

Non-related party transactions	**2025**	**2024**
	£m	**£m**
Interest Receivable on Derivative Financial Instruments	18.4	92.2
Interest Payable on Derivative Financial Instruments	-	-
Administrative expenses	(1.4)	(3.2)
Assets		
Derivative Financial Instruments	-	-
Liabilities		
Derivative Financial Instruments	106.2	123.0
Other Liabilities	0.1	-