

Nationwide Building Society Interim Results

for the period ended 30 September 2025

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Introduction

Reporting period and comparative information

Following our change of year-end date to 31 March, this document covers the reporting period 1 April 2025 to 30 September 2025. Unless otherwise stated, the income statement analysis compares the period 1 April 2025 to 30 September 2025, to the period 5 April 2024 to 30 September 2024. Therefore, the previous period is four days shorter than the current period. The balance sheet analysis compares the position at 30 September 2025 to 31 March 2025.

Virgin Money was acquired by the Group on 1 October 2024. As a result, comparative information for the period 5 April 2024 to 30 September 2024 excludes the results of Virgin Money.

Alternative performance measures

The Group uses a number of alternative performance measures in presenting business and financial performance. In addition to statutory results, underlying measures, such as underlying profit before tax, are used to assist with like-for-like comparisons of performance across periods. Underlying profit before tax is not designed to measure sustainable levels of profitability as that potentially requires exclusion of non-recurring items even though they are closely related to (or even a direct consequence of) the Group's core business activities. Further information on our alternative performance measures is presented within the Financial review on pages 8 to 15.

Forward-looking statements

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

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

This document does not constitute or form part of any offer, invitation or solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction. No securities are being offered to the public by means of this document. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering to be made in the United States will be made by means of a prospectus that may be obtained from the Group and will contain detailed information about the Group and its management, as well as its financial statements.

Nationwide is building momentum and growing its business, and has delivered £1.2 billion in value to members

Dame Debbie Crosbie DBE, Group Chief Executive Officer, Nationwide Building Society, said:

“Once again, Nationwide is number one for growth in mortgages and retail deposits. We’re also number one for customer satisfaction, our lead is growing¹, and more people switched their current accounts to us than to any other brand². All of this, combined with the benefits of our acquisition of Virgin Money, has led to an increase in underlying profit before tax, while delivering £1.2 billion of value to our members.”

Muir Mathieson, Group Chief Financial Officer, Nationwide Building Society, said:

“Market-leading growth over the half year has been delivered alongside a strong financial performance, with underlying profit before tax of £977 million. Our balance sheet remained robust, with a CET1 ratio of 18.4% and leverage ratio of 5.2%, and arrears rates remained low and stable.”

¹© Ipsos 2025, Financial Research Survey (FRS), Nationwide brand lead at September 2025: 8.6%pts, March 2025: 7.5%pts. For full information, see footnote 9 on page 6.

²Pay.UK quarterly Current Account Switch Service data, six months to June 2025, based on the latest available data.

Group Chief Executive Officer review

Business and trading highlights for the period ended 30 September 2025

Sustained growth across our core business areas, including more current account switchers to Nationwide than to any other brand³

- Market-leading net mortgage lending of £4.7bn (H1 2024/25: £6.3bn). Market share of balances increased to 16.3% (31 March 2025: 16.2%).
- Market-leading increase in retail deposit balances of £5.3bn to £266.0bn, maintaining market share at 12.2% (31 March 2025: 12.2%).
- First to gain one million of net current account switchers since the Current Account Switch Service launched in 2013 – over three times more than our nearest competitor⁴.
- Achieved a 46% share of student current account openings across the market⁵.
- Business current accounts grew by 5% to 292,000 (31 March 2025: 278,000).

Strong financial performance

- Underlying profit before tax increased to £977m (H1 2024/25: £959m).
- Statutory profit before tax was £486m (H1 2024/25: £568m)⁶, after taking account of the Fairer Share Payment.
- Total underlying income increased to £3,112m (H1 2024/25: £2,129m), predominantly due to the inclusion of Virgin Money.
- Underlying net interest margin was 1.58% (H1 2024/25: 1.50%).
- Underlying costs of £1,989m (H1 2024/25: £1,163m), primarily reflecting the inclusion of Virgin Money and associated integration costs of £43m.
- Asset quality remains robust, with low and stable arrears rates.
- Peer-leading⁷ CET1 ratio of 18.4% (31 March 2025: 19.1%), and leverage ratio of 5.2% (31 March 2025: 5.2%).

Service excellence and £1.2bn in value delivered for members

- Delivered £1.2bn (H1 2024/25: £1.3bn) in member value, including £0.4bn distributed through our third Fairer Share Payment.
- On average, interest rates on retail deposits were 31% higher than the market average⁸.
- Which? Banking Brand of the Year 2025 and Kantar BrandZ UK Brand of the Year 2025.
- First for customer satisfaction among our peer group for 14 years, with an increased lead⁹.
- Extended our Branch Promise – to keep every one of our branches open until at least the start of 2030¹⁰.
- Made multiple enhancements to our personal banking apps, including a new digital hub to support customers, and enabled Nationwide's telephone banking customers to identify themselves using their app.
- Industry first in payment processing resilience by running all Faster Payments at Nationwide across two cloud platforms, reducing reliance on a single platform.
- Continued to invest in customer service at Virgin Money, with improving call answer rates and reduced waiting times across telephony and online chat channels.

Making a meaningful impact across society

- Helped 43,000 (H1 2024/25: 53,000) first time buyers into a home of their own¹¹, reflecting completions brought forward before Stamp Duty changes on 1 April 2025.
- Helped secure a regulatory change that enables a greater proportion of high loan to income lending, better enabling us to support first time buyers.
- Supported over 105,000 people through Nationwide Fairer Futures since launch¹², including through free dementia clinics in over 200 of our branches.
- Supported over 100,000 school children with financial education, through Money Lessons and our Make £5 Grow programme.

Group Chief Executive Officer review (continued)

Plans for integrating Virgin Money are progressing well

- Ahead of plan on integrating Virgin Money into the Group.
- Agreed the sale of the Virgin Money investments and pensions subsidiary, simplifying our business.
- Now able to introduce Nationwide customers to business current accounts.
- On track to deliver the Part VII transfer of assets and liabilities of Virgin Money's main operating subsidiary, Clydesdale Bank PLC, into Nationwide Building Society on 2 April 2026. This includes the legal transfer of approximately 6.6m customers.
- Plan to begin migrating systems in 2026, following the Part VII legal transfer, and aim to materially complete this within the following 2 to 3 years.

Outlook

Well placed to support our customers through ongoing economic uncertainty

- Against a backdrop of modest UK economic growth in the period, interest rates are expected to reduce further in response to inflation returning gradually towards the Bank of England's 2% target.
- The outlook for growth, inflation and interest rates remains dependent on reactions of households and businesses to economic and fiscal policies.
- The housing market, business activity and growth in deposits have all remained resilient and household finances remain healthy.
- Despite labour market conditions having softened, the credit quality of our lending portfolios, and the adequacy of our capital resources, remain strong.

Dame Debbie Crosbie DBE, Group Chief Executive Officer

³ Pay.UK quarterly Current Account Switch Service data, six months to June 2025, based on the latest available data.

⁴ Pay.UK quarterly Current Account Switch Service data. One million net current account switchers reached in March 2025.

⁵ Based on internal data sources and Curinos eBenchmarkers Database, April 2025 to September 2025.

⁶ More information on the difference between underlying and statutory profit before tax can be found on page 9.

⁷ Peer group includes Barclays, HSBC, Lloyds Banking Group and NatWest Group.

⁸ Based on the interest differential derived in calculating member financial benefit. Further information on the basis of this calculation can be found in the Annual Report and Accounts 2025.

⁹ Nationwide brand lead at September 2025: 8.6%pts, March 2025: 7.5%pts. © Ipsos 2025, Financial Research Survey (FRS), for the 12 months ended 31 March 2013 to 12 months ended 30 September 2025. Results based on a sample of around 47,000 adults (aged 16+). The survey contacts around 50,000 adults (aged 16+) a year in total across Great Britain. Interviews were face to face, over the phone and online, taking into account (and weighted to) the overall profile of the adult population. The results reflect the percentage of extremely satisfied and very satisfied customers minus the percentage of customers who were extremely or very or fairly dissatisfied across those customers with a main current account, mortgage or savings. Those in our peer group are Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB. Prior to April 2017, those in our peer group were Barclays, Halifax, HSBC, Lloyds Bank (Lloyds TSB prior to April 2015), NatWest and Santander.

¹⁰ All our branches will remain open until at least 1 January 2030. Opening hours may vary. There may be exceptional circumstances outside of our control where we have to close a branch, but we will only do so if there is no other workable option.

¹¹ Our definition of a first time buyer is set out in the Glossary for the Annual Report and Accounts 2025, available at [nationwide.co.uk](https://www.nationwide.co.uk)

¹² Based on the number of individual beneficiaries supported, between the launch of Nationwide Fairer Futures in June 2024 and up until September 2025, across three of our charity partnerships: Centrepoin, Action for Children, and Dementia UK. Our partnership with The Royal Marsden Cancer Charity is not included in the measurement as we are funding research studies and clinical trials which, by their nature, contribute towards knowledge advancement, rather than directly supporting individuals. The measure is tracked with the support of a third party, Chrysalis Research.

Performance summary

	Half year to 30 September 2025 (note i)		Half year to 30 September 2024 (note ii)	
Financial performance	£m	%	£m	%
Underlying profit before tax (note iii)	977		959	
Statutory profit before tax	486		568	
Total underlying income	3,112		2,129	
Underlying administrative expenses (note iv)	1,989		1,163	
Net interest margin – underlying basis		1.58		1.50
Mortgage lending	£bn	%	£bn	%
Residential – gross/ <i>market share</i>	22.2	15.7	17.6	14.1
Residential – net	4.7		6.3	
Average loan to value of new residential mortgages (by value)		72		73
Retail deposits	£bn	%	£bn	%
Retail deposits balance movement	5.3		8.3	

	30 September 2025		31 March 2025	
Balance sheet	£bn	%	£bn	%
Total assets	377.5		367.9	
Loans and advances to customers	305.8		300.9	
Mortgage balances/ <i>market share</i>	280.6	16.3	275.9	16.2
Total liabilities	356.7		347.4	
Retail deposits balance/ <i>market share</i>	266.0	12.2	260.7	12.2
Business deposits balance/ <i>market share</i>	22.0	2.4	21.1	2.3

Asset quality	%	%
Residential mortgages		
Proportion of residential mortgage accounts more than 3 months in arrears	0.42	0.43
Average indexed loan to value (by value)	57	56
Consumer lending		
Proportion of customer balances with amounts past due more than 3 months (excluding charged off balances)	0.99	1.11

Key ratios	%	%
<i>Capital</i>		
Common Equity Tier 1 ratio	18.4	19.1
Leverage ratio	5.2	5.2
<i>Other balance sheet ratios</i>		
Liquidity Coverage Ratio (note v)	163	174
Funding limit (note vi)	37.6	37.2

Further details on the information presented in this Performance summary are included in the Financial review on pages 8 to 15 and the Risk report on pages 17 to 47.

Notes:

- The Group acquired Virgin Money on 1 October 2024. The half year results to 30 September 2025 reflect the performance of the combined Group, including Virgin Money.
- The half year to 30 September 2024 covers the period 5 April 2024 to 30 September 2024. This is four days shorter than the half year to 30 September 2025, which commenced on 1 April 2025.
- Underlying profit before tax represents management's view of underlying performance. A reconciliation of underlying to statutory profit before tax is included in the Financial review on page 9.
- As detailed in note 2 to the condensed consolidated interim financial statements, comparatives for the half year to 30 September 2024 have been restated to present provisions for liabilities and charges within administrative expenses.
- The Liquidity Coverage Ratio represents a simple average of the ratios for the last 12 month ends.
- The funding limit measures the proportion of funding from sources other than member deposits, against the statutory limit of 50%.

Financial review

Group financial highlights

- Underlying profit before tax for the half year to 30 September 2025 increased to £977 million (H1 2024/25: £959 million), with income, costs and credit impairment charges all increasing due to the acquisition of Virgin Money on 1 October 2024. Statutory profit before tax was £486 million (H1 2024/25: £568 million), after taking account of the Nationwide Fairer Share Payment.
- Total underlying income increased to £3,112 million (H1 2024/25: £2,129 million), reflecting the acquisition of Virgin Money and a strong performance in mortgages and retail deposits. Underlying net interest margin was 1.58% (H1 2024/25: 1.50%).
- Total member value of £1,189 million (H1 2024/25: £1,335 million) consists of member financial benefit of £780 million (H1 2024/25: £950 million) and the Nationwide Fairer Share Payment of £409 million (H1 2024/25: £385 million). Member financial benefit reduced by £170 million due to the narrowing of our mortgage customer rate differential to the market, whilst the Nationwide Fairer Share Payment increased by £24 million, due to growth in eligible members.
- Mortgage balances increased to £280.6 billion (31 March 2025: £275.9 billion), with net lending of £4.7 billion (H1 2024/25: £6.3 billion). Mortgage market share increased to 16.3% (31 March 2025: 16.2%), demonstrating continued robust performance in a highly competitive market, supported by our switching and first-time buyer propositions.
- Retail deposit balances increased by £5.3 billion to £266.0 billion (31 March 2025: £260.7 billion), supported by a strong ISA season and a greater share of market personal current account balances. Our total deposit market share of balances remains at 12.2% (31 March 2025: 12.2%) despite intensifying competition.
- Consumer lending balances grew to £11.5 billion (31 March 2025: £11.1 billion). Of this, total credit card balances were £8.0 billion (31 March 2025: £7.8 billion), representing 10.4% (31 March 2025: 10.7%) of the UK's consumer credit card balances.
- Business deposits grew to £22.0 billion (31 March 2025: £21.1 billion) and business lending balances decreased to £9.4 billion (31 March 2025: £9.5 billion), in an increasingly competitive market.
- Underlying administrative expenses increased by £826 million to £1,989 million (H1 2024/25: £1,163 million), primarily reflecting the inclusion of Virgin Money and associated integration costs.
- Credit impairment charges increased to £146 million (H1 2024/25: £7 million), reflecting the inclusion of Virgin Money lending balances. In addition, the half year to September 2024 included a £40 million provision release related to cost-of-living adjustments. Arrears rates remain low and have reduced slightly in the half year to 30 September 2025, with mortgage arrears remaining significantly below the market average.
- The average Liquidity Coverage Ratio over the 12 months ended 30 September 2025 remained strong at 163% (12 months ended 31 March 2025: 174%). We maintain a peer-leading CET1 ratio of 18.4% (31 March 2025: 19.1%) and leverage ratio of 5.2% (31 March 2025: 5.2%).

Underlying profit
before tax:

£977m

(H1 2024/25: £959m)

Statutory profit
before tax:

£486m

(H1 2024/25: £568m)

Member value:

£1,189m

(H1 2024/25: £1,335m)

Leverage ratio:

5.2%

(31 March 2025: 5.2%)

Financial review (continued)

The results are prepared in accordance with International Financial Reporting Standards (IFRSs). Alternative performance measures are used throughout the Financial review. Definitions of these measures can be found in our Glossary for the Annual Report and Accounts 2025 at [nationwide.co.uk](https://www.nationwide.co.uk)

Income statement

Underlying results are shown below, together with a reconciliation to the statutory results. Underlying results exclude certain items, detailed in the notes to the table below, which management do not consider to be representative of underlying business performance.

Reconciliation of underlying to statutory results						
	Half year to 30 September 2025 (note i)			Half year to 30 September 2024 (note ii)		
	Underlying basis	Adjustments	Statutory basis	Underlying basis	Adjustments	Statutory basis
	£m	£m	£m	£m	£m	£m
Net interest income (note iii)	2,967	(21)	2,946	2,076	-	2,076
Net other income (note iv)	145	20	165	53	20	73
Total income	3,112	(1)	3,111	2,129	20	2,149
Administrative expenses (note v and vi)	(1,989)	(81)	(2,070)	(1,163)	(26)	(1,189)
Impairment charge on loans and advances to customers	(146)	-	(146)	(7)	-	(7)
Profit before member reward payments and tax	977	(82)	895	959	(6)	953
Member reward payments (note vii)	-	(409)	(409)	-	(385)	(385)
Profit before tax	977	(491)	486	959	(391)	568
Tax charge			(111)			(147)
Profit after tax			375			421

Notes:

- The Group acquired Virgin Money on 1 October 2024. The half year results to 30 September 2025 reflect the performance of the combined Group, including Virgin Money.
- The half year to 30 September 2024 covers the period 5 April 2024 to 30 September 2024. This is four days shorter than the half year to 30 September 2025, which commenced on 1 April 2025.
- Underlying net interest income excludes the unwind of fair value adjustments which were recognised on the acquisition of Virgin Money.
- Gains or losses from derivatives and hedge accounting are excluded from underlying net other income.
- Underlying administrative expenses exclude certain costs relating to the acquisition of Virgin Money. For the half year to 30 September 2025 these comprise £56 million of amortisation relating to acquired intangible assets, and £25 million of one-off costs associated with the amended Trademark License Agreement between Virgin Money UK PLC and Virgin Enterprises Limited. For the half year to 30 September 2024 these comprised £26 million for transaction related costs incurred by the Society.
- As detailed in note 2 to the condensed consolidated interim financial statements, comparatives for the half year to 30 September 2024 have been restated to present provisions for liabilities and charges within administrative expenses.
- Member reward payments represent discretionary payments to members of the Society which may be determined by the Board from time to time, depending on the financial strength of the Society.

Financial review (continued)

Total income and net interest margin

Net interest margin								
	Half year to 30 September 2025						Half year to 30 September 2024	
	Underlying basis		Adjustments		Statutory basis		Underlying and statutory basis	
	£m	%	£m	%	£m	%	£m	%
Net interest income	2,967		(21)		2,946		2,076	
Average total assets	374,506				374,506		282,763	
Net interest margin (note i)		1.58				1.57		1.50

Notes:

i. Net interest margin is calculated using annualised net interest income.

Underlying net interest income increased by £891 million to £2,967 million (H1 2024/25: £2,076 million), with net interest margin of 1.58% (H1 2024/25: 1.50%). This reflects the inclusion of Virgin Money and strong performance in mortgages and retail deposits, which more than offset the margin narrowing impact of Bank rate reductions during the period.

Underlying net other income increased by £92 million to £145 million (H1 2024/25: £53 million). The increase is due to the inclusion of net income from Virgin Money business and credit card products.

Member financial benefit

As a mutual, we seek to maintain our financial strength whilst providing value to our members through pricing, products and service. Through member financial benefit, we measure the additional financial value for members from the competitive mortgage, savings and banking products that we offer compared to the market average. Our members are those customers with a Nationwide-branded current account, savings or mortgage, and do not include customers of Virgin Money or The Mortgage Works. Member financial benefit is calculated by comparing, in aggregate, Nationwide's average interest rates and incentives to the market, predominantly using market data provided by the Bank of England and CACI, alongside internal calculations. The value for individual members will depend on their circumstances and product choices. More information on how we calculate member financial benefit can be found in our Annual Report and Accounts 2025.

For the half year to 30 September 2025, member financial benefit decreased to £780 million (H1 2024/25: £950 million), primarily due to the narrowing of our mortgage customer rate differential to the market.

Member reward payments

As part of our ongoing commitment to reward our members, in May 2025 the Board announced the third Nationwide Fairer Share Payment, which amounted to £409 million (H1 2024/25: £385 million). The payment was made in June 2025 to eligible members who had a qualifying current account plus either qualifying savings or a qualifying mortgage as at 31 March 2025. This payment is in addition to delivering the £780 million of member financial benefit outlined above.

Administrative expenses

Underlying administrative expenses increased by £826 million to £1,989 million (H1 2024/25: £1,163 million), primarily driven by the inclusion of Virgin Money costs, which include our investment to improve customer experience across channels. Underlying administrative expenses also include integration-related spend of £43 million (H1 2024/25: £nil) and reflect the impact of the longer accounting period.

Financial review (continued)

Impairment charge on loans and advances to customers

Impairment charge/(release) (note i)		
	Half year to 30 September 2025	Half year to 30 September 2024
	£m	£m
Residential lending	-	(4)
Consumer lending	123	13
Retail lending	123	9
Business and commercial lending	23	(2)
Impairment charge	146	7

Note:

i. Impairment charge/(release) represents the net amount recognised in the income statement, rather than amounts written off during the year.

The impairment charge for the period increased to £146 million (H1 2024/25: £7 million), primarily due to the inclusion of Virgin Money consumer, business and commercial lending balances. In addition, the half year to September 2024 included a £40 million provision release, related to cost-of-living adjustments. Lending arrears have remained stable, with mortgage arrears remaining significantly below the market average.

More information regarding critical accounting judgements, and the forward-looking economic information used in impairment calculations, are included in note 7 to the condensed consolidated interim financial statements.

Taxation

The main rate of UK corporation tax remained at 25%, the annual banking surcharge allowance remained at £100 million, and the banking surcharge rate remained at 3%. The Group tax charge for the period of £111 million (H1 2024/25: £147 million) represents an effective tax rate of 22.8% (H1 2024/25: 25.9%) which is lower than the statutory UK corporation tax rate of 25% (H1 2024/25: 25%). The decrease in effective tax rate is primarily due to amounts relating to Additional Tier 1 instruments that are recognised in equity rather than through the income statement. Further information is provided in note 8 to the condensed consolidated interim financial statements.

Financial review (continued)

Balance sheet

Total assets and total equity and liabilities increased to £377.5 billion at 30 September 2025 (31 March 2025: £367.9 billion).

Assets

Assets	30 September 2025		31 March 2025	
	£m	%	£m	%
Cash and balances at central banks	35,272		29,483	
Residential mortgages (note i)	280,649	91	275,926	91
Consumer lending	11,534	4	11,107	4
Business and commercial lending	14,887	5	15,144	5
	307,070	100	302,177	100
Impairment provisions	(1,307)		(1,288)	
Loans and advances to customers	305,763		300,889	
Other financial assets	32,406		33,178	
Other non-financial assets	4,028		4,327	
Total assets	377,469		367,877	

12-month average
Liquidity Coverage Ratio
(note ii):
163%
(31 March 2025: 174%)

Asset quality	%	%
Residential mortgages (note i):		
Proportion of residential mortgage accounts more than 3 months in arrears	0.42	0.43
Average indexed loan to value (by value)	57	56
Consumer lending:		
Proportion of customer balances with amounts past due more than 3 months (excluding charged off balances)	0.99	1.11

Notes:

- i. Residential mortgages include owner-occupied, buy to let and legacy lending.
- ii. This represents a simple average of the Liquidity Coverage Ratio (LCR) for the last 12 month ends. The LCR ensures that sufficient high-quality liquid assets are held to survive a short-term severe but plausible liquidity stress.

Cash and balances at central banks

Cash and balances held at central banks increased by £5.8 billion to £35.3 billion (31 March 2025: £29.5 billion). Cash levels are maintained above risk appetite, with the timing of wholesale issuance and overall liquidity composition both being factors in the absolute value of balances held.

Residential mortgages

Residential mortgage balances grew to £280.6 billion (31 March 2025: £275.9 billion), increasing our market share to 16.3% (31 March 2025: 16.2%).

Total gross mortgage lending in the period increased to £22.2 billion (H1 2024/25: £17.6 billion), with the market share of gross lending increasing to 15.7% (H1 2024/25: 14.1%). The growth was primarily due to the inclusion of Virgin Money, also supported by our first-time buyer proposition.

Total mortgage net lending was lower than the prior period at £4.7 billion (H1 2024/25: £6.3 billion), as mortgage market completions accelerated into March 2025, due to the Stamp Duty Land tax changes implemented on 1 April 2025.

Financial review (continued)

Total impairment provision balances on residential mortgage lending remained stable at £345 million (31 March 2025: £351 million) and arrears continued to be low and stable, reflecting the quality of our lending, with cases more than three months in arrears representing 0.42% (31 March 2025: 0.43%) of the total portfolio.

Consumer lending

Total consumer lending balances increased slightly to £11.5 billion (31 March 2025: £11.1 billion). This comprises personal loans balances of £3.2 billion (31 March 2025: £3.0 billion), credit card balances of £8.0 billion (31 March 2025: £7.8 billion) and overdrawn current account balances of £0.3 billion (31 March 2025: £0.3 billion).

Total impairment provision balances on consumer lending remained stable at £827 million (31 March 2025: £824 million). Excluding charged off accounts, balances more than three months in arrears represent 0.99% (31 March 2025: 1.11%) of the total portfolio.

Business and commercial lending

Business and commercial lending balances decreased slightly to £14.9 billion (31 March 2025: £15.1 billion), reflecting an increasingly competitive market. The overall portfolio includes business lending balances of £9.4 billion (31 March 2025: £9.5 billion) and registered social landlords lending balances of £4.6 billion (31 March 2025: £4.7 billion).

Total impairment provision balances on business and commercial lending increased to £135 million (31 March 2025: £113 million), primarily driven by increased provisions for a small number of individual loans.

Other financial assets

Other financial assets decreased to £32.4 billion (31 March 2025: £33.2 billion). These comprise investment assets held mainly for liquidity purposes of £28.3 billion (31 March 2025: £28.7 billion), loans and advances to banks and similar institutions of £1.2 billion (31 March 2025: £1.8 billion), derivatives with positive fair values of £4.0 billion (31 March 2025: £4.7 billion) and fair value adjustments for portfolio hedged risk of £(1.1) billion (31 March 2025: £(2.0) billion). Derivatives largely comprise interest rate and foreign exchange contracts which economically hedge financial risks inherent in our lending and funding activities.

Liquidity Coverage Ratio

The average Liquidity Coverage Ratio over the 12 months ended 30 September 2025 reduced to 163% (12 months ended 31 March 2025: 174%), primarily due to the repayment of drawings from the Bank of England's Term Funding Scheme with additional incentives for SMEs. Further details are included in the Liquidity and funding risk section of the Risk report.

Members' interests, equity and liabilities

Members' interests, equity and liabilities		
	30 September 2025	31 March 2025
	£m	£m
Member retail deposits	213,112	207,428
Non-member retail deposits	52,880	53,312
Retail deposits	265,992	260,740
Business banking deposits	22,039	21,087
Debt securities in issue	54,649	51,109
Other financial liabilities	10,973	10,468
Other liabilities	3,089	3,991
Total liabilities	356,742	347,395
Members' interests and equity	20,523	19,723
Non-controlling interests	204	759
Total equity and liabilities	377,469	367,877

Funding limit¹:
37.6%
 (31 March 2025: 37.2%)

¹The funding limit measures the proportion of funding from sources other than member deposits, against the statutory limit of 50%.

Financial review (continued)

Retail and business banking deposits

Retail deposit balances grew by £5.3 billion to £266.0 billion (31 March 2025: £260.7 billion), with the market share of balances remaining at 12.2% (31 March 2025: 12.2%).

Retail deposit growth was supported by a strong ISA season and personal current account credit balances increasing by £0.4 billion to £43.1 billion (31 March 2025: £42.7 billion). The Group's market share of personal current account balances increased to 10.9%² (31 March 2025: 10.7%), demonstrating growth that outperformed the market trend.

Business banking deposits increased to £22.0 billion (31 March 2025: £21.1 billion).

Debt securities in issue and other financial liabilities

Debt securities in issue increased to £54.6 billion (31 March 2025: £51.1 billion). This relates to wholesale funding but excludes subordinated debt which is included within other financial liabilities. Nationwide's position against the Building Societies Act Funding Limit increased to 37.6% (31 March 2025: 37.2%).

Members' interests and equity

Members' interests and equity have increased to £20.5 billion (31 March 2025: £19.7 billion), with growth largely driven by retained profits.

Statement of comprehensive income

Statement of comprehensive income (note i)		
	Half year to 30 September 2025	Half year to 30 September 2024
	£m	£m
Statutory profit after tax	375	421
Net remeasurement of pension obligations	(113)	-
Net movement in cash flow hedge reserve	(23)	(30)
Net movement in other hedging reserve	17	9
Net movement in fair value through other comprehensive income reserve	(10)	(42)
Net movement in revaluation reserve	-	-
Total comprehensive income	246	358

Note:

i. Movements are shown net of related taxation. Gross movements are set out in the condensed consolidated interim financial statements on page 50.

² CACI's Current Account and Savings Database, Stock Credit Balances (August 2025 and March 2025).

Financial review (continued)

Capital structure

The Group's capital position remains strong, with the Common Equity Tier 1 (CET1) ratio of 18.4% and leverage ratio of 5.2% comfortably above regulatory capital requirements of 12.3% and 4.3% respectively. The capital disclosures included in this report are in line with UK Capital Requirements Directive V (UK CRD V).

Capital structure		
	30 September 2025	31 March 2025
	£m	£m
Capital resources		
CET1 capital	15,927	15,611
Tier 1 capital	18,297	17,732
Total regulatory capital	20,141	19,489
Capital requirements		
Risk weighted assets (RWAs)	86,786	81,871
Leverage exposure	350,117	344,018
UK CRD V capital ratios	%	%
CET1 ratio	18.4	19.1
Leverage ratio	5.2	5.2

CET1 capital resources increased by £0.3 billion, driven by statutory profit after tax, partly offset by distributions. The CET1 ratio has decreased to 18.4% (31 March 2025: 19.1%). Total RWAs increased by £4.9 billion, predominantly driven by an increase in retail mortgages RWAs that reflected both growth in lending balances and a one-off £3.0 billion increase in the temporary model adjustment applied to Virgin Money's existing Internal Ratings Based (IRB) mortgage models, following recent regulatory feedback as part of the revised model approval process. This uplift in the temporary model adjustment increased Virgin Money's average mortgage risk weight by 5 percentage points to 21%, which compares to Nationwide's equivalent average of 15% on its approved, revised IRB models. No further material increases to the temporary model adjustment are now expected.

Over time, the Group intends to align modelling approaches across its IRB portfolios. Excluding the one-off temporary model adjustment uplift, the CET1 ratio would have been stable, with retained earnings sufficient to support the organic increase in RWAs. Further details on the temporary model adjustment and RWAs are provided in the Capital risk section of the Risk report.

The leverage ratio remained at 5.2%, with Tier 1 capital resources increasing by £0.6 billion as a result of the CET1 capital movements referenced above and an increase in Additional Tier 1 (AT1) capital following an issuance in the period. Offsetting the impact of this was an increase in leverage exposure of £6.1 billion, predominantly due to increased residential mortgage balances. Leverage requirements continue to be the Group's binding Tier 1 capital constraint, as the combination of minimum and regulatory buffer requirements are in excess of the risk-based equivalent.

Further details of the capital position and future regulatory developments are described in the Capital risk section of the Risk report.

Risk report

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Risk report (continued)

Introduction

Effective risk management is essential to keeping customers' money safe and secure. It is critical to delivering our purpose: *Banking – but fairer, more rewarding, and for the good of society*. The Group maintains a prudent approach to risk management, taking only those risks which support our strategy and managing them rigorously through a consistent approach.

This report outlines developments during the period in relation to the risks to which the Group is exposed, and how those risks are managed. This information supports, and should be read in conjunction with, the material found in the Risk report in the Annual Report and Accounts 2025. Where there has been no change to the approach to managing risk, or no material change in the relevant risk environment since the year end, this information has not been repeated.

Since the year end, significant progress has been made in aligning the management of risk across the Group. This includes:

- The introduction of a Group Risk Management Framework, which formally aligns the existing frameworks and ensures risk management is consistent and rigorous across the Group.
- The streamlining of risk governance arrangements at both Board and management levels.
- The appointment of key group-level executive roles; this has clarified first line risk management accountabilities and enabled more comprehensive oversight and assurance of Group risks.

Top and emerging risks

Top and emerging risks are managed in accordance with the process outlined in the Risk overview section of the Annual Report and Accounts 2025. The following internal and external risks, which were highlighted in the Annual Report and Accounts 2025, have not materially changed since 31 March 2025:

- Climate change
- Cyber
- Emergent technologies
- Geopolitical environment
- Integration risk
- Macroeconomic environment
- Technology and resilience

Risk report (continued)

Principal risks and uncertainties

The Board is responsible for the principal risks to which the Group is exposed. These risks encompass all the different types of risk which are relevant to the Group's business and the achievement of its strategic objectives.

The principal risk categories and their definitions remain unchanged from those set out in the Annual Report and Accounts 2025 and are as follows:

- Credit risk
- Liquidity and funding risk
- Capital risk
- Market risk
- Pension risk
- Business risk
- Operational and conduct risk
- Model risk

Information on key developments in relation to the principal risks above are included within this report, except for pension, business, operational and conduct and model risk, where there have been no significant developments in the period.

Risk report (continued)

Credit risk – Overview

Credit risk is the risk of loss as a result of a customer or counterparty failing to meet their financial obligations. Credit risk encompasses:

- borrower/counterparty risk – the risk of loss arising from a borrower or counterparty failing to pay, or becoming increasingly likely not to pay the interest or principal on a loan, or on a financial product, or for a service, on time;
- security/collateral risk – the risk of loss arising from deteriorating security/collateral quality;
- concentration risk – the risk of loss arising from insufficient diversification of region, sector, counterparties or other significant factor; and
- refinance risk – the risk of loss arising when a repayment of a loan or other financial product occurs later than originally anticipated.

The Group manages credit risk for the following portfolios:

Portfolio	Definition
Residential mortgages	Loans secured on residential property
Consumer lending	Unsecured lending comprising credit cards, personal loans and current account overdrafts
Business and commercial lending	Lending to non-retail customers, including registered social landlords
Treasury	Treasury liquidity, derivatives and investment portfolios

Further detail regarding the scope of Nationwide's credit risks and how they are managed, together with information on the calculation of impairment provisions based on expected credit losses (ECLs), is included within the Annual Report and Accounts 2025.

Developments in the period

The UK economy remained relatively subdued during the period, with ongoing pressures on businesses due to increased costs, whilst geopolitical tensions have also contributed to continued economic uncertainty. Bank rate has reduced by 50 basis points to 4%, though some fixed-rate mortgages which were originated at historically low rates continue to transfer to significantly higher rates at maturity. The housing market has shown resilience, with annual house price growth of 2.2% in the year to September 2025.

Residential mortgage balances have increased in the period to £280.6 billion (31 March 2025: £275.9 billion). This is driven by the Group's continued support for first time buyers, together with a focus on retention through highly competitive products provided to existing customers. Consumer lending balances have increased to £11.5 billion (31 March 2025: £11.1 billion). Business and commercial lending balances reduced slightly to £14.9 billion (31 March 2025: £15.1 billion), reflecting an increasingly competitive market.

Residential mortgage arrears have remained at low levels during the period and well below the industry average. Consumer lending arrears have reduced slightly.

Provisions have increased to £1,307 million (31 March 2025: £1,288 million) and include a modelled adjustment for affordability risks totalling £80 million (31 March 2025: £83 million). This adjustment reflects the ongoing affordability pressures faced by borrowers, primarily within the residential mortgage portfolio. The impairment charge of £146 million (H1 2024/25: £7 million) is equivalent to an annualised cost of risk of 10 basis points, when divided by the average gross lending balances over the period.

Outlook

The Group's base case scenario has been modelled based on modest growth in the UK economy. Bank rate is expected to gradually reduce to 3.5% during 2026, with inflation projected to return to the Bank of England's 2% target. House prices are forecast to grow steadily, with 3.2% growth during 2026. Further information on the Group's economic scenarios used in calculating provisions is included in note 7 to the condensed consolidated interim financial statements.

The Group remains vigilant to ongoing economic uncertainty, continuously assessing the potential impacts on borrowers and the credit risks across lending portfolios to ensure timely and appropriate support for customers. Borrowers are likely to continue experiencing affordability pressures; however, arrears rates are expected to remain well below the industry average.

Risk report (continued)

Credit risk – Overview (continued)

Maximum exposure to credit risk

The Group's maximum exposure to credit risk at 30 September 2025 was £395 billion (31 March 2025: £383 billion).

Credit risk largely arises from loans and advances to customers, which account for 83% (31 March 2025: 84%) of the Group's credit risk exposure. Within this, the exposure relates primarily to residential mortgages, which account for 91% (31 March 2025: 90%) of loans and advances to customers and comprise high-quality assets with historically low occurrences of arrears and repossessions.

In addition to loans and advances to customers, the Group is exposed to credit risk on all other financial assets. For all financial assets recognised on the balance sheet, the maximum exposure to credit risk represents the balance sheet carrying value after allowance for impairment, plus off-balance sheet commitments. For off-balance sheet commitments, the maximum exposure is the maximum amount that the Group would have to pay if the commitments were to be called upon. For loan commitments and other credit-related commitments that are irrevocable over the life of the respective facilities, the maximum exposure is the full amount of the committed facilities.

Maximum exposure to credit risk						
30 September 2025						
	Gross balances	Impairment provisions	Carrying value	Commitments (note i)	Maximum credit risk exposure	% of total credit risk exposure
	£m	£m	£m	£m	£m	%
Amortised cost loans and advances to customers:						
Residential mortgages	280,616	(345)	280,271	16,239	296,510	75
Consumer lending	11,534	(827)	10,707	120	10,827	3
Business and commercial lending	14,596	(135)	14,461	5,533	19,994	5
Fair value adjustment for micro hedged risk (note ii)	247	-	247	-	247	-
	306,993	(1,307)	305,686	21,892	327,578	83
FVTPL loans and advances to customers:						
Residential mortgages	33	-	33	-	33	-
Business and commercial lending	44	-	44	-	44	-
	77	-	77	-	77	-
Other items:						
Cash and balances at central banks	35,272	-	35,272	-	35,272	9
Loans and advances to banks and similar institutions	1,234	-	1,234	-	1,234	-
Investment securities	28,279	-	28,279	5	28,284	7
Derivative financial instruments	3,972	-	3,972	-	3,972	1
Fair value adjustment for portfolio hedged risk (note ii)	(1,079)	-	(1,079)	-	(1,079)	-
	67,678	-	67,678	5	67,683	17
Total	374,748	(1,307)	373,441	21,897	395,338	100

Risk report (continued)

Credit risk – Overview (continued)

Maximum exposure to credit risk						
31 March 2025	Gross balances	Impairment provisions	Carrying value	Commitments (note i)	Maximum credit risk exposure	% of total credit risk exposure
	£m	£m	£m	£m	£m	%
Amortised cost loans and advances to customers:						
Residential mortgages	275,890	(351)	275,539	13,765	289,304	76
Consumer lending	11,107	(824)	10,283	113	10,396	3
Business and commercial lending	14,818	(113)	14,705	5,580	20,285	5
Fair value adjustment for micro hedged risk (note ii)	277	-	277	-	277	-
	302,092	(1,288)	300,804	19,458	320,262	84
FVTPL loans and advances to customers:						
Residential mortgages	36	-	36	-	36	-
Business and commercial lending	49	-	49	-	49	-
	85	-	85	-	85	-
Other items:						
Cash and balances at central banks	29,483	-	29,483	-	29,483	8
Loans and advances to banks and similar institutions	1,810	-	1,810	-	1,810	1
Investment securities	28,663	-	28,663	5	28,668	7
Derivative financial instruments	4,742	-	4,742	-	4,742	1
Fair value adjustment for portfolio hedged risk (note ii)	(2,037)	-	(2,037)	-	(2,037)	(1)
	62,661	-	62,661	5	62,666	16
Total	364,838	(1,288)	363,550	19,463	383,013	100

Notes:

- i. In addition to the amounts shown above, the Group has revocable commitments of £24,654 million (31 March 2025: £23,352 million) primarily in respect of credit card and overdraft facilities. These commitments represent agreements to lend in the future, subject to certain considerations. Such commitments are cancellable by the Group, subject to notice requirements, and given their nature are not expected to be drawn down to the full level of exposure.
- ii. The fair value adjustment for micro hedged risk (which relates to the business and commercial lending portfolio) and the fair value adjustment for portfolio hedged risk represent hedge accounting adjustments.

Commitments

Irrevocable undrawn commitments to lend are within the scope of provision requirements. The commitments in the table above consist of overpayment reserves and separately identifiable irrevocable commitments for the pipeline and undrawn lending facilities of residential mortgages, personal loans, business and commercial loans and investment securities. These commitments are not recognised on the balance sheet; the associated provision of £4.3 million (31 March 2025: £4.6 million) is included within provisions for liabilities and charges. The majority of the off-balance sheet commitments are in stage 1, with a provision equal to a 12-month ECL.

Revocable commitments relating to overdrafts and credit cards are included in the calculation of impairment provisions, with the allowance for future drawdowns included in the estimate of the exposure at default.

Risk report (continued)

Credit risk – Residential mortgages

Summary

The Group's residential mortgages comprise owner-occupied, buy to let and legacy loans. Owner-occupied residential mortgages are mainly advances made through the Nationwide, Virgin Money, Clydesdale and Yorkshire Bank brands. Buy to let lending is originated through The Mortgage Works (UK) plc as well as Virgin Money, Clydesdale and Yorkshire Bank brands. Legacy mortgages are smaller owner-occupied portfolios in run-off.

Gross balances have increased during the period to £280.6 billion (31 March 2025: £275.9 billion), reflecting both the impact of our continued support for first-time buyers and a focus on retention through highly competitive products provided to existing customers.

Residential mortgage arrears have remained at low levels during the period, with the arrears rate reducing slightly to 0.42% (31 March 2025: 0.43%).

Residential mortgage gross balances		
	30 September 2025	31 March 2025
<i>(Reviewed)</i>	£m	£m
Owner-occupied	219,959	215,546
Buy to let and legacy:		
Buy to let	59,781	59,383
Legacy	876	961
	60,657	60,344
Amortised cost loans and advances to customers	280,616	275,890
FVTPL loans and advances to customers	33	36
Total residential mortgages	280,649	275,926

Impairment charge/(release) and write-offs for the period		
	Half year to 30 September 2025	Half year to 30 September 2024
<i>(Reviewed)</i>	£m	£m
Owner-occupied	11	3
Buy to let and legacy	(11)	(7)
Total impairment charge/(release)	-	(4)
Gross write-offs	11	4

The current period impairment charge and gross write-offs are inclusive of Virgin Money lending. The impairment charge of £nil (H1 2024/25: £4 million release) reflects a small reduction in balance sheet provisions in the period, offset by continued low levels of write-offs.

Risk report (continued)

Credit risk – Residential mortgages (continued)

Residential mortgages staging analysis

The following table shows residential mortgage lending balances carried at amortised cost, the stage allocation of the loans, impairment provisions and the resulting provision coverage ratios.

Residential mortgages staging analysis								
30 September 2025	Stage 1	Stage 2 total	Stage 2 Up to date	Stage 2 1 to 30 DPD (note i)	Stage 2 >30 DPD (note i)	Stage 3	POCI (notes ii and iii)	Total
<i>(Reviewed)</i>	£m	£m	£m	£m	£m	£m	£m	£m
Gross balances								
Owner-occupied	204,834	13,881	12,520	880	481	899	345	219,959
Buy to let and legacy (note i)	36,283	23,686	23,112	349	225	513	175	60,657
Total	241,117	37,567	35,632	1,229	706	1,412	520	280,616
Provisions								
Owner-occupied	16	68	49	8	11	40	2	126
Buy to let and legacy	29	136	117	8	11	53	1	219
Total	45	204	166	16	22	93	3	345
Provisions as a % of total balance	%	%	%	%	%	%	%	%
Owner-occupied	0.01	0.49	0.40	0.90	2.30	4.42	-	0.06
Buy to let and legacy	0.08	0.57	0.50	2.38	4.94	10.31	-	0.36
Total	0.02	0.55	0.47	1.32	3.14	6.56	-	0.12

Risk report (continued)

Credit risk – Residential mortgages (continued)

Residential mortgages staging analysis								
31 March 2025	Stage 1	Stage 2 total	Stage 2 Up to date	Stage 2 1 to 30 DPD (note i)	Stage 2 >30 DPD (note i)	Stage 3	POCI (notes ii and iii)	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Gross balances								
Owner-occupied	200,586	13,740	12,434	841	465	833	387	215,546
Buy to let and legacy	35,822	23,821	23,261	344	216	504	197	60,344
Total	236,408	37,561	35,695	1,185	681	1,337	584	275,890
Provisions								
Owner-occupied	14	58	41	7	10	41	2	115
Buy to let and legacy	31	150	131	10	9	54	1	236
Total	45	208	172	17	19	95	3	351
Provisions as a % of total balance	%	%	%	%	%	%	%	%
Owner-occupied	0.01	0.42	0.33	0.82	2.05	4.99	-	0.05
Buy to let and legacy	0.09	0.63	0.56	2.84	4.49	10.62	-	0.39
Total	0.02	0.55	0.48	1.41	2.82	7.11	-	0.13

Notes:

- Days past due (DPD) is a measure of arrears status.
- Purchased or originated credit-impaired (POCI) loans are those which were recognised on the balance sheet when the Derbyshire Building Society was acquired in December 2008 and Virgin Money was acquired in October 2024. The POCI balance of £520 million (31 March 2025: £584 million) is presented net of lifetime ECL of £18 million (31 March 2025: £21 million). The provision coverage for POCI loans is not presented in the table due to the gross balance being reported net of the lifetime ECL.
- The POCI provision represents the movement in lifetime ECL since acquisition.

Total balances have increased due to growth in the owner-occupied portfolio, resulting in an increase in stage 1 balances.

Stage 2 balances have remained stable at £37.6 billion (31 March 2025: £37.6 billion). Of these, only 2% (31 March 2025: 2%) are in arrears by 30 days or more, with the majority of balances in stage 2 due to an increase in the probability of default (PD) since origination. Total stage 2 balances include £8.0 billion (31 March 2025: £9.2 billion) of loans where the PD has been uplifted to recognise the increased risk of default due to borrower affordability pressures. The Annual Report and Accounts 2025 sets out the main criteria used to determine whether a significant increase in credit risk has occurred since origination. There have been no changes to the criteria during the period.

Stage 3 and POCI balances make up 0.7% (31 March 2025: 0.7%) of total balances. Stage 3 balances increased to £1,412 million (31 March 2025: £1,337 million), primarily reflecting newly impaired loans during the period. This increase has been largely offset by a reduction in POCI balances to £520 million (31 March 2025: £584 million), as loans impaired at acquisition continue to redeem or be written off. Of the total stage 3 and POCI balances, £1,220 million (31 March 2025: £1,240 million) is in respect of loans which are more than 90 days past due, with the remainder being impaired due to other indicators of unlikeliness to pay such as certain types of forbearance.

Residential mortgage provisions have reduced slightly to £345 million (31 March 2025: £351 million) and include a modelled adjustment of £64 million (31 March 2025: £70 million) to reflect an increase to the PD to account for ongoing affordability risks, including those related to higher interest rates. Further information is included in note 7 to the condensed consolidated interim financial statements.

Risk report (continued)

Credit risk – Residential mortgages (continued)

The table below summarises the movements in, and stage allocations of, the residential mortgages held at amortised cost, including the impact of ECL impairment provisions. The movements within the table compare the position at 30 September 2025 to that at the start of the reporting period.

Reconciliation of net movements in residential mortgage balances and impairment provisions								
<i>(Reviewed)</i>	Non-credit impaired				Credit impaired (note i)		Total	
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL			
	Stage 1		Stage 2		Stage 3 and POCI			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
	£m	£m	£m	£m	£m	£m	£m	£m
At 31 March 2025	236,408	45	37,561	208	1,921	98	275,890	351
Stage transfers:								
Transfers from stage 1 to stage 2	(11,423)	(3)	11,423	3	-	-	-	-
Transfers to stage 3	(106)	-	(344)	(7)	450	7	-	-
Transfers from stage 2 to stage 1	10,283	39	(10,283)	(39)	-	-	-	-
Transfers from stage 3	24	1	181	7	(205)	(8)	-	-
Net remeasurement of ECL arising from transfer of stage	-	(36)	-	44	-	9	-	17
Net movement arising from transfer of stage	(1,222)	1	977	8	245	8	-	17
New assets originated or purchased	22,656	4	919	14	2	-	23,577	18
Net impact of further lending and repayments	(5,038)	-	(271)	(1)	(10)	-	(5,319)	(1)
Changes in risk parameters in relation to credit quality	-	(2)	-	(17)	-	10	-	(9)
Other items impacting income statement (including recoveries)	-	-	-	-	-	(5)	-	(5)
Redemptions	(11,687)	(3)	(1,619)	(8)	(196)	(9)	(13,502)	(20)
Income statement charge for the period								-
Decrease due to write-offs	-	-	-	-	(30)	(11)	(30)	(11)
Other provision movements	-	-	-	-	-	5	-	5
At 30 September 2025	241,117	45	37,567	204	1,932	96	280,616	345
Net carrying amount		241,072		37,363		1,836		280,271

Note:

i. Gross balances of credit impaired loans include £520 million (31 March 2025: £584 million) of POCI loans, which are presented net of a day 1 lifetime ECL of £18 million (31 March 2025: £21 million).

Further information on movements in gross loans and advances to customers and impairment provisions, including the methodology applied in preparing the table, is included in note 9 to the condensed consolidated interim financial statements.

Risk report (continued)

Credit risk – Residential mortgages (continued)

Credit quality

The residential mortgage portfolio comprises many small loans which are broadly homogenous, have low volatility of credit risk outcomes and are geographically diversified. The table below shows the loan balances and provisions for residential mortgages held at amortised cost, by PD range.

Loan balance and provisions by PD									
30 September 2025	Gross balances				Provisions				Provision coverage
	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	
<i>(Reviewed)</i>									
12-month IFRS 9 PD range									%
0.00 to < 0.15%	182,331	4,068	38	186,437	8	7	-	15	0.01
0.15 to < 0.25%	23,682	2,198	17	25,897	3	6	-	9	0.04
0.25 to < 0.50%	20,467	6,237	29	26,733	9	17	-	26	0.10
0.50 to < 0.75%	8,124	3,185	16	11,325	9	10	-	19	0.17
0.75 to < 2.50%	5,788	11,457	60	17,305	6	40	-	46	0.27
2.50 to < 10.00%	549	6,180	72	6,801	5	43	-	48	0.71
10.00 to < 100%	176	4,242	199	4,617	5	81	7	93	2.00
100% (default)	-	-	1,501	1,501	-	-	89	89	5.90
Total	241,117	37,567	1,932	280,616	45	204	96	345	0.12

Loan balance and provisions by PD									
31 March 2025	Gross balances				Provisions				Provision coverage
	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	
12-month IFRS 9 PD range									%
0.00 to < 0.15%	175,908	3,617	32	179,557	5	6	-	11	0.01
0.15 to < 0.25%	24,703	2,124	16	26,843	4	5	-	9	0.03
0.25 to < 0.50%	19,419	5,160	20	24,599	5	14	-	19	0.08
0.50 to < 0.75%	8,542	3,319	14	11,875	11	9	-	20	0.17
0.75 to < 2.50%	7,032	12,249	47	19,328	10	42	-	52	0.27
2.50 to < 10.00%	613	6,678	67	7,358	5	48	-	53	0.72
10.00 to < 100%	191	4,414	201	4,806	5	84	7	96	2.00
100% (default)	-	-	1,524	1,524	-	-	91	91	5.96
Total	236,408	37,561	1,921	275,890	45	208	98	351	0.13

Note:

i. Includes POCI loans of £520 million (31 March 2025: £584 million), which are presented net of a day 1 lifetime ECL of £18 million (31 March 2025: £21 million).

At 30 September 2025, 95% (31 March 2025: 95%) of the portfolio had a 12-month IFRS 9 PD of less than 2.5%, reflecting the high quality of the residential mortgage portfolio.

Credit risk – Residential mortgages (continued)

Residential mortgage portfolio analysis

The following table shows key residential mortgage credit risk metrics and includes both amortised cost and FVTPL balances.

Residential mortgage portfolio analysis						
	30 September 2025			31 March 2025		
	Owner-occupied	Buy to let and Legacy	Total	Owner-occupied	Buy to let and Legacy	Total
Gross balances (£m)	219,992	60,657	280,649	215,582	60,344	275,926
Arrears						
Number of cases more than 3 months in arrears as % of total book	0.39%	0.49%	0.42%	0.40%	0.51%	0.43%
Forbearance						
Gross balances (£m)	1,025	380	1,405	1,050	377	1,427
LTV						
Stock average LTV	57%	57%	57%	56%	56%	56%
Balances by LTV ratio (£m):						
Up to 50%	80,432	18,670	99,102	80,522	19,057	99,579
50% to 60%	36,359	15,177	51,536	35,539	15,501	51,040
60% to 70%	35,650	15,431	51,081	36,534	15,389	51,923
70% to 80%	30,233	10,524	40,757	29,090	9,724	38,814
80% to 90%	31,791	681	32,472	28,613	527	29,140
90% to 100%	5,478	90	5,568	5,249	65	5,314
Over 100%	49	84	133	35	81	116
Total	219,992	60,657	280,649	215,582	60,344	275,926

Credit risk – Residential mortgages (continued)

Arrears

Residential mortgage arrears have remained at low levels during the period, with the arrears rate reducing slightly to 0.42% (31 March 2025: 0.43%) which remains well below the UK industry average of 0.83% (31 March 2025: 0.89%). The buy to let and legacy portfolio arrears rate has reduced slightly to 0.49% (31 March 2025: 0.51%). Within this portfolio, the performance of the open buy to let book originated under the TMW brand remains strong, with 0.21% (31 March 2025: 0.21%) of cases more than 3 months in arrears.

Forbearance

Nationwide is committed to supporting borrowers facing financial difficulty by working with them to find a solution through proactive arrears management and forbearance. The main types of forbearance include interest or payment arrangements where the borrower is granted a concession which varies the contractual terms and repayments during a time of financial difficulty.

Gross balances subject to forbearance have reduced slightly to £1,405 million (31 March 2025: £1,427 million), which represents 0.5% (31 March 2025: 0.5%) of total gross balances.

LTV

Loan to value (LTV) is calculated by weighting the borrower level LTV by the individual loan balance to arrive at an average LTV. This approach is considered to reflect most appropriately the exposure at risk. The stock average LTV is calculated using the latest indexed valuation.

The Nationwide House Price Index has shown a 2.2% year-on-year increase in house prices, resulting in limited movements in the average LTV of loan stock which has remained broadly stable at 57% (31 March 2025: 56%). The average LTV of new business originated in the period, excluding further advances, has also remained broadly stable at 72% (H1 2024/25: 73%).

Geographical distribution

During the period, the geographical distribution of the Group's residential mortgages across the UK has remained stable. Lending in the Greater London and South East regions continues to represent 46% (31 March 2025: 46%) of total residential mortgage balances.

Risk report (continued)

Credit risk – Consumer lending

Summary

The consumer lending portfolio comprises balances on unsecured retail banking products: credit cards, personal loans and overdrawn current accounts. During the period, total balances have increased to £11.5 billion (31 March 2025: £11.1 billion). All consumer lending loans are classified and measured at amortised cost.

Arrears levels have remained low during the period. Excluding charged off accounts, balances more than 3 months in arrears have reduced slightly and now represent 0.99% (31 March 2025: 1.11%) of the portfolio.

Consumer lending gross balances		
	30 September 2025	31 March 2025
<i>(Reviewed)</i>	£m	£m
Credit cards	8,012	7,807
Personal loans	3,182	2,962
Overdrawn current accounts	340	338
Total consumer lending	11,534	11,107

Impairment charge/(release) and write-offs for the period		
	Half year to 30 September 2025	Half year to 30 September 2024
<i>(Reviewed)</i>	£m	£m
Impairment charge		
Credit cards	91	(16)
Personal loans	18	21
Overdrawn current accounts	14	8
Total	123	13
Gross write-offs		
Credit cards	121	14
Personal loans	28	21
Overdrawn current accounts	9	7
Total	158	42

The impairment charge and gross write-offs for the current period have increased due to the inclusion of Virgin Money lending. In addition, the impairment charge for the half year to September 2024 included a release related to affordability adjustments to modelled provisions. Balance sheet provisions have remained broadly unchanged in the period. A credit card model redevelopment resulted in a £26 million reduction in provisions. However, this was largely offset by the migration of acquired credit card balances to stage 2 and stage 3, which had been allocated to stage 1 at acquisition in October 2024.

Credit risk – Consumer lending (continued)

The following table shows consumer lending balances by stage, with the corresponding impairment provisions and resulting provision coverage ratios.

Consumer lending staging analysis										
	30 September 2025					31 March 2025				
	Stage 1	Stage 2	Stage 3	POCI (notes i and ii)	Total	Stage 1	Stage 2	Stage 3	POCI (notes i and ii)	Total
<i>(Reviewed)</i>	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross balances										
Credit cards	6,491	1,283	223	15	8,012	6,311	1,304	165	27	7,807
Personal loans	2,276	577	329	-	3,182	2,131	488	342	1	2,962
Overdrawn current accounts	171	125	44	-	340	179	115	44	-	338
Total	8,938	1,985	596	15	11,534	8,621	1,907	551	28	11,107
Provisions										
Credit cards	146	264	141	(12)	539	104	323	119	(4)	542
Personal loans	17	47	152	-	216	16	41	158	-	215
Overdrawn current accounts	5	27	40	-	72	5	22	40	-	67
Total	168	338	333	(12)	827	125	386	317	(4)	824
Provisions as a % of total balance	%	%	%	%	%	%	%	%	%	%
Credit cards	2.25	20.58	63.30	-	6.73	1.65	24.78	71.64	-	6.94
Personal loans	0.76	8.03	46.27	-	6.78	0.76	8.39	46.18	-	7.25
Overdrawn current accounts	2.85	22.05	90.51	-	21.17	2.77	19.39	90.17	-	19.74
Total	1.88	17.02	55.91	-	7.17	1.46	20.26	57.32	-	7.42

Notes:

- POCI loans are those which were credit-impaired on acquisition. The POCI loans shown in the table above were recognised on the balance sheet when Virgin Money was acquired in October 2024. The balance of £15 million (31 March 2025: £28 million) is presented net of a day 1 lifetime ECL of £20 million (31 March 2025: £29 million). The provision coverage for POCI loans is not presented in the table due to this net presentation.
- The POCI provision represents the movement in lifetime ECL since acquisition. The change in the period is largely due to a credit card model redevelopment.

Total balances have increased due to growth in the credit card and personal loan portfolios, resulting in an increase in stage 1 balances.

Stage 2 balances have increased slightly to £1,985 million (31 March 2025: £1,907 million). Of these, only 2% (31 March 2025: 3%) are in arrears by 30 days or more, with the majority of balances in stage 2 due to an increase in PD since origination. Total stage 2 balances include £330 million (31 March 2025: £291 million) of loans where the PD has been uplifted due to affordability risks or credit card persistent debt. The Annual Report and Accounts 2025 sets out the main criteria used to determine whether a significant increase in credit risk has occurred since origination.

Stage 3 and POCI balances make up 5.3% (31 March 2025: 5.2%) of total balances. The stage 3 gross balances and provisions include charged off balances. These are accounts which are closed to future transactions and may be held on the balance sheet for an extended period (up to 36 months) whilst recovery activities take place. The charged off balances are £176 million (31 March 2025: £178 million), and provisions held against these balances are £170 million (31 March 2025: £171 million).

Consumer lending provisions remain broadly unchanged at £827 million (31 March 2025: £824 million). As a result of the redevelopment of the credit card model, there has been an increase in stage 1 provision coverage and a decrease in stage 2 provision coverage. Excluding charged off balances and related provisions, total provisions amount to 5.8% (31 March 2025: 6.0%) of total gross balances.

Risk report (continued)

Credit risk – Consumer lending (continued)

The table below summarises the movements in, and stage allocations of, the consumer lending balances held at amortised cost, including the impact of ECL impairment provisions. The movements within the table compare the position at 30 September 2025 to that at the start of the reporting period.

Reconciliation of net movements in consumer lending balances and impairment provisions								
<i>(Reviewed)</i>	Non-credit impaired				Credit impaired		Total	
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL			
	Stage 1		Stage 2		Stage 3 and POCI (note i)			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
	£m	£m	£m	£m	£m	£m	£m	£m
At 31 March 2025	8,621	125	1,907	386	579	313	11,107	824
Stage transfers:								
Transfers from stage 1 to stage 2	(778)	(17)	778	17	-	-	-	-
Transfers to stage 3	(61)	(3)	(142)	(58)	203	61	-	-
Transfers from stage 2 to stage 1	684	125	(684)	(125)	-	-	-	-
Transfers from stage 3	2	1	4	3	(6)	(4)	-	-
Net remeasurement of ECL arising from transfer of stage	-	(121)	-	128	-	52	-	59
Net movement arising from transfer of stage	(153)	(15)	(44)	(35)	197	109	-	59
New assets originated or purchased	1,585	21	192	18	4	3	1,781	42
Net impact of further lending and repayments	(653)	26	28	4	(11)	-	(636)	30
Changes in risk parameters in relation to credit quality	-	16	-	(22)	-	54	-	48
Other items impacting income statement (including recoveries)	-	-	-	-	-	(38)	-	(38)
Redemptions	(462)	(5)	(98)	(13)	-	-	(560)	(18)
Income statement charge for the period								123
Decrease due to write-offs	-	-	-	-	(158)	(158)	(158)	(158)
Other provision movements	-	-	-	-	-	38	-	38
At 30 September 2025	8,938	168	1,985	338	611	321	11,534	827
Net carrying amount		8,770		1,647		290		10,707

Note:

i. Gross balances of credit impaired loans include £15 million (31 March 2025: £28 million) of POCI loans, which are presented net of lifetime ECL of £20 million (31 March 2025: £29 million).

Further information on movements in total gross loans and advances to customers and impairment provisions, including the methodology applied in preparing the table, is included in note 9 to the condensed consolidated interim financial statements.

Credit risk – Consumer lending (continued)

Credit quality

Nationwide adopts robust credit management policies and processes designed to recognise and manage the risks arising from its lending portfolios.

Consumer lending gross balances and provisions by PD									
30 September 2025 (Reviewed) 12-month IFRS 9 PD range	Gross balances				Provisions				Provision coverage
	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	1,062	33	-	1,095	2	2	-	4	0.37
0.15 to < 0.25%	550	20	-	570	2	1	-	3	0.51
0.25 to < 0.50%	1,031	90	-	1,121	7	3	-	10	0.91
0.50 to < 0.75%	944	82	-	1,026	19	3	-	22	2.10
0.75 to < 2.50%	3,185	327	5	3,517	50	22	(3)	69	1.95
2.50 to < 10.00%	2,047	711	10	2,768	73	90	(3)	160	5.75
10.00 to < 100%	119	722	11	852	15	217	-	232	27.15
100% (default)	-	-	585	585	-	-	327	327	56.09
Total	8,938	1,985	611	11,534	168	338	321	827	7.17

Consumer lending gross balances and provisions by PD									
31 March 2025 12-month IFRS 9 PD range	Gross balances				Provisions				Provision coverage
	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	%
0.00 to <0.15%	1,101	33	-	1,134	2	2	-	4	0.37
0.15 to < 0.25%	529	21	-	550	2	1	-	3	0.58
0.25 to < 0.50%	1,267	70	-	1,337	7	3	-	10	0.72
0.50 to < 0.75%	1,030	80	-	1,110	8	3	-	11	0.98
0.75 to < 2.50%	3,125	319	-	3,444	43	24	-	67	1.94
2.50 to < 10.00%	1,502	740	1	2,243	52	125	-	177	7.90
10.00 to < 100%	67	644	3	714	11	228	1	240	33.74
100% (default)	-	-	575	575	-	-	312	312	54.21
Total	8,621	1,907	579	11,107	125	386	313	824	7.42

Note:

i. Includes POCI loans of £15 million (31 March 2025: £28 million). The POCI provision represents the movement in lifetime ECL since acquisition.

The credit quality of the consumer lending portfolio has remained strong; 88% (31 March 2025: 88%) of the portfolio has a 12-month IFRS 9 PD of less than 10%. The stage 2 loans with a PD between 10% and 100% are weighted towards the bottom of the PD range, with 71% (31 March 2025: 72%) of these balances having a PD of less than 30%.

Forbearance

Nationwide is committed to supporting customers facing financial difficulty by working with them to find a solution through proactive arrears management and forbearance. The main types of forbearance offered are interest payment concessions, which reduce monthly payments and may be offered to customers with an overdraft, credit card or personal loan.

Gross balances subject to forbearance have remained unchanged at £191 million (31 March 2025: £191 million) representing 1.7% (31 March 2025: 1.7%) of total gross balances.

Risk report (continued)

Credit risk – Business and commercial lending

Business and commercial lending comprises lending to non-retail customers, including loans to registered social landlords.

Gross balances have reduced slightly during the period to £14.9 billion (31 March 2025: £15.1 billion), reflecting an increasingly competitive market. Registered social landlords is the largest sector exposure and supports the Group's strategic purpose by helping people access affordable housing. The remainder of the business lending portfolio is diversified across a range of sectors, the largest being agriculture, business services, and government, health and education.

Business and commercial lending gross balances		
	30 September 2025	31 March 2025
<i>(Reviewed)</i>	£m	£m
Business and commercial lending (excl. registered social landlords)	9,702	9,817
Registered social landlords	4,894	5,001
Business and commercial lending balances at amortised cost	14,596	14,818
Fair value adjustment for micro hedged risk	247	277
Business and commercial lending balances – FVTPL	44	49
Total	14,887	15,144

Impairment charge/(release) and write-offs for the period		
	Half year to 30 September 2025	Half year to 30 September 2024
<i>(Reviewed)</i>	£m	£m
Total impairment charge/(release)	23	(2)
Total gross write-offs	8	-

The impairment charge and write-offs for the period reflect the inclusion of Virgin Money lending.

Risk report (continued)

Credit risk – Business and commercial lending (continued)

The following table shows the business and commercial lending balances carried at amortised cost on the balance sheet, with the stage allocation of the exposures, impairment provisions and resulting provision coverage ratios.

Business and commercial lending portfolio and staging analysis										
(Reviewed)	30 September 2025					31 March 2025				
	Stage 1	Stage 2	Stage 3	POCI (note i and ii)	Total	Stage 1	Stage 2	Stage 3	POCI (note i and ii)	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross balances										
Business and commercial lending (excl. registered social landlords)	7,483	1,741	168	310	9,702	7,991	1,354	137	335	9,817
Registered social landlords	4,658	236	-	-	4,894	4,731	270	-	-	5,001
Total	12,141	1,977	168	310	14,596	12,722	1,624	137	335	14,818
Provisions										
Business and commercial lending (excl. registered social landlords)	29	53	47	5	134	34	39	35	4	112
Registered social landlords	1	-	-	-	1	1	-	-	-	1
Total	30	53	47	5	135	35	39	35	4	113
Provisions as a % of total balance	%	%	%	%	%	%	%	%	%	%
Business and commercial lending (excl. registered social landlords)	0.39	3.00	28.29	-	1.38	0.42	2.87	25.42	-	1.14
Registered social landlords	0.02	0.13	-	-	0.02	0.02	0.13	-	-	0.02
Total	0.24	2.66	28.29	-	0.92	0.27	2.41	25.42	-	0.76

Notes:

- POCI loans are those which were credit impaired on acquisition. The POCI loans shown in the table above were recognised on the balance sheet when Virgin Money was acquired in October 2024. The POCI balance of £310 million (31 March 2025: £335 million) is presented net of a lifetime ECL of £36 million (31 March 2025: £50 million). The provision coverage for POCI loans is not presented in the table due to the gross balance being reported net of the lifetime ECL.
- The POCI provision represents the movement in lifetime ECL since acquisition.

Total gross balances have reduced slightly to £14.6 billion (31 March 2025: £14.8 billion) during the period.

Stage 2 balances have increased to £1,977 million (31 March 2025: £1,624 million), of which 0.5% (31 March 2025: 0.7%) are in arrears by 30 days or more. During the period a new PD model has been implemented which has increased the sensitivity to economic scenarios, resulting in an increase in stage 2 balances. The Annual Report and Accounts 2025 sets out the main criteria used to determine whether a significant increase in credit risk has occurred since origination. There have been no changes to the criteria during the period.

Credit performance continues to remain broadly stable with stage 3 and POCI balances making up 3.3% (31 March 2025: 3.2%) of total balances. Stage 3 balances increased to £168 million (31 March 2025: £137 million), primarily reflecting newly impaired loans during the period. This increase has been largely offset by a reduction in POCI balances to £310 million (31 March 2025: £335 million), as loans impaired at acquisition continue to redeem or be written off.

During the year, total provisions increased to £135 million (31 March 2025: £113 million), driven by provisions on a small number of individual stage 3 loans and the increase in stage 2 balances.

Risk report (continued)

Credit risk – Business and commercial lending (continued)

The table below summarises the movements in, and stage allocation of, the business and commercial lending balances held at amortised cost, including the impact of ECL impairment provisions. The movements within the table compare the position at 30 September 2025 to that at the start of the reporting period.

Reconciliation of net movements in business and commercial lending balances and impairment provisions								
	Non-credit impaired				Credit impaired		Total	
	Subject to 12-month ECL		Subject to lifetime ECL		Subject to lifetime ECL			
	Stage 1		Stage 2		Stage 3 and POCI (note i)			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
	(Reviewed)	£m	£m	£m	£m	£m	£m	£m
At 31 March 2025	12,722	35	1,624	39	472	39	14,818	113
Stage transfers:								
Transfers from stage 1 to stage 2	(717)	(3)	717	3	-	-	-	-
Transfers to stage 3	(36)	-	(25)	(1)	61	1	-	-
Transfers from stage 2 to stage 1	205	3	(205)	(3)	-	-	-	-
Transfers from stage 3	-	-	17	1	(17)	(1)	-	-
Net remeasurement of ECL arising from transfer of stage	-	(3)	-	9	-	13	-	19
Net movement arising from transfer of stage	(548)	(3)	504	9	44	13	-	19
New assets originated or purchased (note ii)	3,173	16	215	15	14	1	3,402	32
Net impact of further lending and repayments	(414)	3	(99)	8	(7)	1	(520)	12
Changes in risk parameters in relation to credit quality	-	(7)	-	(9)	-	7	-	(9)
Other items impacting income statement (including recoveries)	-	-	-	-	-	(7)	-	(7)
Redemptions (note ii)	(2,792)	(14)	(267)	(9)	(37)	(1)	(3,096)	(24)
Income statement charge for the period								23
Decrease due to write-offs	-	-	-	-	(8)	(8)	(8)	(8)
Other provision movements	-	-	-	-	-	7	-	7
At 30 September 2025	12,141	30	1,977	53	478	52	14,596	135
Net carrying amount		12,111		1,924		426		14,461

Notes:

- Gross balances of credit impaired loans include £310 million (31 March 2025: £335 million) of POCI loans, which are presented net of lifetime ECL of £36 million (31 March 2025: £50 million).
- New assets and redemptions include Virgin Money revolving credit facilities where loans have renewed in the period.

Further information on movements in gross loans and advances to customers and impairment provisions, including the methodology applied in preparing the table, is included in note 9 to the condensed consolidated interim financial statements.

Risk report (continued)

Credit risk – Business and commercial lending (continued)

Credit quality

The following table shows gross balances and provisions for business and commercial lending balances held at amortised cost, by PD range.

Business and commercial lending gross balances and provisions by PD									
30 September 2025 (Reviewed)	Gross balances				Provisions				Provision coverage
	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	
12-month IFRS 9 PD range									%
0.00 to <0.15%	5,088	212	-	5,300	1	-	-	1	0.03
0.15 to < 0.25%	415	35	-	450	-	-	-	-	0.08
0.25 to < 0.50%	901	24	-	925	1	-	-	1	0.10
0.50 to < 0.75%	604	57	-	661	1	1	-	2	0.25
0.75 to < 2.50%	3,313	605	1	3,919	9	9	-	18	0.44
2.50 to < 10.00%	1,814	857	6	2,677	18	26	(1)	43	1.58
10.00 to < 100%	6	187	8	201	-	17	-	17	8.83
100% (default)	-	-	463	463	-	-	53	53	11.44
Total	12,141	1,977	478	14,596	30	53	52	135	0.92

Business and commercial lending gross balances and provisions by PD									
31 March 2025	Gross balances				Provisions				Provision coverage
	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	Stage 1	Stage 2	Stage 3 and POCI (note i)	Total	
	£m	£m	£m	£m	£m	£m	£m	£m	
12-month IFRS 9 PD range									%
0.00 to <0.15%	5,410	247	-	5,657	2	-	-	2	0.03
0.15 to < 0.25%	617	39	-	656	-	-	-	-	0.07
0.25 to < 0.50%	869	25	-	894	1	-	-	1	0.09
0.50 to < 0.75%	552	53	-	605	1	1	-	2	0.28
0.75 to < 2.50%	3,317	434	-	3,751	10	4	-	14	0.37
2.50 to < 10.00%	1,946	679	2	2,627	21	21	-	42	1.59
10.00 to < 100%	11	147	1	159	-	13	-	13	8.28
100% (default)	-	-	469	469	-	-	39	39	8.33
Total	12,722	1,624	472	14,818	35	39	39	113	0.76

Note:

i. Includes POCI loans of £310 million (31 March 2025: £335 million). The POCI provision represents the movement in lifetime ECL since acquisition.

The registered social landlord portfolio exposure is low risk and weighted towards the lowest PD banding range. The remaining business and commercial lending exposures are predominantly within the 0.75% to 10.00% range.

Credit risk – Business and commercial lending (continued)

The following table shows the business and commercial lending balances held at amortised cost, impairment provisions and resulting provision coverage ratios by industry sector.

Business and commercial lending portfolio by sector						
	30 September 2025			31 March 2025		
	Gross balance	Provision	Provisions as a % of total balance	Gross balance	Provision	Provisions as a % of total balance
	£m	£m	%	£m	£m	%
Agriculture	1,262	3	0.27	1,246	3	0.22
Business services	1,297	24	1.84	1,286	18	1.42
Commercial real estate	885	5	0.57	842	6	0.67
Government, health and education	1,607	13	0.78	1,595	12	0.72
Hospitality	1,004	2	0.18	1,020	2	0.23
Manufacturing	672	26	3.85	659	17	2.52
PFI	431	17	4.01	440	17	3.98
Registered social landlords	4,894	1	0.02	5,001	1	0.02
Resources	150	1	0.85	169	1	0.80
Retail and wholesale trade	814	20	2.44	878	19	2.17
Transport and storage	355	2	0.55	391	1	0.26
Utilities, post and telecoms	567	13	2.22	578	7	1.13
Other	658	8	1.22	713	9	1.26
Total business and commercial lending	14,596	135	0.92	14,818	113	0.76

Forbearance

Nationwide is committed to supporting borrowers facing financial difficulty by working with them to find a solution through proactive arrears management and forbearance. The main types of forbearance are associated with covenants and deferrals of interest or capital repayments.

Gross balances subject to forbearance have decreased to £621 million (31 March 2025: £659 million) and represent 4.2% (31 March 2025: 4.4%) of total gross balances.

Credit risk – Treasury assets

Summary

The treasury portfolio is held primarily for liquidity management and, in the case of derivatives, for market risk management. As at 30 September 2025, treasury assets represented 18.2% (31 March 2025: 17.6%) of total assets. Treasury asset balances are set out below. Further details are included within the Risk report in the Annual Report and Accounts 2025.

Treasury asset balances			
<i>(Reviewed)</i>	Classification	30 September 2025	31 March 2025
		£m	£m
Cash and balances at central banks	Amortised cost	35,272	29,483
Loans and advances to banks and similar institutions	Amortised cost	1,234	1,810
Investment securities (note i)	FVOCI	28,274	28,658
Investment securities (note i)	FVTPL	5	5
Liquidity and investment portfolio		64,785	59,956
Derivative instruments (note ii)	FVTPL	3,972	4,742
Treasury assets		68,757	64,698

Notes:

- Investment securities at FVOCI include £75 million (31 March 2025: £60 million) and investment securities at FVTPL include £5 million (31 March 2025: £5 million) which relate to investments not included within the Group's liquidity portfolio. These investments primarily relate to investments made in Fintech companies which are being held for strategic purposes.
- Derivatives are classified as assets where their fair value is positive and liabilities where their fair value is negative. As at 30 September 2025, derivative liabilities were £1,238 million (31 March 2025: £1,547 million).

Cash levels are maintained above risk appetite thresholds, with the timing of wholesale issuance and overall liquidity composition both being factors in the absolute value of balances held. Investment activity remains focused on high-quality liquid assets, which includes assets eligible for central bank operations. Derivatives are used to economically hedge financial risks inherent in core lending and funding activities and are not used for trading or speculative purposes.

Treasury credit risk

Credit risk exposure within the treasury portfolio predominantly arises from the government and supranational bonds held to meet liquidity requirements. In addition, counterparty credit risk arises from the use of derivatives to reduce exposure to market risks; these are only transacted with highly-rated institutions and are collateralised using standard documentation. Standardised derivatives are cleared through a central clearing counterparty (CCP).

There were no impairment losses for the period ended 30 September 2025 (H1 2024/25: £nil). All treasury assets within the Group's liquidity portfolio are classified as stage 1, reflecting the strong and stable credit quality of the Group's treasury assets.

Liquidity and investment portfolio

The Group's liquidity and investment portfolio of £64.8 billion (31 March 2025: £60.0 billion) comprises liquid assets and other securities. There have been no significant developments in the portfolio composition in the period.

Derivative financial instruments

Derivatives are used for market risk management, and not for trading or speculative purposes, although the application of accounting rules can create volatility in the income statement in an individual financial year. The fair value of derivative assets at 30 September 2025 was £4.0 billion (31 March 2025: £4.7 billion) and the fair value of derivative liabilities was £1.2 billion (31 March 2025: £1.5 billion).

Derivatives are transacted under market standard legal agreements that grant the legal right of set-off and allow the netting of positions and exchange of collateral between counterparties to reduce counterparty credit risk exposure. There has been no significant change in the exposure for derivative contracts after netting benefits and collateral in the period.

Risk report (continued)

Liquidity and funding risk

Summary

Liquidity risk is the risk that the Group is unable to meet its liabilities as they fall due and maintain member and other stakeholder confidence. Funding risk is the risk that the Group 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.

Liquidity and funding risks are managed within a comprehensive risk framework which includes policies, strategy, limit setting and monitoring, stress testing and robust governance controls. This framework ensures that the Group maintains stable and diverse funding sources and a sufficient holding of high-quality liquid assets such that there is no significant risk that liabilities cannot be met as they fall due. Further details on the management of liquidity and funding risk are included within the Risk report in the Annual Report and Accounts 2025.

The Group's Liquidity Coverage Ratio (LCR), which ensures that sufficient high-quality liquid assets are held to survive a short-term severe but plausible liquidity stress, averaged 163% over the 12 months ended 30 September 2025 (31 March 2025: 174%). The Group continues to manage liquidity against internal risk appetite which is more prudent than regulatory requirements.

The position against the longer-term funding metric, the Net Stable Funding Ratio (NSFR), is also monitored. The Group's average NSFR for the four quarters ended 30 September 2025 was 143% (31 March 2025: 147%), well in excess of the 100% minimum regulatory requirement.

Liquidity risk

Liquid assets

The table below sets out the sterling equivalent carrying value of the Group's liquid asset buffer, by asset class. The liquid asset buffer includes off-balance sheet liquidity, such as securities received through reverse repo agreements, and excludes securities encumbered through repo agreements and for other purposes.

LCR eligible assets						
	30 September 2025			31 March 2025		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	£bn	£bn	£bn	£bn	£bn	£bn
Cash and balances at central banks	32.1	-	32.1	25.9	-	25.9
Government and supranational bonds (note i)	18.6	1.2	19.8	17.0	2.0	19.0
Covered bonds	2.4	2.3	4.7	2.3	2.4	4.7
RMBS and ABS	-	0.9	0.9	-	0.9	0.9
Total LCR eligible assets	53.1	4.4	57.5	45.2	5.3	50.5

Note:

- i. Government bonds include regional governments, government guaranteed, agency and government sponsored bonds. Supranational bonds are issued by multilateral development banks and international organisations.

The weighted value of the Group's liquid asset buffer averaged £55.7 billion over the 12 months ended 30 September 2025 (31 March 2025: £54.5 billion). Further details can be found in the Group's interim Pillar 3 Disclosure 2025/26 at [nationwide.co.uk](https://www.nationwide.co.uk)

Liquidity and funding risk (continued)

Funding risk

Funding strategy

Nationwide's funding strategy is to be primarily funded by deposits from individuals, as set out below.

Funding profile					
Assets	30 September 2025	31 March 2025	Members' interests, equity and liabilities	30 September 2025	31 March 2025
(note i)	£bn	£bn		£bn	£bn
Residential mortgages	280.3	275.6	Customer deposits – individuals	266.0	260.7
Treasury assets (including liquidity portfolio)	64.8	60.0	Customer deposits – business	22.0	21.1
Business and commercial lending	14.8	15.0	Wholesale funding (note ii)	61.8	57.4
Consumer lending	10.7	10.3	Other liabilities	4.3	5.6
Other assets	6.9	7.0	Capital and reserves (note iii)	23.4	23.1
Total	377.5	367.9	Total	377.5	367.9

Notes:

i. Figures are stated net of impairment provisions where applicable.

ii. Includes debt securities in issue, deposits from banks and other treasury deposits.

iii. Includes all subordinated liabilities and subscribed capital.

At 30 September 2025, the Group's loan to deposit ratio, which represents loans and advances to customers divided by customer deposits¹, was 105.8% (31 March 2025: 106.7%).

Nationwide's position against the Building Societies Act Funding Limit (which limits the proportion of funding that can come from sources other than Nationwide member deposits to a maximum of 50%) at 30 September 2025 was 37.6% (31 March 2025: 37.2%).²

Wholesale funding

The wholesale funding portfolio comprises a range of secured and unsecured instruments to ensure that a stable and diversified funding base is maintained across a range of instruments, currencies, maturities, and investor types. Part of the Group's wholesale funding strategy is to remain active in core markets and currencies. A funding risk limit framework ensures that a prudent funding mix and maturity concentration profile is maintained, and limits the level of encumbrance to ensure enough contingent funding capacity is retained in the event of a stress.

Wholesale funding increased by £4.4 billion to £61.8 billion during the period, reflecting increased issuance partly offset by maturities, and the impact of the Virgin Money liability management exercise in June 2025. Drawings from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) remain at £0.9 billion.

¹ Includes £0.9 billion of treasury deposits.

² Funding from sources other than Nationwide member deposits includes deposits from Virgin Money customers, deposits from businesses other than SMEs and certain on-balance sheet wholesale funding items.

Risk report (continued)

Liquidity and funding risk (continued)

The following table sets out the Group's residual maturity of wholesale funding, on a contractual maturity basis. At 30 September 2025, cash, government bonds and supranational bonds included in the liquid asset buffer represented 304% (31 March 2025: 316%) of wholesale funding maturing in less than one year, assuming no rollovers.

Wholesale funding – residual maturity								
30 September 2025	Not more than one month	Over one month but not more than three months	Over three months but not more than six months	Over six months but not more than one year	Subtotal less than one year	Over one year but not more than two years	Over two years	Total
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Repos	0.3	1.3	0.8	-	2.4	-	-	2.4
Deposits	3.7	0.1	0.1	-	3.9	-	-	3.9
Certificates of deposit	1.8	0.5	0.2	-	2.5	-	-	2.5
Commercial paper	0.2	0.5	0.5	-	1.2	-	-	1.2
Covered bonds	-	0.4	1.9	2.9	5.2	3.2	14.6	23.0
Securitisations	0.1	0.1	0.1	0.4	0.7	1.2	3.4	5.3
Senior preferred	-	0.4	0.1	0.5	1.0	3.8	7.1	11.9
Senior non-preferred	0.1	-	0.1	-	0.2	7.2	3.8	11.2
TFSME	-	-	-	-	-	0.6	0.3	0.9
Other (note i)	-	-	-	-	-	-	(0.5)	(0.5)
Total of wholesale funding	6.2	3.3	3.8	3.8	17.1	16.0	28.7	61.8
Of which secured	0.4	1.8	2.8	3.3	8.3	5.0	17.9	31.2
Of which unsecured	5.8	1.5	1.0	0.5	8.8	11.0	10.8	30.6
% of total	10.0	5.3	6.2	6.2	27.7	25.9	46.4	100.0

Wholesale funding – residual maturity								
31 March 2025	Not more than one month	Over one month but not more than three months	Over three months but not more than six months	Over six months but not more than one year	Subtotal less than one year	Over one year but not more than two years	Over two years	Total
	£bn	£bn	£bn	£bn	£bn	£bn	£bn	£bn
Repos	1.5	-	-	-	1.5	-	-	1.5
Deposits	3.7	0.1	-	-	3.8	-	-	3.8
Certificates of deposit	1.5	0.2	0.1	-	1.8	-	-	1.8
Commercial paper	-	0.7	-	-	0.7	-	-	0.7
Covered bonds	-	0.1	0.2	2.1	2.4	5.2	13.6	21.2
Securitisations	0.1	0.1	0.1	0.2	0.5	0.9	3.6	5.0
Senior preferred	0.1	0.4	2.5	0.4	3.4	3.1	8.4	14.9
Senior non-preferred	0.1	-	-	-	0.1	4.3	3.8	8.2
TFSME	-	-	-	-	-	0.9	-	0.9
Other (note i)	-	-	-	-	-	-	(0.6)	(0.6)
Total of wholesale funding	7.0	1.6	2.9	2.7	14.2	14.4	28.8	57.4
Of which secured	1.6	0.2	0.3	2.3	4.4	7.0	16.8	28.2
Of which unsecured	5.4	1.4	2.6	0.4	9.8	7.4	12.0	29.2
% of total	12.2	2.8	5.1	4.6	24.7	25.1	50.2	100.0

Note:

i. The figure shown for Other consists of fair value adjustments to debt securities in issue for micro hedged risks.

Risk report (continued)

Liquidity and funding risk (continued)

Asset encumbrance

Encumbrance arises where assets are pledged as collateral against secured funding and other obligations and therefore cannot be used for other purposes. The majority of asset encumbrance arises from the use of residential mortgage pools to collateralise the covered bond and securitisation programmes. Further information is included in the Annual Report and Accounts 2025.

Certain unencumbered assets are readily available to secure funding or meet collateral requirements. These include cash and securities held in the liquid asset buffer and residential mortgages eligible for use in existing secured funding programmes or at the central bank. Other unencumbered assets, such as other residential mortgages, business and commercial loans and consumer lending, are capable of being encumbered with a degree of further management action. Assets which do not fall into either of these categories are classified as not being capable of being encumbered.

At 30 September 2025, the Group had £61.9 billion (31 March 2025: £58.2 billion) of externally encumbered assets with counterparties other than central banks. In addition, £93.6 billion (31 March 2025: £100.7 billion) of prepositioned and encumbered assets were held at central banks and £126.4 billion (31 March 2025: £111.2 billion) of assets were readily available for encumbrance.

Credit ratings

Nationwide's credit ratings were affirmed with unchanged stable outlooks by Fitch in November 2025, S&P Global in September 2025 and Moody's in August 2025. Further details can be found at [nationwide.co.uk](https://www.nationwide.co.uk)

Risk report (continued)

Capital risk

Capital risk is the risk that the Group fails to maintain sufficient capital to absorb losses throughout a full economic cycle and sufficient to maintain the confidence of current and prospective investors, members, the Board, and regulators. Capital is held to protect customers, cover inherent risks, provide a buffer for stress events and support the business strategy. In assessing the adequacy of capital resources, risk appetite is considered in the context of the material risks to which the Group is exposed and the appropriate strategies required to manage those risks.

Capital position

The capital disclosures included in this report are in line with UK Capital Requirements Directive V (UK CRD V). The disclosures are on a consolidated Group basis, including all subsidiary entities, unless otherwise stated.

Capital ratios and requirements		
	30 September 2025	31 March 2025
Capital ratios	%	%
Common Equity Tier 1 (CET1) ratio	18.4	19.1
Tier 1 ratio	21.1	21.7
Total regulatory capital ratio	23.2	23.8
Leverage ratio	5.2	5.2
Capital requirements	£m	£m
Risk weighted assets (RWAs)	86,786	81,871
Leverage exposure	350,117	344,018

Risk-based capital ratios remain in excess of regulatory requirements with the CET1 ratio at 18.4% (31 March 2025: 19.1%), above the Group's CET1 capital requirement of 12.3%. The CET1 capital requirement includes a 6.8% minimum Pillar 1 and Pillar 2A requirement and the UK CRD V combined buffer requirements of 5.5% of RWAs.

CET1 capital resources increased by £0.3 billion, driven by statutory profit after tax, partly offset by distributions. The CET1 ratio has decreased to 18.4% (31 March 2025: 19.1%). Total RWAs increased by £4.9 billion, predominantly driven by an increase in retail mortgage RWAs that reflected both growth in lending balances and a one-off £3.0 billion increase in the temporary model adjustment applied to Virgin Money's existing Internal Ratings Based (IRB) mortgage models, following recent regulatory feedback as part of the revised model approval process. This uplift in the temporary model adjustment increased Virgin Money's average mortgage risk weight by 5 percentage points to 21%, which compares to Nationwide's equivalent average of 15% on its approved, revised IRB models. No further material increases to the temporary model adjustment are now expected.

Over time, the Group intends to align modelling approaches across its IRB portfolios. Excluding the one-off temporary model adjustment uplift, the CET1 ratio would have been stable, with retained earnings sufficient to support the organic increase in RWAs. Further details on the temporary model adjustment and RWAs are provided in the Risk weighted assets section.

UK CRD V requires firms to calculate a leverage ratio, which is non-risk-based, to supplement risk-based capital requirements. The Group's leverage ratio remained at 5.2% with Tier 1 capital resources increasing by £0.6 billion as a result of the CET1 capital movements referenced above and an increase in Additional Tier 1 (AT1) capital following an issuance in the period. Offsetting the impact of this was an increase in leverage exposure of £6.1 billion, predominantly due to increased residential mortgage balances.

The leverage ratio remains in excess of the Group's leverage capital requirement of 4.3%, which comprises a minimum Tier 1 capital requirement of 3.25% and buffer requirements of 1.05%. The buffer requirements include a 0.7% UK countercyclical leverage ratio buffer and a 0.35% additional leverage ratio buffer.

Leverage requirements continue to be the Group's binding Tier 1 capital measure, as the combination of minimum and regulatory buffer requirements are in excess of the risk-based equivalent. The risk of excessive leverage is managed through regular monitoring and reporting of leverage, which forms part of risk appetite.

Further details of the leverage exposure can be found in the Group's interim Pillar 3 Disclosures 2025-26 at [nationwide.co.uk](https://www.nationwide.co.uk)

Risk report (continued)

Capital risk (continued)

The table below shows how components of members' interests, equity and liabilities contribute to total regulatory capital and does not include non-qualifying instruments.

Total regulatory capital		
	30 September 2025	31 March 2025
<i>(Reviewed)</i>	£m	£m
General reserve	17,209	17,086
Accumulated proportional consolidated gains/losses arising from joint venture (note i)	7	9
Core capital deferred shares (CCDS) (note ii)	1,334	1,334
Revaluation reserve	35	35
Fair value through other comprehensive income (FVOCI) reserve	(129)	(119)
Cash flow hedge and other hedging reserves	73	79
Regulatory adjustments and deductions:		
Cash flow hedge and other hedging reserves (note iii)	(73)	(79)
Direct holdings of CET1 instruments (note ii)	(177)	(177)
Foreseeable distributions (note iv)	(85)	(100)
Prudent valuation adjustment (note v)	(68)	(82)
Own credit and debit valuation adjustments (note vi)	(3)	(4)
Intangible assets (note vii)	(1,143)	(1,226)
Goodwill (note vii)	(12)	(12)
Defined benefit pension fund asset (note vii)	(577)	(669)
Excess of regulatory expected losses over impairment provisions (note viii)	(253)	(247)
Deferred tax assets that rely on future profitability and do not arise from temporary differences (note ix)	(211)	(217)
Total regulatory adjustments and deductions	(2,602)	(2,813)
CET1 capital	15,927	15,611
Other equity instruments - Additional Tier 1 (note x)	2,370	2,121
Tier 1 capital	18,297	17,732
Subordinated debt (note xi)	1,844	1,757
Excess of impairment provisions over regulatory expected losses (note viii)	-	-
Tier 2 capital	1,844	1,757
Total regulatory capital	20,141	19,489

Notes:

- i. The Group applies a proportional consolidation approach to the Salary Finance Loans Limited joint venture, which is accounted for in the consolidated financial statements using the equity method. This is the accumulated amount since the Virgin Money acquisition on 1 October 2024.
- ii. The CCDS amount does not include the deductions for the Group's repurchase exercises completed in 2023. This is presented separately as a regulatory adjustment in line with UK Capital Requirements Regulation (CRR) article 42.
- iii. In accordance with CRR article 33, institutions do not include the fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value.
- iv. Foreseeable distributions in respect of CCDS and AT1 securities are deducted from CET1 capital under UK CRD V rules.
- v. A prudent valuation adjustment (PVA) is applied in respect of fair valued instruments as required under UK CRD V rules.
- vi. Own credit and debit valuation adjustments are applied to remove balance sheet gains or losses of fair valued liabilities and derivatives that result from changes in own credit standing and risk, as per UK CRD V rules.
- vii. Intangible, goodwill and defined benefit pension fund assets are deducted from capital resources after netting associated deferred tax liabilities.
- viii. Where capital expected loss exceeds accounting provisions, the excess balance is removed from CET1 capital, gross of tax. In contrast, where provisions exceed capital expected loss, the excess amount is added to Tier 2 capital, gross of tax. This calculation is not performed for equity exposures, in line with Article 159 of CRR. The expected loss amounts for equity exposures are deducted from CET1 capital.
- ix. Deferred tax assets that rely on future profitability, excluding those arising from temporary differences, are deducted as per CRR article 38, net of related tax liabilities where the conditions in CRR article 38 (3) are met.
- x. Minority interest haircuts of £12 million (31 March 2025: £123 million) are applied to Virgin Money's externally issued Additional Tier 1 capital instruments in line with CRR article 85.
- xi. Subordinated debt includes fair value adjustments relating to changes in market interest rates, adjustments for unamortised premiums and discounts that are included in the condensed consolidated balance sheet, and any amortisation of the capital value of Tier 2 instruments required by regulatory rules for instruments with fewer than five years to maturity.

Risk report (continued)

Capital risk (continued)

As part of the Bank Recovery and Resolution Directive, the Bank of England, in its capacity as the UK resolution authority, has published its policy for setting the minimum requirement for own funds and eligible liabilities (MREL). In line with the latest 2025 Bank of England MREL publication, the Group is required to hold twice the minimum capital requirements (equating to 6.5% of leverage exposure), plus the applicable capital requirement buffers, which amount to 1.05% of leverage exposure. This equals a total loss-absorbing requirement of 7.55%.

At 30 September 2025, total MREL resources were 9.0% (31 March 2025: 8.9%) of leverage exposure, in excess of the loss-absorbing requirement of 7.55% (31 March 2025: 7.55%) described above.

Risk weighted assets

The table below shows the breakdown of risk weighted assets (RWAs) by risk type and business activity. Market risk has been set to zero as permitted by the UK CRR, as the exposure is below the threshold of 2% of own funds at a Group level.

Risk weighted assets				
	30 September 2025		31 March 2025	
	Risk weighted assets	Minimum capital requirements	Risk weighted assets	Minimum capital requirements
	£m	£m	£m	£m
Retail mortgages	50,414	4,034	45,914	3,673
Retail unsecured lending	9,998	800	9,481	758
Business and commercial lending	11,326	906	11,274	902
Treasury	1,643	131	1,903	152
Other (note i)	2,674	214	2,686	215
Total credit risk (excluding counterparty credit risk)	76,055	6,085	71,258	5,700
Counterparty credit risk (note ii)	531	42	463	38
Credit valuation adjustment	388	31	338	27
Operational risk	9,812	785	9,812	785
Total	86,786	6,943	81,871	6,550

Notes:

- i. Other relates to equity, fixed, intangible, deferred tax and other assets.
- ii. Counterparty credit risk relates to derivative financial instruments, securities financing transactions (repurchase agreements) and exposures to central counterparties.

Total RWAs increased by £4.9 billion. This was predominantly driven by a £4.5 billion increase in retail mortgage RWAs that reflected both growth in balances and a one-off £3.0 billion increase to the temporary model adjustments as explained further below. Other movements in total RWAs include a £0.5 billion increase in retail unsecured lending RWAs, due to growth in balances, which was partially offset by a £0.1 billion reduction in other business lines.

Regulatory changes were introduced in 2022 that impact the IRB models used to derive minimum capital requirements. These changes formed part of the Prudential Regulation Authority's (PRA) updates to SS11/13 IRB approaches, some of which aim to increase consistency of approaches across different firms and reduce volatility of mortgage risk weights across differing economic conditions.

Nationwide's revised mortgage IRB models were approved by the PRA in November 2024. Virgin Money's revised IRB mortgage models remain subject to approval. In the period, a one-off £3.0 billion increase in the temporary adjustment was applied to these models, following regulatory feedback as part of the model approval process. This uplift increased Virgin Money's temporary adjustment to £4.4 billion and its average mortgage risk weight by 5 percentage points to 21%, which compares to Nationwide's equivalent average of 15% on its revised IRB mortgage models.

More detailed analysis of RWAs is included in the Group's interim Pillar 3 Disclosures 2025-26 at [nationwide.co.uk](https://www.nationwide.co.uk)

Risk report (continued)

Capital risk (continued)

Stress testing

On 24 March 2025, the Bank of England released the 2025 Bank Capital Stress Test (BCST) which is the successor to the Bank of England's Concurrent Stress Test (CST). Nationwide has participated in BCST on a combined group basis, with results expected to be published by the Bank of England in Q4 2025.

Basel 3.1

On 17 January 2025, the PRA announced the decision to implement Basel 3.1 rules in the UK effective from 1 January 2027. The near-final rules include a phased introduction of the RWA standardised output floor until fully implemented by 2030. The day one impact of Basel 3.1 on the Group's CET1 ratio is expected to be positive with a small increase in the CET1 ratio anticipated, based on the Group's current interpretation of the near-final rules. This is primarily due to the impact of changes to prescribed IRB model calculations. The Basel 3.1 RWA standardised output floor is expected to bind for the Group's risk-based capital assessment towards the end of the implementation period. Tier 1 leverage requirements are expected to remain higher than the Tier 1 standardised output floor risk-based requirements. The exact impact of Basel 3.1 on the Group position, and the point where the output floor becomes binding, will be influenced by the Group's interpretation of the final rules and the evolution of the balance sheet.

Outlook

The one-year general prior permission (GPP) to repurchase CCDS up to the equivalent of 2% of CET1 capital resources granted by the PRA expires in January 2026. Nationwide has applied to renew the GPP which, subject to approval, will allow Nationwide to offer to repurchase up to 2% of CET1 capital resources (£319 million at 30 September 2025) during 2026 at the Board's discretion. This does not mean further repurchase exercises will necessarily follow.

In September 2024, as part of the arrangements for the Virgin Money acquisition, the PRA confirmed the application of sub-consolidated prudential requirements to Virgin Money until 31 December 2028. This allowed the outstanding externally held own funds issued by Virgin Money, subject to applicable deductions, to be eligible to meet the consolidated capital requirements applicable to the Group.

Consistent with the guidance provided at the time of the acquisition, the Virgin Money liability management exercise in June 2025 and the routine call of certain Virgin Money instruments outside that exercise have successfully and materially simplified and aligned the Group's capital structures. As such, the Group is in discussions with the PRA about removing the sub-consolidated prudential requirements before December 2028. This would change the capital treatment of £0.2 billion of Virgin Money AT1 instruments and reduce the Group's leverage ratio by approximately 5 basis points.

The outstanding externally held eligible liabilities and AT1 instruments will continue to be eligible to meet the Group's consolidated MREL requirements until December 2028, in line with the discretion applied by the Bank of England at the time of the Virgin Money acquisition.

Risk report (continued)

Market risk

Summary

Market risk is the risk that the net value of, or net income arising from, the Group's assets and liabilities is impacted by changes in market prices or rates, specifically interest or currency rates. The Group has limited appetite for market risk and does not have a trading book. Market risk is closely monitored and managed to ensure the level of risk remains within appetite. Market risks are not taken unless they are essential to core business activities and they provide stability of earnings, minimise costs or enable operational efficiency.

Developments in the period

Effective risk management has ensured that the Group has remained insulated from the changes in both the global economy, where trade tensions continue to accelerate geoeconomic fragmentation, and the UK economy, where 12-month Consumer Price Inflation rose to 3.8% as at September 2025.

During the period, the Group's approach to interest rate risk management has led to limited exposure to the 50 basis points reduction in Bank rate, and the associated reductions in sterling SONIA swap rates which underpin retail product pricing. The Group's exposure to credit spread and inflation risk from its liquid asset holdings remains within risk appetite. Foreign exchange movements, which saw sterling strengthen against the dollar and weaken against the euro, also had an immaterial impact on earnings as foreign currency exposures are hedged.

While the near-term outlook remains uncertain, market risk will continue to be closely managed by the Group to ensure it remains within established risk appetite. Further information on market risk appetite, risk management, structural interest rate risk and reporting measures is included within the Risk report in the Annual Report and Accounts 2025.

Net Interest Income (NII) sensitivity

The sensitivities presented below measure the extent to which the Group's pre-tax earnings are exposed to changes in interest rates over a one-year period based on instantaneous parallel rises and falls in interest rates, with the shifts applied to the prevailing interest rates at the reporting date.

The sensitivities are prepared based on a static balance sheet, with all assets and liabilities maturing within the year replaced with like-for-like products, and changes in interest rates being passed through to variable rate retail products, unless a floor close to 0% is reached when rates fall. No management actions are included in the sensitivities.

The purpose of these sensitivities is to assess the Group's exposure to interest rate risk and therefore the sensitivities should not be considered as a guide to future earnings performance, with actual future earnings influenced by the extent to which changes in interest rates are passed through to product pricing, the timing of maturing assets and liabilities and changes to the balance sheet mix. In practice, earnings changes from actual interest rate movements will differ from those shown below because interest rate changes may not be passed through in full to those assets and liabilities that do not have a contractual link to Bank rate.

Potential favourable/(adverse) impact on annual pre-tax future earnings		
	30 September 2025	31 March 2025
<i>(Reviewed)</i>	£m	£m
+100 basis points shift	111	71
+25 basis points shift	32	22
-25 basis points shift	(61)	(49)
-100 basis points shift	(252)	(204)

During the 6-month period, the Group's NII sensitivities have increased. The sensitivities reflect that product margins are held static and include the impact of balance sheet hedging and take-up risk in the mortgage pipeline. Whilst the NII sensitivities have increased in the period, they remain low in absolute terms and reflect the Group's prudent management of interest rate risk.

Condensed consolidated interim financial statements

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Condensed consolidated income statement

(Unaudited)

		Half year to 30 September 2025	Half year to 30 September 2024 (note i)
	Notes	£m	£m
Interest receivable and similar income:			
Calculated using the effective interest rate method	3	8,646	7,001
Other	3	25	30
Total interest receivable and similar income	3	8,671	7,031
Interest expense and similar charges	4	(5,725)	(4,955)
Net interest income		2,946	2,076
Fee and commission income		344	199
Fee and commission expense		(213)	(160)
Other operating income		14	14
Gains from derivatives and hedge accounting	5	20	20
Total income		3,111	2,149
Administrative expenses	6	(2,070)	(1,189)
Impairment charge on loans and advances to customers	7	(146)	(7)
Profit before member reward payments and tax		895	953
Member reward payments		(409)	(385)
Profit before tax		486	568
Taxation	8	(111)	(147)
Profit after tax		375	421
Profit attributable to non-controlling interests		35	-
Profit attributable to members		340	421

Note:

i. Comparatives have been restated as detailed in note 2.

The notes on pages 54 to 74 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of comprehensive income

(Unaudited)

		Half year to 30 September 2025 £m	Half year to 30 September 2024 £m
	Note		
Profit after tax		375	421
Other comprehensive expense:			
Items that will not be reclassified to the income statement			
Retirement benefit obligations:			
Remeasurement of net retirement benefit asset	13	(150)	-
Taxation		37	-
		(113)	-
Fair value through other comprehensive income reserve:			
Revaluation losses on equity instruments at fair value through other comprehensive income		-	(4)
Taxation		-	-
		-	(4)
		(113)	(4)
Items that may subsequently be reclassified to the income statement			
Cash flow hedge reserve:			
Hedging net losses arising during the period		(44)	(33)
Amount transferred to income statement		13	(8)
Taxation		8	11
		(23)	(30)
Other hedging reserve:			
Hedging net gains arising during the period		27	10
Amount transferred to income statement		(4)	2
Taxation		(6)	(3)
		17	9
Fair value through other comprehensive income reserve:			
Revaluation losses on debt instruments at fair value through other comprehensive income		(13)	(38)
Amount transferred to income statement		(1)	(14)
Taxation		4	14
		(10)	(38)
		(16)	(59)
Other comprehensive expense		(129)	(63)
Total comprehensive income		246	358
Attributable to:			
Non-controlling interests		35	-
Members' interests		211	358
Total comprehensive income		246	358

The notes on pages 54 to 74 form part of these condensed consolidated interim financial statements.

Condensed consolidated balance sheet

(Unaudited)

		30 September 2025	31 March 2025
	Notes	£m	£m
Assets			
Cash and balances with central banks		35,272	29,483
Loans and advances to banks and similar institutions		1,234	1,810
Investment securities		28,279	28,663
Derivative financial instruments		3,972	4,742
Fair value adjustment for portfolio hedged risk		(1,079)	(2,037)
Loans and advances to customers	9	305,763	300,889
Intangible assets		1,373	1,481
Property, plant and equipment		780	796
Accrued income and prepaid expenses		368	394
Deferred tax assets		304	278
Current tax assets		172	262
Other assets		261	224
Retirement benefit asset	13	770	892
Total assets		377,469	367,877
Liabilities			
Shares		213,112	207,428
Deposits from banks and similar institutions		6,218	6,053
Other deposits		75,786	74,667
Fair value adjustment for portfolio hedged risk		14	27
Debt securities in issue		54,649	51,109
Derivative financial instruments		1,238	1,547
Other liabilities		2,220	2,432
Provisions for liabilities and charges		111	70
Accruals and deferred income		525	1,223
Subordinated liabilities		2,506	2,444
Subscribed capital		130	129
Deferred tax liabilities		233	266
Total liabilities		356,742	347,395
Members' interests and equity			
Core capital deferred shares		1,157	1,157
Other equity instruments		2,178	1,485
General reserve		17,209	17,086
Revaluation reserve		35	35
Cash flow hedge reserve		109	132
Other hedging reserve		(36)	(53)
Fair value through other comprehensive income reserve		(129)	(119)
Total members' interests and equity		20,523	19,723
Non-controlling interests		204	759
Total equity and liabilities		377,469	367,877

The notes on pages 54 to 74 form part of these condensed consolidated interim financial statements.

Condensed consolidated statement of movements in members' interests and equity

(Unaudited)

For the period ended 30 September 2025										
	Core capital deferred shares	Other equity instruments	General reserve	Revaluation reserve	Cash flow hedge reserve	Other hedging reserve	FVOCI reserve	Total members' interests	Non- controlling interests	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2025	1,157	1,485	17,086	35	132	(53)	(119)	19,723	759	20,482
Profit for the period	-	-	340	-	-	-	-	340	35	375
Net remeasurements of retirement benefit obligations	-	-	(113)	-	-	-	-	(113)	-	(113)
Net movement in cash flow hedge reserve	-	-	-	-	(23)	-	-	(23)	-	(23)
Net movement in other hedging reserve	-	-	-	-	-	17	-	17	-	17
Net movement in FVOCI reserve	-	-	-	-	-	-	(10)	(10)	-	(10)
Total comprehensive income	-	-	227	-	(23)	17	(10)	211	35	246
Issuance of Additional Tier 1 capital	-	693	-	-	-	-	-	693	-	693
Distribution to the holders of core capital deferred shares	-	-	(47)	-	-	-	-	(47)	-	(47)
Distribution to the holders of Additional Tier 1 capital	-	-	(50)	-	-	-	-	(50)	-	(50)
Redemption of non-controlling interests	-	-	(7)	-	-	-	-	(7)	(555)	(562)
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(35)	(35)
At 30 September 2025	1,157	2,178	17,209	35	109	(36)	(129)	20,523	204	20,727

For the period ended 30 September 2024										
	Core capital deferred shares	Other equity instruments	General reserve	Revaluation reserve	Cash flow hedge reserve	Other hedging reserve	FVOCI reserve	Total members' interests	Non- controlling interests	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	1,157	1,336	15,119	36	127	(51)	(38)	17,686	-	17,686
Profit for the period	-	-	421	-	-	-	-	421	-	421
Net movement in cash flow hedge reserve	-	-	-	-	(30)	-	-	(30)	-	(30)
Net movement in other hedging reserve	-	-	-	-	-	9	-	9	-	9
Net movement in FVOCI reserve	-	-	-	-	-	-	(42)	(42)	-	(42)
Total comprehensive income	-	-	421	-	(30)	9	(42)	358	-	358
Reserve transfer	-	-	1	(2)	-	-	1	-	-	-
Issuance of Additional Tier 1 capital	-	747	-	-	-	-	-	747	-	747
Distribution to the holders of core capital deferred shares	-	-	(47)	-	-	-	-	(47)	-	(47)
Distribution to the holders of Additional Tier 1 capital	-	-	(39)	-	-	-	-	(39)	-	(39)
At 30 September 2024	1,157	2,083	15,455	34	97	(42)	(79)	18,705	-	18,705

The notes on pages 54 to 74 form part of these condensed consolidated interim financial statements.

Condensed consolidated cash flow statement

(Unaudited)

	Half year to 30 September 2025	Half year to 30 September 2024 (note i)
	£m	£m
Cash flows generated from operating activities		
Profit before tax	486	568
Adjustments for:		
Non-cash items included in profit before tax	816	616
Changes in operating assets and liabilities	3,366	1,929
Taxation	(35)	(126)
Net cash flows generated from operating activities	4,633	2,987
Cash flows generated from investing activities		
Purchase of investment securities	(4,485)	(4,179)
Sale and maturity of investment securities	5,161	5,282
Purchase of property, plant and equipment	(44)	(32)
Sale of property, plant and equipment	1	3
Purchase of intangible assets	(163)	(155)
Net cash flows generated from investing activities	470	919
Cash flows generated from financing activities		
Distributions paid to the holders of core capital deferred shares	(47)	(47)
Issuance of Additional Tier 1 capital	693	747
Distributions paid to the holders of Additional Tier 1 capital	(50)	(39)
Redemption of non-controlling interests	(562)	-
Distributions paid to non-controlling interests	(35)	-
Issuance of financing liabilities	2,051	1,264
Redemption of financing liabilities	(1,410)	(889)
Interest paid on financing liabilities	(425)	(267)
Repayment of lease liabilities	(23)	(17)
Net cash flows generated from financing activities	192	752
Effect of exchange rate changes on cash and cash equivalents	(3)	(136)
Net increase in cash and cash equivalents	5,292	4,522
Cash and cash equivalents at start of period	28,525	24,345
Cash and cash equivalents at end of period	33,817	28,867

Note:

i. Comparatives have been restated as detailed in note 2.

The notes on pages 54 to 74 form part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. General information and reporting period

Nationwide Building Society (the Society) and its subsidiaries (together, the Group) provide financial services to retail, business and commercial customers within the United Kingdom.

Nationwide is a building society incorporated and domiciled in the United Kingdom. The address of its registered office is Nationwide Building Society, Nationwide House, Pipers Way, Swindon, SN38 1NW.

As outlined in the Annual Report and Accounts 2025, the year-end date of the Society has been changed to 31 March. Accordingly, the condensed consolidated interim financial statements of the Group have been prepared as at 30 September 2025 and show the financial performance for the period from 1 April 2025 to this date. Comparatives have been prepared to show the financial performance for the period from 5 April 2024 to 30 September 2024.

On 1 October 2024, the Group acquired Virgin Money UK PLC (Virgin Money). The results of Virgin Money are included in the Group's condensed consolidated interim financial results for the half year to 30 September 2025, but are not included in the comparative period to 30 September 2024.

These condensed consolidated interim financial statements, which have been reviewed and not audited, were approved for issue on 19 November 2025. Elements of the Risk report (marked as 'reviewed') form an integral part of these condensed consolidated interim financial statements.

2. Basis of preparation

The condensed consolidated interim financial statements of the Group for the half year ended 30 September 2025 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and UK-adopted International Accounting Standard (IAS) 34 Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the Group's annual financial statements for the period ended 31 March 2025, which were prepared in accordance with the requirements of the Building Societies Act 1986 and with those parts of the Building Societies (Accounts and Related Provisions) Regulations 1998 (as amended) that are applicable and UK-adopted international accounting standards.

Terminology used in these condensed consolidated interim financial statements is consistent with that used in the Annual Report and Accounts 2025. Copies of the Annual Report and Accounts 2025 and Glossary are available on the Group's website at [nationwide.co.uk](https://www.nationwide.co.uk)

At 31 March 2025, the Group had identified two reportable segments: the Nationwide sub-group and the Virgin Money sub-group. At that time, the Group Management Committee (GMC) was recognised as the chief operating decision maker.

Subsequently, the GMC was replaced by the Group Executive Committee (Group ExCo), which now fulfils the role of chief operating decision maker. Internal reporting to the Group ExCo no longer distinguishes between the two sub-groups. Instead, performance is reviewed and strategic decisions are made based on the Group as a whole. Accordingly, the Group has determined that it now comprises a single reportable segment.

Furthermore, as the Group's operations are almost entirely based in the United Kingdom, no geographical segmental analysis is required. As such, no segmental disclosures are presented.

Accounting policies

The accounting policies adopted by the Group in the preparation of these condensed consolidated interim financial statements are consistent with those disclosed in the Annual Report and Accounts 2025.

Judgements in applying accounting policies and critical accounting estimates

Judgements have to be made in applying the Group's accounting policies, which affect the amounts recognised in these condensed consolidated interim financial statements. In addition, estimates and assumptions are made that could affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates.

Details of the significant judgements and estimates which are relevant to the Group, including any changes from those disclosed in the Annual Report and Accounts 2025, are disclosed in the relevant notes as follows:

- impairment charge and provisions on loans and advances to customers (note 7);
- deferred taxation (note 8); and
- retirement benefit obligations (note 13).

Notes to the condensed consolidated interim financial statements (continued)

2. Basis of preparation (continued)

Sale of Virgin Money Unit Trust Managers Limited

In August 2025 the Group announced its intention to sell subsidiary company Virgin Money Unit Trust Managers Limited (VMUTM).

The assets and liabilities of VMUTM are measured at the lower of their carrying amount and fair value less costs to sell. These assets and liabilities are included within the consolidated balance sheet as follows:

Assets and liabilities of VMUTM	
	30 September 2025
	£m
Assets held for sale	
Loans and advances to banks and similar institutions	6
Intangible assets	4
Accrued income and expenses prepaid	2
Other assets	3
Total	15
Liabilities held for sale	
Accruals and deferred income	3
Total	3

Going concern

The Group's business activities and financial position, the factors likely to affect its future development and performance, its objectives and policies in managing the financial risks to which it is exposed, and its capital, funding and liquidity positions are set out in the Financial review and the Risk report.

The directors have assessed the Group's ability to continue as a going concern, with reference to current and anticipated market conditions, as well as the impact of climate-related matters. The directors confirm they are satisfied that the Group has adequate resources to continue in business for a period of not less than 12 months from the date of approval of these condensed consolidated interim financial statements and that it is therefore appropriate to adopt the going concern basis.

Restatement of prior period comparatives

As disclosed in the Annual Report and Accounts 2025, a number of presentational changes to the Group's financial statements were made to better reflect the nature of the underlying assets, liabilities and income statement line items, and to align to market practice where appropriate.

Accordingly, comparatives for the half year to 30 September 2024 have been restated as set out below. The changes had no impact on profits for the half year to 30 September 2024.

Income statement extract for the half year to 30 September 2024			
	Previously published	Adjustments	Restated
	£m	£m	£m
Income statement			
Administrative expenses (note i)	(1,180)	(9)	(1,189)
Provisions for liabilities and charges (note i)	(9)	9	-

Note:

- i. Provisions for liabilities and charges are now included within administrative expenses in the income statement, rather than being presented as a separate line item.

Cash flow statement extract for the half year to 30 September 2024			
	Previously published	Adjustments	Restated
	£m	£m	£m
Cash flows generated from operating activities			
Changes in operating assets and liabilities (note i)	2,064	(135)	1,929
Cash and cash equivalents			
Cash and cash equivalents at start of period (note i)	24,491	(146)	24,345
Cash and cash equivalents at end of period (note i)	29,148	(281)	28,867

Note:

- i. As detailed in note 1 of the Annual Report and Accounts 2025, certain balances relating to settlement accounts held with payment schemes, which were previously reported within loans and advances to banks and similar institutions on the balance sheet, were reclassified to other assets and other liabilities. To align with this presentation, the cash flow statement for the half year to 30 September 2024 has been restated to reclassify these items from cash and cash equivalents to other assets and other liabilities.

3. Interest receivable and similar income

	Half year to 30 September 2025	Half year to 30 September 2024
	£m	£m
On financial assets measured at amortised cost:		
Residential mortgages	5,495	3,736
Other loans (note i)	1,030	374
Other liquid assets, including reserves at central banks	671	816
On investment securities measured at FVOCI	387	265
Net income on financial instruments hedging assets in a qualifying hedge accounting relationship	1,063	1,810
Total interest receivable and similar income calculated using the effective interest rate method	8,646	7,001
Interest on net defined benefit pension surplus (note 13)	26	15
Other interest and similar income (note ii)	(1)	15
Total	8,671	7,031

Notes:

- i. Includes interest on finance lease receivables of £31 million (H1 2024/25: £nil).
- ii. Includes interest on financial instruments hedging assets that are not in a qualifying hedge accounting relationship.

4. Interest expense and similar charges

	Half year to 30 September 2025	Half year to 30 September 2024
	£m	£m
On shares held by individuals	2,928	3,016
On non-member retail deposits	779	-
On subscribed capital	4	5
On other deposits and other borrowings:		
Subordinated liabilities (note i)	64	40
Deposits from banks and similar institutions and other deposits	474	567
Debt securities in issue (note i)	1,042	818
Net expense on financial instruments hedging liabilities	434	509
Total	5,725	4,955

Note:

- i. Comparatives have been restated to align with the reclassification of senior non-preferred notes from subordinated liabilities to debt securities in issue, as detailed in note 1 of the Annual Report and Accounts 2025.

Notes to the condensed consolidated interim financial statements (continued)

5. Gains from derivatives and hedge accounting

As a part of its risk management strategy, the Group uses derivatives to economically hedge financial assets and liabilities. Hedge accounting is employed by the Group to minimise the accounting volatility associated with the change in fair value of derivative financial instruments. The Group only uses derivatives for the hedging of risks; however, income statement volatility can still arise due to hedge accounting ineffectiveness or because hedge accounting is either not applied or is not currently achievable. In addition, the overall impact of derivatives will remain volatile from period to period as new derivative transactions replace those which mature to ensure that interest rate and other market risks are continually managed.

	Half year to 30 September 2025	Half year to 30 September 2024
	£m	£m
Gains from fair value hedge accounting (note i)	44	26
Losses from cash flow hedge accounting	(18)	(1)
Fair value losses from other derivatives (note ii)	(6)	(3)
Foreign exchange retranslation (note iii)	-	(2)
Total	20	20

Notes:

- i. Includes gains or losses from portfolio hedges of interest rate risk arising from amortisation of existing balance sheet amounts and hedge ineffectiveness.
- ii. Gains or losses arise from derivatives used for economic hedging purposes which are not currently in a hedge accounting relationship, including derivatives economically hedging fixed rate mortgages not yet on the balance sheet, and valuation adjustments applied at a portfolio level which are not allocated to individual hedge accounting relationships.
- iii. Gains or losses arise from the retranslation of foreign currency monetary items not subject to effective hedge accounting.

6. Administrative expenses

	Half year to 30 September 2025	Half year to 30 September 2024
	£m	£m
Staff costs (note i):		
Wages and salaries	531	323
Bonuses	64	45
Social security costs	83	41
Pension costs	130	86
Other staff costs (note ii)	22	(15)
	830	480
Depreciation, amortisation and impairment	339	251
Other administrative expenses (notes i and iii)	901	458
Total	2,070	1,189

Notes:

- i. Staff costs and other administrative expenses categories have been updated to align with the presentation in the Annual Report and Accounts 2025. Prior period comparatives have been restated to be presented on a consistent basis.
- ii. Other staff costs include credits of £59 million (H1 2024/25: £44 million) for capitalised permanent, contract and temporary staff costs.
- iii. Other administrative expenses have been restated as described in note 2.

7. Impairment charge and provisions on loans and advances to customers

The following tables set out the impairment charge for the period and the closing provision balances which are deducted from the relevant asset values in the balance sheet:

Impairment charge/(release)	Half year to 30 September 2025	Half year to 30 September 2024
	£m	£m
Owner-occupied mortgages	11	3
Buy to let and legacy residential mortgages	(11)	(7)
Consumer lending	123	13
Business and commercial lending	23	(2)
Total	146	7

7. Impairment charge and provisions on loans and advances to customers (continued)

Impairment provisions		
	30 September 2025	31 March 2025
	£m	£m
Owner-occupied mortgages	126	115
Buy to let and legacy residential mortgages	219	236
Consumer lending	827	824
Business and commercial lending	135	113
Total	1,307	1,288

Critical accounting estimates and judgements

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, outputs from statistical models are used, and judgements incorporated to determine the probability of default (PD), the exposure at default (EAD), and the loss given default (LGD) for each loan. Provisions represent a probability-weighted average of these calculations under multiple economic scenarios. Adjustments are made in modelling provisions, applying further judgements to take into account model limitations, or to deal with instances where insufficient data exists to fully reflect credit risks in the models.

The most significant areas of judgement are:

- The approach to identifying significant increases in credit risk; and
- The approach to identifying credit-impaired loans.

The most significant areas of estimation uncertainty are:

- The use of forward-looking economic information using multiple economic scenarios; and
- The additional judgements made in modelling expected credit losses (ECL) – these currently include PD uplifts relating to both affordability risks and risks associated with credit card persistent debt, and LGD uplifts for property valuation risks.

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. Judgement has been used to select both quantitative and qualitative criteria which are used to determine whether a significant increase in credit risk has taken place. These criteria are detailed within the Credit risk section of the Annual Report and Accounts 2025. The primary quantitative indicators are the outputs of internal credit risk assessments. While different approaches are used within each portfolio, the intention is to combine current and historical data relating to the exposure with forward-looking economic information to determine the PD at each reporting date. For residential mortgages and consumer lending, the main indicators of a significant increase in credit risk are either of the following:

Nationwide sub-group portfolios:

- The residual lifetime PD exceeds a benchmark determined by reference to the maximum credit risk that would have been accepted at origination; or
- The residual lifetime PD is at least 75 basis points more than, and at least double, the residual lifetime PD calculated at origination.

Virgin Money sub-group portfolios:

- The residual lifetime PD exceeds a threshold which varies by portfolio, and is based on the lifetime PD curves calculated at origination. The PD threshold curves were recalculated at acquisition, to reset the origination point to 1 October 2024, being the date when the Virgin Money business was acquired by the Group.

7. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

Identifying credit impaired loans (stage 3)

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

Use of forward-looking economic information

Management exercises judgement in estimating future economic conditions which are incorporated into provisions through modelling of multiple scenarios. The economic scenarios are reviewed and updated on a quarterly basis. The provision recognised is the probability-weighted sum of the provisions calculated under a range of economic scenarios. The scenarios and associated probability weights are derived using external data and statistical methodologies, together with management judgement. The Group continues to model four economic scenarios, which together encompass an appropriate range of potential economic outcomes. The base case scenario is aligned to the Group's financial planning process. The upside and downside scenarios are reasonably likely favourable and adverse alternatives to the base case, and the severe downside scenario is aligned with the Group's internal stress testing.

The probability weightings applied to the scenarios were unchanged over the period and are shown in the table below.

Scenario probability weighting				
	Upside scenario	Base case scenario	Downside scenario	Severe downside scenario
	%	%	%	%
30 September 2025	10	45	30	15
31 March 2025	10	45	30	15

7. Impairment charge and provisions on loans and advances to customers (continued)

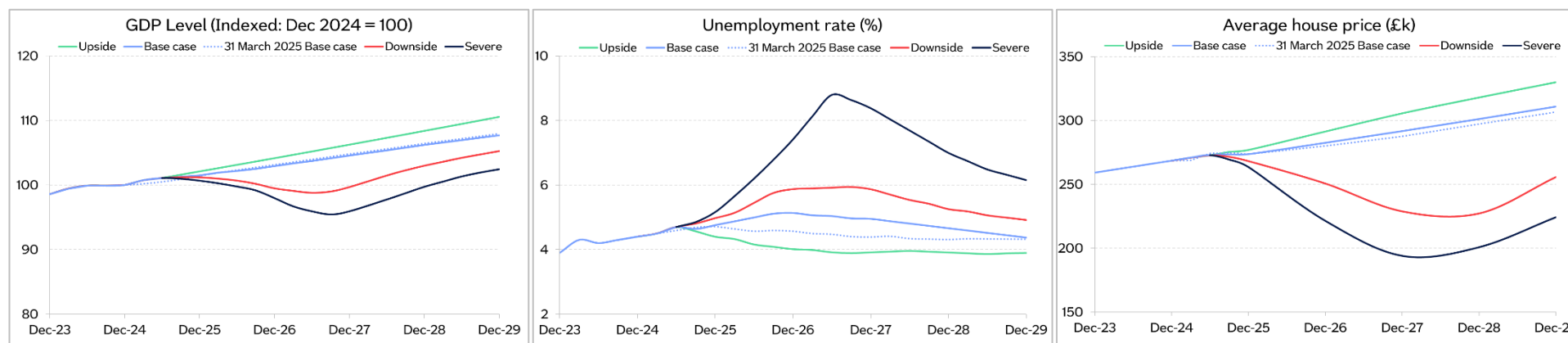
Critical accounting estimates and judgements (continued)

In the base case scenario, modest growth in GDP of 1.5% is expected during 2025. In this scenario, unemployment is forecast to increase to 5.1% by the second half of 2026. By contrast, in the downside scenario, GDP reflects a significant UK recession, and the peak unemployment increases to 5.9%, whilst the severe downside scenario unemployment peak of 8.8% corresponds with a severe and longer-lasting economic downturn.

As a result of continued economic uncertainty, the house price forecasts used within the provision calculations cover a wide range of outcomes. House prices are expected to increase in the base case scenario by 1.9% during 2025 and a further 3.2% during 2026. The downside scenario assumes significant falls in both 2026 and 2027, driven by a deterioration in economic conditions, whilst the severe downside scenario includes a fall in house prices of 28.6% from the end of 2024 to the low point in early 2028.

Bank rate in the base case scenario is expected to continue to reduce to 3.5% during 2026. Inflation in this scenario is expected to reduce to the Bank of England target rate of 2.0% by the end of 2026. In the downside scenario, the recession results in Bank rate remaining at low levels from 2026 onwards, in order to stimulate economic demand. By contrast the severe downside scenario includes a sustained high level of inflation, which requires an increase in Bank rate to 8.5%.

The graphs below show the historical and forecasted GDP level, unemployment rate and average house price for the Group's current economic scenarios, as well as the previous base case economic scenario.



7. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

The tables below provide a summary of the values of the key UK economic variables used within the economic scenarios over the first five years of the scenario:

Economic variables									
	Rate/annual growth rate at December 2024-2029						5-year average (note ii)	Dec-24 to peak (note iii)	Dec-24 to trough (note iii)
	Actual (note i)	Forecast							
	2024	2025	2026	2027	2028	2029			
30 September 2025	%	%	%	%	%	%	%	%	%
GDP growth									
Upside scenario	1.5	2.1	2.0	2.0	2.0	2.0	2.0	10.6	0.7
Base case scenario	1.5	1.5	1.4	1.6	1.6	1.4	1.5	7.7	0.7
Downside scenario	1.5	1.2	(1.7)	0.2	3.3	2.2	1.0	5.3	(1.2)
Severe downside scenario	1.5	0.7	(2.7)	(2.1)	4.0	2.7	0.5	2.5	(4.5)
Probability weighted	1.5	1.3	(0.1)	0.7	2.5	1.9			
Unemployment									
Upside scenario	4.4	4.4	4.0	3.9	3.9	3.9	4.1	4.7	3.9
Base case scenario	4.4	4.8	5.1	5.0	4.7	4.4	4.8	5.1	4.4
Downside scenario	4.4	5.0	5.9	5.9	5.3	4.9	5.3	5.9	4.5
Severe downside scenario	4.4	5.2	7.4	8.4	7.0	6.2	6.7	8.8	4.5
Probability weighted	4.4	4.8	5.6	5.6	5.1	4.8			
HPI growth									
Upside scenario	3.6	3.1	5.2	4.9	4.1	3.8	4.2	22.9	0.9
Base case scenario	3.6	1.9	3.2	3.2	3.2	3.2	3.0	15.8	0.9
Downside scenario	3.6	(0.1)	(6.5)	(8.7)	(0.7)	12.5	(1.0)	1.6	(16.3)
Severe downside scenario	3.6	(1.9)	(16.0)	(12.4)	3.5	11.7	(3.5)	1.6	(28.6)
Probability weighted	3.6	0.9	(2.4)	(2.5)	2.2	7.3			
Bank rate									
Upside scenario	4.8	4.0	4.3	4.5	4.5	4.5	4.3	4.5	4.0
Base case scenario	4.8	3.8	3.5	3.5	3.3	3.3	3.5	4.5	3.3
Downside scenario	4.8	3.3	1.0	0.5	0.5	0.5	1.4	4.5	0.5
Severe downside scenario	4.8	4.5	8.0	6.0	4.5	3.8	5.4	8.5	3.8
Probability weighted	4.8	3.7	3.5	3.1	2.7	2.6			
Consumer price inflation									
Upside scenario	2.6	3.1	2.0	2.0	2.0	2.0	2.3	3.7	2.0
Base case scenario	2.6	3.6	2.0	1.9	2.0	2.0	2.4	3.8	1.8
Downside scenario	2.6	2.8	0.5	0.4	1.2	1.8	1.4	3.6	0.2
Severe downside scenario	2.6	5.0	8.0	3.0	2.0	2.0	4.1	8.0	2.0
Probability weighted	2.6	3.5	2.5	1.6	1.8	1.9			

7. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

Economic variables									
	Rate/annual growth rate at December 2024-2029						5-year average (note ii)	Dec-24 to peak (note iii)	Dec-24 to trough (note iii)
	Actual (note i)	Forecast							
		2024 %	2025 %	2026 %	2027 %	2028 %			
31 March 2025									
GDP growth									
Upside scenario	1.5	1.7	2.0	2.0	2.0	2.0	2.0	10.2	0.3
Base case scenario	1.5	1.4	1.7	1.6	1.6	1.4	1.5	8.0	0.2
Downside scenario	1.5	(0.9)	(1.2)	3.3	2.4	1.9	1.1	5.6	(2.1)
Severe downside scenario	1.5	(1.8)	(3.7)	2.8	2.8	2.2	0.4	2.2	(5.5)
Probability weighted	1.5	0.3	0.1	2.4	2.1	1.8			
Unemployment									
Upside scenario	4.4	4.1	4.0	4.0	4.0	4.0	4.0	4.3	4.0
Base case scenario	4.4	4.7	4.6	4.4	4.3	4.3	4.5	4.7	4.3
Downside scenario	4.4	5.4	6.2	5.6	5.2	5.0	5.4	6.2	4.7
Severe downside scenario	4.4	5.9	8.4	8.5	7.0	6.0	7.1	9.3	4.8
Probability weighted	4.4	5.0	5.6	5.3	4.9	4.7			
HPI growth									
Upside scenario	3.6	5.4	4.5	3.8	3.8	3.8	4.2	23.1	1.3
Base case scenario	3.6	1.9	2.3	2.7	3.3	3.2	2.7	14.3	0.1
Downside scenario	3.6	(4.9)	(9.4)	(3.7)	8.7	9.3	(0.3)	(0.6)	(17.1)
Severe downside scenario	3.6	(12.4)	(18.1)	(1.8)	9.3	9.7	(3.3)	(1.4)	(30.1)
Probability weighted	3.6	(1.9)	(4.1)	0.2	5.9	6.1			
Bank rate									
Upside scenario	4.8	4.3	4.3	4.3	4.3	4.3	4.3	4.5	4.3
Base case scenario	4.8	3.8	3.5	3.5	3.3	3.3	3.6	4.5	3.3
Downside scenario	4.8	2.5	0.5	0.5	0.5	0.5	1.3	4.5	0.5
Severe downside scenario	4.8	6.5	8.0	5.0	4.3	3.5	5.4	8.5	3.5
Probability weighted	4.8	3.8	3.4	2.9	2.7	2.6			
Consumer price inflation									
Upside scenario	2.6	2.5	2.0	2.0	2.0	2.0	2.1	2.7	2.0
Base case scenario	2.6	3.4	2.0	2.0	2.0	2.0	2.3	3.5	1.8
Downside scenario	2.6	1.5	0.3	1.2	1.8	2.0	1.5	2.8	0.3
Severe downside scenario	2.6	6.5	7.0	2.2	2.0	2.0	4.1	8.0	2.0
Probability weighted	2.6	3.2	2.2	1.8	1.9	2.0			

Notes:

- The 2024 actual GDP data as presented in the Annual Report and Accounts 2025 has been updated to reflect the most recent published economic data.
- The average rate for GDP and HPI is based on the cumulative annual growth rate over the forecast period. Average unemployment and CPI is calculated using a simple average using quarterly points.
- GDP growth and HPI are shown as the largest cumulative growth/fall over the forecast period. The unemployment rate and CPI is shown as the highest/lowest rate over the forecast period.

7. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

To give an indication of the sensitivity of provisions to different economic scenarios, the table below shows the expected credit loss (ECL) if 100% weighting is applied to each scenario:

Expected credit losses under 100% weighted scenarios					Reported provisions	Proportion of balances in stage 2 under 100% weighted scenarios				Reported stage 2	Reported stage 3 and POCI (note i)
	Upside scenario	Base case scenario	Downside scenario	Severe downside scenario		Upside scenario	Base case scenario	Downside scenario	Severe downside scenario		
30 September 2025	£m	£m	£m	£m	£m	%	%	%	%	%	%
Residential mortgages	232	229	272	1,035	345	12.5	11.2	9.5	35.3	13.4	0.7
Consumer lending – credit cards	449	467	470	1,156	539	12.4	12.9	12.6	41.7	16.0	3.0
Consumer lending – personal loans and overdrafts	268	272	279	361	288	19.3	19.2	18.4	26.8	19.9	10.6
Business and commercial lending	117	125	155	310	135	9.1	9.9	17.0	38.7	13.5	3.3
Total	1,066	1,093	1,176	2,862	1,307						
31 March 2025	£m	£m	£m	£m	£m	%	%	%	%	%	%
Residential mortgages	224	229	271	1,089	351	12.6	11.6	9.9	37.7	13.6	0.7
Consumer lending – credit cards	475	480	479	1,120	542	13.6	13.7	13.4	41.2	16.7	2.5
Consumer lending – personal loans and overdrafts	270	272	279	331	282	17.6	17.5	17.0	25.2	18.3	11.7
Business and commercial lending	102	106	118	288	113	9.2	9.3	11.7	39.2	11.0	3.2
Total	1,071	1,087	1,147	2,828	1,288						

Note:

- i. The allocation of loans to stage 3 is not sensitive to economic scenarios. The reported stage 3 proportion is the same as it would be in any of the 100% weighted scenarios.

Reported ECL represents 120% (31 March 2025: 118%) of the base case scenario ECL, primarily due to the impact of increased losses in the severe downside scenario. The increased ECLs in both the downside and severe downside scenarios are the result of increased unemployment rates combined with material house price falls. The low Bank rate forecast in the downside scenario is the main driver of residential mortgage and consumer lending stage 2 proportions being lower in the downside scenario than in the base case scenario.

The ECL for each scenario multiplied by the scenario probability will not reconcile to the reported provision. Whilst the stage allocation of loans varies in each individual scenario, each loan is allocated to a single stage in the reported provision calculation; this is based on a weighted average PD which takes into account the economic scenarios. A probability-weighted 12-month or lifetime ECL (which takes into account the economic scenarios) is then calculated based on the stage allocation.

The table below shows the sensitivity of provisions at 30 September 2025 to changes to the probability weightings applied to the economic scenarios:

Sensitivity to key forward-looking assumptions	
	Increase in provision
	£m
10% increase in the probability of the downside scenario (reducing the upside by a corresponding 10%)	11
5% increase in the probability of the severe downside scenario (reducing the downside by a corresponding 5%)	84

7. Impairment charge and provisions on loans and advances to customers (continued)

Critical accounting estimates and judgements (continued)

The following table shows key adjustments made in modelling provisions in relation to the significant areas of estimation uncertainty for the retail portfolios (residential mortgages and consumer lending), with further details on each provided below. There are no significant adjustments for the business and commercial lending portfolio.

Significant adjustments made in modelling provisions								
	30 September 2025				31 March 2025			
	Residential Mortgages	Consumer Lending		Total	Residential Mortgages	Consumer Lending		Total
		Credit cards	Personal loans and overdrafts			Credit cards	Personal loans and overdrafts	
	£m	£m	£m	£m	£m	£m	£m	£m
PD uplift for affordability risks	64	8	8	80	70	6	7	83
PD uplift for credit card persistent debt	-	20	-	20	-	23	-	23
LGD uplift for property valuation risks	20	-	-	20	21	-	-	21
Total	84	28	8	120	91	29	7	127
Of which:								
Stage 1	14	1	1	16	14	1	1	16
Stage 2	64	27	7	98	70	28	6	104
Stage 3	6	-	-	6	7	-	-	7

PD uplift for affordability risks

At 30 September 2025, the PD uplift adjustment for affordability risks increased provisions by £80 million (31 March 2025: £83 million). This adjustment reflects the ongoing affordability pressures faced by borrowers, primarily within the residential mortgage portfolio. This adjustment includes the risks associated with borrowers who have switched to higher mortgage rates or are expected to switch to higher mortgage interest rates in the next two years. The uplift in PD has resulted in loans meeting existing quantitative criteria for transfer to stage 2. This has resulted in approximately £8.0 billion (31 March 2025: £9.2 billion) of residential mortgages and £90 million (31 March 2025: £66 million) of consumer lending balances moving from stage 1 to stage 2.

PD uplift for credit card persistent debt

A borrower is defined as being in persistent debt if they have been paying more in interest, fees and charges than they are paying to reduce their outstanding balance for at least three years. Nationwide provides support to these borrowers, including the offer of forbearance, to help reduce the level of their credit card debt. To reflect an increase in risk since origination, accounts are moved to stage 2 and therefore receive a lifetime ECL. This adjustment to stage allocation increases provisions by £20 million (31 March 2025: £23 million) and results in £240 million (31 March 2025: £225 million) of additional credit card balances being reported in stage 2.

LGD uplift for property valuation risks

An adjustment has been made to account for property valuation risks associated with flats, originally due to fire safety issues such as unsuitable cladding. This adjustment remains in place due to insufficient evidence of recovery in the value of affected properties, increasing provisions by £20 million (31 March 2025: £21 million).

8. Taxation

The actual tax charge differs from the theoretical amount that would arise using the standard rate of corporation tax in the UK as follows:

Reconciliation of tax charge		
	Half year to 30 September 2025	Half year to 30 September 2024
	£m	£m
Profit before tax:	486	568
Tax calculated at a tax rate of 25%	121	142
Adjustments in respect of prior period	1	(1)
Tax credit on distributions to the holders of Additional Tier 1 capital	(21)	(8)
Loss on redemption of Additional Tier 1 capital non-controlling interests	(12)	-
Banking surcharge	3	11
Deferred tax assets derecognised	1	-
Expenses not deductible for tax purposes	16	3
Effect of deferred tax provided at different tax rates	2	-
Tax charge	111	147

The main rate of UK corporation tax remained as 25%, the annual banking surcharge allowance remained at £100 million, and the banking surcharge rate remained at 3%.

On 17 November 2022 the UK Government confirmed its intention to implement the G20-OECD Inclusive Framework Pillar 2 rules in the UK, including a Qualified Domestic Minimum Top-Up Tax rule. This legislation, enacted on 11 July 2023, seeks to ensure that UK-headquartered multinational enterprises pay a minimum tax rate of 15% on UK and overseas profits arising after 31 December 2023. The Group is within the scope of the legislation; however, as the UK rate of corporation tax is 25%, and the Group's business is UK-based, there is no impact of these rules on the financial statements. The IAS 12 exemption to recognise and disclose information about deferred tax assets and liabilities related to Pillar 2 income taxes has been applied.

Critical accounting estimates and judgements

The Group has recognised deferred tax assets of £213 million (31 March 2025: £220 million) in respect of trading tax losses, based on expected future taxable profits. Deferred tax assets of £65 million (31 March 2025: £58 million) have not been recognised, representing tax at 25% on £258 million of trading tax losses that are not forecast to be used in the foreseeable future.

The Group has assessed the likelihood of recovery of the recognised deferred tax assets in respect of trading losses at 30 September 2025 and considers it probable that sufficient future taxable profits will be available over its planning horizon against which the underlying deductible temporary differences can be utilised. Deferred tax assets in respect of these tax losses are recognised to the extent that they are expected to be utilised within six years of the balance sheet date. An increase or decrease of one year to the forecast period would increase or decrease the recognised deferred tax asset in respect of losses by £35 million. An increase or decrease of 10% to forecast Group taxable profits would increase or decrease the deferred tax asset recognised in respect of tax losses by £17 million. All tax assets arising will be used within the UK.

For other deferred tax assets recognised on the balance sheet, the Group considers that there will be sufficient future trading profits, in excess of profits arising from the reversal of existing taxable temporary differences, to utilise the deferred tax assets.

9. Loans and advances to customers

	30 September 2025						31 March 2025					
	Loans held at amortised cost				Loans held at FVTPL	Total	Loans held at amortised cost				Loans held at FVTPL	Total
	Gross	Provisions	Other (note i)	Total			Gross	Provisions	Other (note i)	Total		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Owner-occupied mortgages	219,959	(126)	-	219,833	33	219,866	215,546	(115)	-	215,431	36	215,467
Buy to let and legacy residential mortgages	60,657	(219)	-	60,438	-	60,438	60,344	(236)	-	60,108	-	60,108
Consumer lending	11,534	(827)	-	10,707	-	10,707	11,107	(824)	-	10,283	-	10,283
Business and commercial lending	14,596	(135)	247	14,708	44	14,752	14,818	(113)	277	14,982	49	15,031
Total	306,746	(1,307)	247	305,686	77	305,763	301,815	(1,288)	277	300,804	85	300,889

Note:

- i. 'Other' represents a fair value adjustment for micro hedged risk for commercial loans that were previously hedged on an individual basis. The hedge accounting relationships have been discontinued and the balances are being amortised over the remaining life of the loans.

The tables below summarise the movements in, and stage allocations of, gross loans and advances to customers held at amortised cost, including the impact of impairment provisions and excluding the fair value adjustment for micro hedged risk. Residential mortgages represent the majority of the Group's loans and advances to customers. Additional tables summarising the movements for the Group's residential mortgages, consumer lending and business and commercial lending are presented in the Credit risk section of the Risk report.

Reconciliation of net movements in balances and impairment provisions								
	Non-credit impaired				Credit impaired (note i)		Total	
	Subject to 12 month ECL		Subject to lifetime ECL		Subject to lifetime ECL			
	Stage 1		Stage 2		Stage 3 and POCI			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April 2025	257,751	205	41,092	633	2,972	450	301,815	1,288
Stage transfers:								
Transfers from stage 1 to stage 2	(12,918)	(23)	12,918	23	-	-	-	-
Transfers to stage 3	(203)	(3)	(511)	(66)	714	69	-	-
Transfers from stage 2 to stage 1	11,172	167	(11,172)	(167)	-	-	-	-
Transfers from stage 3	26	2	202	11	(228)	(13)	-	-
Net remeasurement of ECL arising from transfer of stage (note ii)	-	(160)	-	181	-	74	-	95
Net movement arising from transfer of stage	(1,923)	(17)	1,437	(18)	486	130	-	95
New assets originated or purchased (note iii)	27,414	41	1,326	47	20	4	28,760	92
Net impact of further lending and repayments (note iv)	(6,105)	29	(342)	11	(28)	1	(6,475)	41
Changes in risk parameters in relation to credit quality (note v)	-	7	-	(48)	-	71	-	30
Other items impacting income statement (including recoveries)	-	-	-	-	-	(50)	-	(50)
Redemptions (note vi)	(14,941)	(22)	(1,984)	(30)	(233)	(10)	(17,158)	(62)
Income statement charge for the period								146
Decrease due to write-offs	-	-	-	-	(196)	(177)	(196)	(177)
Other provision movements	-	-	-	-	-	50	-	50
At 30 September 2025	262,196	243	41,529	595	3,021	469	306,746	1,307
Net carrying amount		261,953		40,934		2,552		305,439

9. Loans and advances to customers (continued)

Reconciliation of net movements in balances and impairment provisions								
	Non-credit impaired				Credit impaired (note i)		Total	
	Subject to 12 month ECL		Subject to lifetime ECL		Subject to lifetime ECL			
	Stage 1		Stage 2		Stage 3 and POCI			
	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions	Gross balances	Provisions
	£m	£m	£m	£m	£m	£m	£m	£m
At 5 April 2024	174,860	54	37,303	381	1,666	346	213,829	781
Stage transfers:								
Transfers from stage 1 to stage 2	(9,654)	(8)	9,654	8	-	-	-	-
Transfers to stage 3	(70)	-	(337)	(27)	407	27	-	-
Transfers from stage 2 to stage 1	10,443	83	(10,443)	(83)	-	-	-	-
Transfers from stage 3	39	1	144	8	(183)	(9)	-	-
Net remeasurement of ECL arising from transfer of stage (note ii)	-	(70)	-	70	-	30	-	30
Net movement arising from transfer of stage	758	6	(982)	(24)	224	48	-	30
New assets originated or purchased (note iii)	18,104	11	1,019	21	2	1	19,125	33
Net impact of further lending and repayments (note iv)	(3,798)	(9)	(326)	(14)	(13)	(5)	(4,137)	(28)
Changes in risk parameters in relation to credit quality (note v)	-	(1)	-	(10)	-	23	-	12
Other items impacting income statement (including recoveries)	-	-	-	-	-	(8)	-	(8)
Redemptions (note vi)	(6,459)	(2)	(1,711)	(14)	(143)	(16)	(8,313)	(32)
Income statement charge for the period								7
Decrease due to write-offs	-	-	-	-	(63)	(46)	(63)	(46)
Other provision movements	-	-	-	-	-	8	-	8
At 30 September 2024	183,465	59	35,303	340	1,673	351	220,441	750
Net carrying amount		183,406		34,963		1,322		219,691

Notes:

- Gross balances of credit impaired loans include £845 million (31 March 2025: £947 million) of purchased or originated credit impaired (POCI) loans, which are presented net of lifetime ECL of £74 million (31 March 2025: £100 million). These loans were recognised on the balance sheet when Derbyshire Building Society was acquired in December 2008 and Virgin Money was acquired in October 2024.
- The remeasurement of provisions arising from a change in stage is reported within the stage to which the assets are transferred.
- If a new asset is originated in the period, the values included are the closing gross balance and provision for the period. The stage in which the addition is shown reflects the stage of the account at the end of the period.
- This comprises further lending and capital repayments where the asset is not derecognised. The gross balances value is calculated as the closing gross balance for the period less the opening gross balance for the period. The provisions value is calculated as the change in exposure at default (EAD) multiplied by opening provision coverage for the period.
- This comprises changes in risk parameters, and changes to modelling inputs and methodology. The provision movement for the change in risk parameters is calculated for assets that do not move stage in the period.
- For any asset that is derecognised in the period, the provision shown is the provision at the start of the period.

Notes to the condensed consolidated interim financial statements (continued)

10. Fair value hierarchy of financial assets and liabilities held at fair value

IFRS 13 requires an entity to classify assets and liabilities held at fair value, and those not measured at fair value but for which the fair value is disclosed, according to a hierarchy that reflects the significance of observable market inputs in calculating those fair values. The three levels of the fair value hierarchy are defined in note 1 of the Annual Report and Accounts 2025.

Details of those financial assets and liabilities not measured at fair value are included in note 11.

The following table shows the Group's financial assets and liabilities that are held at fair value by fair value hierarchy, balance sheet classification and product type.

	30 September 2025				31 March 2025			
	Fair values based on			Total £m	Fair values based on			Total £m
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	£m	£m	£m		£m	£m	£m	
Financial assets								
Government, government guaranteed and supranational investment securities	22,694	-	-	22,694	22,977	-	-	22,977
Other debt investment securities	4,207	1,298	3	5,508	4,344	1,277	3	5,624
Investments in equity shares	-	-	77	77	-	-	62	62
Total investment securities	26,901	1,298	80	28,279	27,321	1,277	65	28,663
Interest rate swaps	-	2,218	-	2,218	-	2,884	-	2,884
Cross currency interest rate swaps	-	1,606	-	1,606	-	1,608	-	1,608
Foreign exchange swaps	-	17	-	17	-	13	-	13
Inflation swaps	-	126	-	126	-	182	41	223
Other derivatives	-	5	-	5	-	8	6	14
Total derivative financial instruments	-	3,972	-	3,972	-	4,695	47	4,742
Loans and advances to customers	-	42	35	77	-	47	38	85
Total financial assets	26,901	5,312	115	32,328	27,321	6,019	150	33,490
Financial liabilities								
Interest rate swaps	-	333	-	333	-	367	-	367
Cross currency interest rate swaps	-	803	-	803	-	1,118	-	1,118
Foreign exchange swaps	-	7	-	7	-	4	-	4
Inflation swaps	-	89	-	89	-	23	25	48
Other derivatives	-	6	-	6	-	8	2	10
Total derivative financial instruments	-	1,238	-	1,238	-	1,520	27	1,547
Total financial liabilities	-	1,238	-	1,238	-	1,520	27	1,547

Transfers between fair value hierarchies

Instruments move between fair value hierarchies primarily due to increases or decreases in market activity or changes to the significance of unobservable inputs to valuation, and are recognised at the date of the event or change in circumstances which caused the transfer. There were no transfers between the Level 1 and Level 2 portfolios during the current or prior period.

Level 1 and Level 2 portfolios

The Group's Level 1 portfolio comprises government and other highly-rated securities for which traded prices are readily available. Asset valuations for Level 2 investment securities are sourced from consensus pricing or other observable market prices. None of the Level 2 investment securities are valued from models. Level 2 derivative assets and liabilities are valued using observable market data for all significant valuation inputs.

10. Fair value hierarchy of financial assets and liabilities held at fair value (continued)

Level 3 portfolio

During the period, the main constituents of the Group's Level 3 portfolio were:

- certain loans and advances to customers, including a closed portfolio of residential mortgages;
- certain investment securities, including investments made in Fintech companies; and
- inflation swaps and swaptions.

The table below sets out movements in the Level 3 portfolio, including transfers in and out of Level 3:

Movements in Level 3 portfolio								
	Half year to 30 September 2025				Half year to 30 September 2024			
	Investment securities	Derivative financial assets	Derivative financial liabilities	Loans and advances to customers	Investment securities	Derivative financial assets	Derivative financial liabilities	Loans and advances to customers
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 April (2024: 5 April)	65	47	(27)	38	63	195	(5)	42
Gains/(losses) recognised in the income statement, within:								
Net interest income	-	4	-	1	-	25	(7)	1
Gains from derivatives and hedge accounting (note i)	1	(13)	(7)	-	-	(149)	36	-
Other operating income	-	-	3	(1)	(3)	36	4	1
Losses recognised in other comprehensive income, within:								
Fair value through other comprehensive income reserve	-	-	-	-	(4)	-	-	-
Additions	14	-	-	-	5	-	-	-
Disposals	-	-	(3)	-	-	(35)	(4)	-
Settlements/repayments	-	(26)	(39)	(3)	-	(36)	(61)	(4)
Transfers out of Level 3 portfolio (note ii)	-	(12)	73	-	-	-	-	-
At 30 September	80	-	-	35	61	36	(37)	40
Unrealised (losses)/gains recognised in the income statement attributable to assets and liabilities held at the end of the period	-	(14)	(7)	(1)	(3)	(102)	38	1

Notes:

- Includes foreign exchange revaluation gains/(losses).
- The proportional impact of seasonality on the value of USD-denominated inflation swaps reduced during the period ended 30 September 2025, resulting in these instruments no longer being categorised within Level 3 of the fair value hierarchy.

10. Fair value hierarchy of financial assets and liabilities held at fair value (continued)

Level 3 portfolio sensitivity analysis of valuations using unobservable inputs

The fair value of financial instruments is, in certain circumstances, measured using valuation techniques based on market prices that are not observable in an active market or significant unobservable market inputs. Reasonable alternative assumptions can be applied for sensitivity analysis, taking account of the nature of valuation techniques used, as well as the availability and reliability of observable proxy and historic data. The following table shows the sensitivity of the Level 3 fair values to reasonable alternative assumptions (as set out in the table of significant unobservable inputs below) and the resultant impact of such changes in fair value on the income statement or other comprehensive income.

Sensitivity of Level 3 fair values										
	30 September 2025					31 March 2025				
	Fair value	Income statement		Other comprehensive income		Fair value	Income statement		Other comprehensive income	
		Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes		Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Investment securities	80	1	(1)	19	(19)	65	1	(1)	15	(15)
Net derivative financial instruments	-	-	-	-	-	20	5	(5)	-	-
Loans and advances to customers	35	2	(1)	-	-	38	2	(1)	-	-
Total	115	3	(2)	19	(19)	123	8	(7)	15	(15)

Alternative assumptions are considered for each product and varied according to the quality of the data and variability of the underlying market. The following table discloses the significant unobservable inputs underlying the above alternative assumptions for assets and liabilities recognised at fair value and classified as Level 3, along with the range of values for those significant unobservable inputs. Where sensitivities are described, the inverse relationship will also generally apply.

Significant unobservable inputs													
	30 September 2025							31 March 2025					
	Total assets	Total liabilities	Valuation technique	Significant unobservable inputs	Range (note i)		Units	Total assets	Total liabilities	Valuation technique	Significant unobservable inputs	Range (note i)	
	£m	£m						£m	£m				
Investment securities	80	-	Internal assessment	Various (note ii)	-	-	£	65	-	Internal assessment	Various (note ii)	-	-
Derivative financial instruments	-	-	-	-	-	-	%	47	(27)	Discounted cash flows	Seasonality	0.02	0.54
Loans and advances to customers	35	-	Discounted cash flows	Discount rate	5.28	7.28	%	38	-	Discounted cash flows	Discount rate	5.11	7.11

Notes:

- The range represents the values of the highest and lowest levels used in the calculation of favourable and unfavourable changes as presented in the table of sensitivities above.
- Given the wide range of investments and variety of inputs to modelled values, which may include inputs such as observed market prices, discount rates or probability weightings of expected outcomes, the Group does not disclose ranges as they are not meaningful without reference to individual underlying investments, which would be impracticable. Some of the significant unobservable inputs used in the fair value measurement of investment securities may be interdependent.

Notes to the condensed consolidated interim financial statements (continued)

11. Fair value of financial assets and liabilities measured at amortised cost

Valuation methodologies employed in calculating the fair value of financial assets and liabilities measured at amortised cost are consistent with those disclosed in the Annual Report and Accounts 2025.

The following table summarises the carrying value and fair value of financial assets and liabilities measured at amortised cost on the Group's balance sheet.

Fair value of financial assets and liabilities (note i)				
	30 September 2025		31 March 2025	
	Carrying value	Fair value	Carrying value	Fair value
	£m	£m	£m	£m
Financial assets				
Loans and advances to banks and similar institutions	1,234	1,234	1,810	1,810
Loans and advances to customers:				
Residential mortgages	280,271	278,760	275,539	272,365
Consumer lending	10,707	11,062	10,283	10,596
Business and commercial lending	14,708	14,687	14,982	14,627
Total	306,920	305,743	302,614	299,398
Financial liabilities				
Shares	213,112	213,117	207,428	207,459
Deposits from banks and similar institutions	6,218	6,220	6,053	6,053
Other deposits	75,786	76,016	74,667	74,581
Debt securities in issue	54,649	55,126	51,109	51,441
Subordinated liabilities	2,506	2,551	2,444	2,464
Subscribed capital	130	131	129	129
Total	352,401	353,161	341,830	342,127

Note:

- i. The table above excludes cash and other financial assets and liabilities such as accruals, trade receivables, trade payables, and settlement balances which are short-term in nature and for which fair value approximates carrying value.

12. Provisions, contingent liabilities and contingent assets

At 30 September 2025, the Group held provisions of £111 million (31 March 2025: £70 million) for customer redress, legal and regulatory and other provisions for liabilities and charges.

During the ordinary course of business, the Group may be subject to complaints, disputes and threatened or actual legal proceedings brought by or on behalf of current or former employees, customers, investors or other third parties. The Group may also be subject to legal and regulatory reviews, challenges, investigations and enforcement actions which may result in, among other things, actions being taken by governmental, tax and regulatory authorities, increased costs being incurred in relation to remediation of systems and controls, or fines. Any such material cases are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of incurring a liability and any ability to recover any losses in future periods.

During the period, the FCA continued its investigation of the Society's historical compliance with UK money laundering regulations and the FCA's rules and Principles for Businesses in an enquiry focused on aspects of the Society's anti-money laundering control framework. The investigation is at an advanced stage and management is considering the FCA's observations.

In November 2025, a recovery was made on a litigation matter disclosed as a contingent asset at 31 March 2025 in the Annual Report and Accounts 2025. As the recovery was not deemed to be virtually certain of receipt at 30 September 2025, no amounts have been recognised in these Interim Results. The amount of the settlement has not been disclosed on the basis it would be prejudicial to the settled outcome.

Notes to the condensed consolidated interim financial statements (continued)

12. Provisions, contingent liabilities and contingent assets (continued)

There are no other current complaints, disputes, threatened or actual legal proceedings, regulatory or other matters, the resolution of which are expected to have a material adverse impact on the Group's financial position. However, in light of the uncertainties involved in such matters there can be no assurance that the outcome of a particular matter or matters may not ultimately be material to the Group's results.

13. Retirement benefit obligations

The Group operates four defined contribution pension schemes and a number of defined benefit pensions arrangements, the most significant of which are the Nationwide Pension Fund (NPF) and the Yorkshire and Clydesdale Bank Pension Scheme (YCBPS). Further details are set out in note 30 of the Annual Report and Accounts 2025.

Further information on the Group's defined benefit pension schemes is set out below:

Defined benefit pension schemes

Retirement benefit assets and liabilities		
	30 September 2025	31 March 2025
	£m	£m
Fair value of fund assets	6,603	6,767
Present value of funded obligations	(5,833)	(5,875)
Retirement benefit asset	770	892
Other liabilities	(4)	(4)

Changes in the present value of the retirement benefit asset are as follows:

Movements in retirement benefit asset		
	Half year to 30 September 2025	Half year to 30 September 2024 (note i)
	£m	£m
At 1 April (2024: 5 April)	892	610
Interest on net defined benefit asset	26	15
Return on assets less than discount rate (note ii)	(206)	(118)
Contributions by employer	7	-
Administrative expenses	(5)	(2)
Actuarial gains on defined benefit obligations (note ii)	56	118
At 30 September	770	623

Notes:

- i. As detailed in note 1 of the Annual Report and Accounts 2025, unfunded retirement benefit obligations, which were previously reported within the retirement benefit asset line on the balance sheet, were reclassified to other liabilities. The movements in the retirement benefit asset for the half year to 30 September 2024 have been restated to align with this presentation.
- ii. The net impact of these line items is recognised in other comprehensive income.

The £206 million (H1 2024/25: £118 million) loss relating to the return on assets less than the discount rate is primarily driven by decreases in the value of UK government bonds. The £56 million (H1 2024/25: £118 million) actuarial gain on defined benefit obligations is primarily driven by an increase in the discount rate.

13. Retirement benefit obligations (continued)

Defined benefit pension schemes (continued)

As the NPF is closed to future accrual, there have been no current service costs, past service costs or employer contributions made in respect of future benefit accrual during the current or prior period. The YCBPS has a very small number of active members in the scheme which gives rise to employer contributions and service costs made in respect of future benefit accrual.

There have been no employer deficit contributions required into the NPF or the YCBPS and there are no such contributions scheduled in the period ending 31 March 2026 or future years under the current Schedules of Contributions, other than the ongoing funding of the YCBPS administrative expenses. Employer deficit contributions of less than £1 million were made in the current and prior period in respect of the Group's defined benefit scheme in its Nationwide (Isle of Man) Limited subsidiary.

Critical accounting estimates and judgements

The key assumptions used to calculate the defined benefit obligation, and which represent significant sources of estimation uncertainty, are the discount rate, inflation assumptions and mortality assumptions. Mortality assumptions are unchanged from those disclosed in the Annual Report and Accounts 2025. Financial assumptions are shown below:

Financial assumptions		
	30 September 2025	31 March 2025
	%	%
Discount rate	5.80	5.75
Future pension increases (maximum 5%)	2.85	2.90
Retail price index (RPI) inflation	2.95	3.00
Consumer price index (CPI) inflation	2.40	2.40

14. Related party transactions

There were no related party transactions during the period ended 30 September 2025 which were significant to the Group's financial position or performance. Details of the Group's related party transactions for the period ended 31 March 2025 can be found in note 35 of the Annual Report and Accounts 2025.

Responsibility statement

The directors listed below (being all the directors of Nationwide Building Society) confirm that, to the best of their knowledge:

- The condensed consolidated interim financial statements have been prepared in accordance with UK-adopted IAS 34 Interim Financial Reporting.
- The Interim Results include a fair review of the information required by Disclosure Guidance and Transparency Rules 4.2.7R and 4.2.8R, namely:
 - An indication of important events that have occurred in the period covered by these accounts and their impact on the condensed consolidated interim financial statements, and a description of the principal risks and uncertainties for the remaining period of the financial year.
 - Material related party transactions in the period covered by these accounts and any material changes in the related party transactions described in the Annual Report and Accounts 2025.

Signed on behalf of the Board by

Muir Mathieson
Group Chief Financial Officer

19 November 2025

Board of directors

Chairman
Kevin Parry

Executive directors
Dame Debbie Crosbie DBE
Muir Mathieson
Chris Rhodes

Non-executive directors
Anand Aithal
David Bennett
Tracey Graham
Alan Keir
Debbie Klein
Sally Orton
Tamara Rajah
Gillian Riley
Phil Rivett

Independent review report to Nationwide Building Society

Conclusion

We have been engaged by Nationwide Building Society (the Society) to review the condensed consolidated interim financial statements of the Society and its subsidiaries (together, the Group) in the Interim Results for the period ended 30 September 2025, which comprise the condensed consolidated balance sheet as at 30 September 2025 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of movements in members' interests and equity, condensed consolidated cash flow statement, the explanatory notes and the risk report disclosures marked as 'reviewed' from pages 16 to 47 (together the condensed consolidated interim financial statements). We have read the other information contained in the Interim Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the Interim Results for the period ended 30 September 2025 are not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with the International Standard on Review Engagements 2410 (UK) Review of Interim Financial Information Performed by the Independent Auditor of the Entity (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. The condensed consolidated interim financial statements included in the Interim Results have been prepared in accordance with UK-adopted International Accounting Standard 34 Interim Financial Reporting.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with the ISRE; however, future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the Interim Results in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the Interim Results, the directors are responsible for assessing the Group'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 directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the Interim Results, we are responsible for expressing to the Society a conclusion on the condensed consolidated interim financial statements in the Interim Results. Our conclusion, including our Conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Independent review report to Nationwide Building Society (continued)

Use of our report

This report is made solely to the Society in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
19 November 2025

Other information

The Interim Results are unaudited and do not constitute statutory accounts within the meaning of the Building Societies Act 1986.

The financial information for the period ended 31 March 2025 has been extracted from the Annual Report and Accounts 2025. The Annual Report and Accounts 2025 has been filed with the Financial Conduct Authority and the Prudential Regulation Authority. The independent auditor's report on the Annual Report and Accounts 2025 was unqualified.

Nationwide continued to adopt the UK Finance Code for Financial Reporting Disclosure (the Code) in its Annual Report and Accounts 2025. The Code sets out five disclosure principles together with supporting guidance. These principles have been applied, as appropriate, in the context of the Interim Results.

A copy of the Interim Results is available on the website of Nationwide Building Society. The directors are responsible for the maintenance and integrity of information on the Society's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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