Nationwide Building Society Pillar 3 Disclosures

Q3 2024-25 | 31 December 2024

Contents

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1 Introduction

1.1 Background

Nationwide's Pillar 3 disclosure Q3 2024-25 provides an update on the capital and liquidity position disclosed in Nationwide's annual Pillar 3 disclosure 2024 for the period ended 31 December 2024. The information has been prepared in accordance with the UK Prudential Regulation Authority (PRA) Rulebook (Capital Requirements Regulation (CRR)) with Annex conventions aligned to the 'Disclosure' part of the Rulebook. Capital and leverage ratios reported include profits for the quarter that have been externally verified, less foreseeable dividends.

1.2 Scope, Consolidation and Reporting

Nationwide's structure

Nationwide is regulated by the PRA and Financial Conduct Authority (FCA). The CRD V framework applies to Nationwide Building Society and its subsidiary undertakings (the 'Group'), as recognised on the Bank of England's website. On 1 October 2024, Nationwide acquired Virgin Money, which has become part of the Group as a subsidiary.

Nationwide is required to calculate and maintain regulatory capital on both a Group consolidation basis, including Virgin Money, and on an Individual consolidation basis. There are no material differences between the basis of consolidation of the Group for accounting and prudential purposes. The differences between the Group and Individual consolidations relate primarily to Virgin Money UK PLC, and reserves held by entities that sit outside of the scope of Individual consolidation but are included in the Group consolidation. The subsidiaries included in the Individual consolidation are listed below.

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

All information in the disclosure relates to the 'Group' unless denoted as 'Individual'. The Individual quantitative disclosures within this document are included from Section 4. The Pillar 3 disclosures in relation to Virgin Money UK PLC can be found at Results and reporting | Virgin Money PLC.

Basis and frequency of disclosure

The purpose of this disclosure is to provide information in relation to regulatory capital and liquidity requirements. The disclosures and basis of measurement are in accordance with the rules laid out in the UK PRA Rulebook (CRR).

Unless otherwise stated, all figures and narrative are at 31 December 2024, with comparative figures where relevant. Full Pillar 3 disclosures are published annually, and concurrently with the Annual Report and Accounts, in accordance with regulatory guidelines. Pillar 3 summary disclosures are published quarterly, with more extensive disclosures published semi-annually.

2 Executive Summary (Group)

2.1 Summary of key metrics

Nationwide's Group capital position remains strong, with the Common Equity Tier 1 (CET1) ratio of 19.5% and leverage ratio of 5.2% comfortably above regulatory capital requirements of 12.7% and 4.3% respectively. The CET1 capital requirement includes a 7.2% minimum Pillar 1 and Pillar 2A requirement and the UK CRD V combined buffer requirements of 5.5% of risk weighted assets (RWAs).

The CET1 ratio reduced to 19.5% (4 April 2024: 27.1%), primarily due to the acquisition of Virgin Money. This reflects the larger combined balance sheet and the impact of a gain on acquisition of £2.3 billion resulting from the difference between the fair value of Virgin Money's assets acquired and the purchase consideration of £2.8 billion. Furthermore, Nationwide's Hybrid Internal Ratings Based (IRB) models have been approved by the PRA and subsequently implemented, leading to a £3.0 billion reduction in RWAs, partially offset by increased residential mortgage balances.

UK CRD V requires firms to calculate a leverage ratio which is non-risk based, to supplement risk-based capital requirements. The leverage ratio reduced to 5.2% (4 April 2024: 6.5%) primarily due to the acquisition of Virgin Money as outlined above and increased residential mortgage balances.

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

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

In relation to changes since the Virgin Money acquisition on 1 October, as disclosed in Nationwide's Interim Financial results, the CET1 ratio reduced to 19.5% (1 October 2024: 19.6%) and the leverage ratio reduced to 5.2% (1 October 2024: 5.4%). The CET1 ratio movement was due to an increase in CET1 capital resources of £0.1 billion more than offset by an increase in RWAs of £0.9 billion. The leverage ratio movement was due to a reduction in Tier 1 resources following the repayment of a £0.6 billion AT1 instrument in December 2024, partially offset by the CET1 capital resources movements outlined above. In conjunction with this, leverage exposure increased by £4.9 billion primarily driven by increased residential mortgage balances.

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

As part of the Bank Recovery and Resolution Directive, the Bank of England, in its capacity as the UK resolution authority, prescribes the minimum requirement for own funds and eligible liabilities (MREL). From 1 January 2024, Nationwide's requirement is to hold twice the minimum capital requirements (amounting 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 31 December 2024, MREL resources, which include total regulatory capital and eligible liabilities, were in excess of the requirement at 8.5% (4 April 2024: 9.4%) of leverage exposure. The reduction is primarily due to the acquisition of Virgin Money.

Nationwide's Group Liquidity Coverage Ratio (LCR), which ensures sufficient high-quality liquid assets are held to survive a short-term severe but plausible liquidity stress, averaged 179% over the 12 months ended 31 December 2024 (4 April 2024: 191%). The average Group Net Stable Funding Ratio (NSFR), which assesses the stability of funding relative to the liquidity of assets, was 149% for the four quarters ended 31 December 2024 (4 April 2024: 151%), which is in excess of the 100% minimum requirement. Nationwide continues to manage its liquidity against internal risk appetite which is more prudent than regulatory requirements. Further detail on the Individual ratios is included in Annex XIII (Liquidity requirements).

2.2 Future regulatory developments

The Basel Committee published its final reforms to the Basel III framework in December 2017, now denoted by the PRA as Basel 3.1. The amendments include changes to the standardised approaches for credit and operational risks, including the introduction of an RWA standardised output floor to restrict the use of internal models. On 12 September 2024, the Bank of England published its last instalment of near-final rules for implementation of Basel 3.1 with a revised implementation date of 1 January 2026, following the consultation paper released on 30 November 2022. Although materially similar to the original Basel reforms the near-final rules include interpretations and some divergences from Basel standards in relation to market, counterparty credit, and operational risks as well as credit risk and the output floor. However, on 17 January 2025, the PRA announced the decision to delay the implementation of Basel 3.1 in the UK by one year until 1 January 2027. This allows the PRA more time for greater clarity about plans for its implementation in the United States.

The 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 immaterial, based on Nationwide's initial interpretation of the near-final rules. 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. The exact impact of Basel 3.1 on the Group position, and the point where the output floor becomes binding, will be influenced by Nationwide's interpretation of the final rules and the evolution of the balance sheet.

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

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

3.1 UK KM1 - Key metrics template

UK KM1 - Key metrics template (Group)

£m		a	b	c	d	e
		31 Dec 24	30 Sep 24	30 Jun 24	04 Apr 24	31 Dec 23
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	**15,727**	15,087	14,800	14,798	14,496
2	Tier 1 capital	**17,845**	17,170	16,136	16,134	15,832
3	Total capital	**19,639**	18,323	17,334	17,808	17,568
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**80,801**	53,067	55,137	54,628	54,174
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	**19.5**	28.4	26.8	27.1	26.8
6	Tier 1 ratio (%)	**22.1**	32.4	29.3	29.5	29.2
7	Total capital ratio (%)	**24.3**	34.5	31.4	32.6	32.4
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	**2.7**	2.8	2.9	2.9	2.9
UK 7b	Additional AT1 SREP requirements (%)	**0.9**	0.9	1.0	1.0	1.0
UK 7c	Additional T2 SREP requirements (%)	**1.2**	1.2	1.3	1.2	1.2
UK 7d	Total SREP own funds requirements (%)	**12.7**	12.9	13.1	13.1	13.1
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	**2.5**	2.5	2.5	2.5	2.5
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	**–**	–	–	–	–
9	Institution specific countercyclical capital buffer (%)	**2.0**	2.0	2.0	2.0	2.0
UK 9a	Systemic risk buffer (%)	**–**	–	–	–	–
10	Global Systemically Important Institution buffer (%)	**–**	–	–	–	–
UK 10a	Other Systemically Important Institution buffer	**1.0**	1.0	1.0	1.0	1.0
11	Combined buffer requirement (%)	**5.5**	5.5	5.5	5.5	5.5
UK 11a	Overall capital requirements (%)	**18.2**	18.4	18.6	18.6	18.6
12	CET1 available after meeting the total SREP own funds requirements (%)	**11.6**	21.1	18.3	19.5	19.3
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	**344,331**	255,315	261,947	249,263	253,708
14	Leverage ratio excluding claims on central banks (%)	**5.2**	6.7	6.2	6.5	6.2
	Additional leverage ratio disclosure requirements					
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.2**	6.7	6.2	6.5	6.2
14b	Leverage ratio including claims on central banks (%)	**4.7**	6.0	5.6	5.9	5.4
14c	Average leverage ratio excluding claims on central banks (%)[2]	**5.0**	6.3	6.3	6.3	6.2
14d	Average leverage ratio including claims on central banks (%)	**4.6**	5.7	5.7	5.6	5.5
14e	Countercyclical leverage ratio buffer (%)	**0.7**	0.7	0.7	0.7	0.7
	Liquidity Coverage Ratio[1]					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	**53,741**	53,539	54,361	56,061	56,563
UK 16a	Cash outflows - Total weighted value	**32,675**	31,187	30,591	31,514	31,402
UK 16b	Cash inflows - Total weighted value	**2,259**	2,218	2,170	1,987	1,862
16	Total net cash outflows (adjusted value)	**30,416**	28,969	28,421	29,527	29,540
17	Liquidity coverage ratio (%)	**179**	186	192	191	192
	Net Stable Funding Ratio[1]					
18	Total available stable funding	**263,916**	246,175	245,427	245,157	244,972
19	Total required stable funding	**177,646**	162,712	161,795	162,366	163,138
20	NSFR ratio (%)	**149**	151	152	151	150

Notes:
[1] The Liquidity Coverage and Net Stable Funding Ratios are calculated as a simple average of twelve month end and four quarter end observations respectively
[2] The average leverage ratio reported in row 14c does not include unverified profits at the relevant month end periods, including the impact of the gain on acquisition of £2.3 billion. If all profits for each data point were included, the average leverage ratio would equal 5.2% as reported in row 14

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

Nationwide has no IFRS 9 transitional arrangements remaining on a Group or Individual basis.

3.3 UK KM2 - Key metrics template – MREL

UK KM2 - Key metrics template - MREL (at resolution group level)		a	b	c	d	e
£m		31 Dec 24	30 Sep 24	30 Jun 24	04 Apr 24	31 Dec 23
1	Total own funds and eligible liabilities available	**29,291**	24,910	23,115	23,511	23,313
2	Total risk weighted assets	**80,801**	53,067	55,137	54,628	54,174
3	Total own funds and eligible liabilities available as a percentage of total risk weighted assets (%)	**36.3**	46.9	41.9	43.0	43.0
4	UK leverage exposure ratio measure	**344,331**	255,315	261,947	249,263	253,708
5	Total own funds and eligible liablities available as a percentage of UK leverage exposure ratio measure (%)	**8.5**	9.8	8.8	9.4	9.2

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

UK OV1 – Overview of risk weighted exposure amounts (Group)		a	b	c
		Group		
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
£m		31 Dec 24	04 Apr 24	31 Dec 24
1	**Credit risk (excluding CCR)**	**70,409**	47,169	**5,633**
2	Of which the standardised approach	**11,078**	3,742	**886**
3	Of which the foundation IRB (FIRB) approach	**11,021**	3,327	**882**
4	Of which slotting approach	**924**	473	**74**
UK 4a	Of which equities under the simple riskweighted approach	**224**	233	**18**
5	Of which the advanced IRB (AIRB) approach	**47,162**	39,394	**3,773**
6	**Counterparty credit risk - CCR**	**893**	777	**71**
7	Of which the standardised approach	**328**	273	**26**
8	Of which internal model method (IMM)	**–**	–	**–**
UK 8a	Of which exposures to a CCP	**152**	137	**12**
UK 8b	Of which credit valuation adjustment - CVA	**407**	362	**33**
9	Of which other CCR	**6**	5	**0**
15	**Settlement risk**	**–**	–	**–**
16	**Securitisation exposures in the non-trading book (after the cap)**	**168**	184	**13**
17	Of which SEC-IRBA approach	**–**	–	**–**
18	Of which SEC-ERBA (including IAA)	**168**	184	**13**
19	Of which SEC-SA approach	**–**	–	**–**
UK 19a	Of which 1250%/ deduction	**–**	–	**–**
20	**Position, foreign exchange and commodities risks (Market risk)[2]**	**–**	–	**–**
21	Of which the standardised approach	**–**	–	**–**
22	Of which IMA	**–**	–	**–**
UK 22a	**Large exposures**	**–**	–	**–**
23	**Operational risk**	**9,331**	6,498	**746**
UK 23a	Of which basic indicator approach	**–**	–	**–**
UK 23b	Of which standardised approach	**9,331**	6,498	**746**
UK 23c	Of which advanced measurement approach	**–**	–	**–**
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**1,081**	293	**86**
29	**Total**	**80,801**	54,628	**6,464**

Notes:
[1] Specific rows of this table have not been presented as they are not applicable in the UK
[2] Nationwide Group Pillar 1 capital requirement for market risk is currently zero (as FX exposures are below the threshold of 2% of total own funds capital requirements) and hence no figures are disclosed

Nationwide Building Society Pillar 3 Disclosures (Individual)

4 Annex I | Key metrics and overview of risk-weighted exposure amounts (Individual)

4.1 UK KM1 - Key metrics template

UK KM1 - Key metrics template (Individual)[2]

£m		a 31 Dec 24	b 30 Sep 24	c 30 Jun 24	d 04 Apr 24	e 31 Dec 23
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	**13,184**			14,737	
2	Tier 1 capital	**14,662**			16,073	
3	Total capital	**15,845**			17,747	
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	**57,327**			54,575	
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	**23.0**			27.0	
6	Tier 1 ratio (%)	**25.6**			29.5	
7	Total capital ratio (%)	**27.6**			32.5	
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
UK 7a	Additional CET1 SREP requirements (%)	**2.8**			2.9	
UK 7b	Additional AT1 SREP requirements (%)	**0.9**			1.0	
UK 7c	Additional T2 SREP requirements (%)	**1.2**			1.2	
UK 7d	Total SREP own funds requirements (%)	**12.9**			13.1	
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	**2.5**			2.5	
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	**–**			–	
9	Institution specific countercyclical capital buffer (%)	**2.0**			2.0	
UK 9a	Systemic risk buffer (%)	**–**			–	
10	Global Systemically Important Institution buffer (%)	**–**			–	
UK 10a	Other Systemically Important Institution buffer	**–**			1.0	
11	Combined buffer requirement (%)	**4.5**			5.5	
UK 11a	Overall capital requirements (%)	**17.4**			18.6	
12	CET1 available after meeting the total SREP own funds requirements (%)	**14.7**			19.4	
	Leverage ratio					
13	Total exposure measure excluding claims on central banks	**262,295**			249,476	
14	Leverage ratio excluding claims on central banks (%)	**5.6**			6.4	
	Additional leverage ratio disclosure requirements				–	
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	**5.6**			6.4	
14b	Leverage ratio including claims on central banks (%)	**5.1**			5.9	
14c	Average leverage ratio excluding claims on central banks (%)	**5.5**			6.0	
14d	Average leverage ratio including claims on central banks (%)	**5.1**			5.3	
14e	Countercyclical leverage ratio buffer (%)	**0.7**			0.7	
	Liquidity Coverage Ratio[1]					
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	**50,183**			56,061	
UK 16a	Cash outflows - Total weighted value	**30,276**			31,514	
UK 16b	Cash inflows - Total weighted value	**2,156**			1,987	
16	Total net cash outflows (adjusted value)	**28,120**			29,527	
17	Liquidity coverage ratio (%)	**179**			191	
	Net Stable Funding Ratio[1]					
18	Total available stable funding	**245,846**			245,157	
19	Total required stable funding	**165,058**			162,366	
20	NSFR ratio (%)	**149**			151	

Notes:
[1] The Liquidity Coverage and Net Stable Funding Ratios are calculated as a simple average of twelve month end and four quarter end observations respectively
[2] The disclosure of the Individual consolidation has previously been presented annually but will be disclosed quarterly in future following the Virgin Money acquisition

Key ratio movements in the period at Nationwide Individual level primarily relate to the acquisition of Virgin Money on 1 October 2024. The acquisition led to an investment in subsidiary deduction from own funds of £2.1 billion, an RWA of £3.8 billion, as well as an additional leverage exposure of £1.5 billion.

4.2 UK OV1 - Overview of risk weighted exposure[1]

UK OV1 – Overview of risk weighted exposure amounts (Individual)		a	b	c
		Individual		
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
£m		31 Dec 24	04 Apr 24	31 Dec 24
1	**Credit risk (excluding CCR)**	**49,668**	47,116	**3,973**
2	Of which the standardised approach	**4,124**	3,754	**330**
3	Of which the foundation IRB (FIRB) approach	**3,279**	3,293	**262**
4	Of which slotting approach	**413**	473	**33**
UK 4a	Of which equities under the simple riskweighted approach	**3,817**	201	**305**
5	Of which the advanced IRB (AIRB) approach	**38,035**	39,395	**3,043**
6	**Counterparty credit risk - CCR**	**665**	777	**53**
7	Of which the standardised approach	**218**	273	**18**
8	Of which internal model method (IMM)	**–**	–	**–**
UK 8a	Of which exposures to a CCP	**148**	137	**12**
UK 8b	Of which credit valuation adjustment - CVA	**293**	362	**23**
9	Of which other CCR	**6**	5	**–**
15	**Settlement risk**	**–**	–	**–**
16	**Securitisation exposures in the non-trading book (after the cap)**	**168**	184	**13**
17	Of which SEC-IRBA approach	**–**	–	**–**
18	Of which SEC-ERBA (including IAA)	**168**	184	**13**
19	Of which SEC-SA approach	**–**	–	**–**
UK 19a	Of which 1250%/ deduction	**–**	–	**–**
20	**Position, foreign exchange and commodities risks (Market risk)**	**328**	–	**26**
21	Of which the standardised approach	**328**	–	**26**
22	Of which IMA	**–**	–	**–**
UK 22a	**Large exposures**	**–**	–	**–**
23	**Operational risk**	**6,498**	6,498	**520**
UK 23a	Of which basic indicator approach	**–**	–	**–**
UK 23b	Of which standardised approach	**6,498**	6,498	**520**
UK 23c	Of which advanced measurement approach	**–**	–	**–**
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**4,231**	306	**338**
29	**Total**	**57,327**	54,575	**4,585**

Notes:
[1] Specific rows of this table have not been presented as they are not applicable in the UK

5 Annex XIII | Liquidity requirements (Individual)

5.1 UK LIQB – Qualitative information on LCR, which complements template UK LIQ1

(a) Main drivers of LCR results

Nationwide's LCR is driven by a combination of the size of the liquid asset buffer, modelled stressed retail net outflows, wholesale funding requirements from upcoming maturities and collateral outflows that could arise in a stress. As Nationwide is predominantly retail funded, retail deposit outflows continue to be the largest contributor to net outflows in the LCR.

(b) Explanations on the changes in the LCR over time

The 12-month average LCR has declined reflecting lower liquid asset balances offset by a decrease in net cash outflow requirements. Liquid asset balances declined following the repayment of some of Nationwide's drawings from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) and the completion of Nationwide's acquisition of Virgin Money. Lower net cash outflow requirements reflect lower unsecured debt (row 8) and derivative exposure and other collateral outflows (row 11), offset by higher requirements for retail deposits (rows 2-4) and contingent funding obligations (row 15).

(c) Explanations on the actual concentration of funding sources

Nationwide is predominantly retail deposit funded and also has a wholesale funding platform which comprises a range of secured and unsecured instruments to ensure that a stable and diversified funding base is maintained across a range of instruments, currencies, maturities and investor types.

(d) High-level description of the composition of the institution's liquidity buffer

Nationwide's liquid assets, which predominantly comprise reserves held at central banks and highly rated debt securities issued or guaranteed by a restricted range of governments, central banks and supranationals, are held and managed centrally by its Treasury function. The assets held in the liquid asset buffer are primarily Sterling, US dollar and Euro.

(e) Derivative exposures and potential collateral calls

The Society only uses derivatives to manage and mitigate exposures to market risks, and not for trading or speculative purposes. The LCR net cash outflows related to derivative transactions primarily reflects the risk of potential additional collateral outflows due to adverse market rate changes. Credit ratings downgrades by external credit rating agencies could also lead to collateral outflows which are considered when determining LCR outflows.

(f) Currency mismatch in the LCR

Liquid assets are primarily denominated in Sterling, US dollar or Euro, with the currency mix of the liquid asset buffer being subject to internal risk limits and policy requirements. This ensures that no undue level of currency mismatch arises between the currency composition of the liquid asset buffer and currency profile of stressed outflows in the LCR.

(g) Other items in the LCR calculation that are not captured in the LCR disclosure template

There are no other relevant items.

5.2 UK LIQ1 – Quantitative information of LCR

UK LIQ1 - Quantitative information of LCR (Individual)									
		a	b	c	d	e	f	g	h
£m		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on (DD Month YYY)	**31 Dec 24**	30 Sep 24	30 Jun 24	04 Apr 24	**31 Dec 24**	30 Sep 24	30 Jun 24	04 Apr 24
UK 1b	Number of data points used in the calculation of averages	**12**	12	12	12	**12**	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets (HQLA)**					**50,183**	53,539	54,361	56,061
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	**199,534**	196,834	194,446	192,440	**12,040**	11,747	11,364	11,311
3	*Stable deposits*	**131,112**	130,620	132,059	133,057	**6,556**	6,531	6,603	6,653
4	*Less stable deposits*	**43,260**	41,298	38,331	37,333	**5,479**	5,209	4,750	4,645
5	Unsecured wholesale funding	**7,895**	8,531	8,578	9,654	**7,138**	7,898	7,954	9,016
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	**–**	–	–	–	**–**	–	–	–
7	*Non-operational deposits (all counterparties)*	**2,315**	2,260	2,405	2,614	**1,558**	1,627	1,781	1,976
8	*Unsecured debt*	**5,580**	6,271	6,173	7,040	**5,580**	6,271	6,173	7,040
9	Secured wholesale funding					**58**	74	90	105
10	Additional requirements	**11,206**	12,041	12,069	12,261	**7,501**	8,267	8,281	8,386
11	*Outflows related to derivative exposures and other collateral requirements*	**7,098**	7,853	8,143	8,394	**6,698**	7,438	7,681	7,819
12	*Outflows related to loss of funding on debt products*	**213**	239	255	231	**213**	239	255	231
13	*Credit and liquidity facilities*	**3,895**	3,949	3,671	3,636	**590**	590	345	336
14	Other contractual funding obligations	**203**	224	226	262	**45**	65	65	101
15	Other contingent funding obligations	**21,670**	20,325	19,189	18,270	**3,494**	3,136	2,837	2,595
16	**TOTAL CASH OUTFLOWS**					**30,276**	31,187	30,591	31,514
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	**4,109**	4,080	3,247	1,530	**204**	202	210	152
18	Inflows from fully performing exposures	**2,010**	1,992	1,955	1,884	**1,662**	1,640	1,601	1,524
19	Other cash inflows	**290**	376	359	311	**290**	376	359	311
UK-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					**–**	–	–	–
UK-19b	(Excess inflows from a related specialised credit institution)					**–**	–	–	–
20	**TOTAL CASH INFLOWS**	**6,409**	6,448	5,561	3,725	**2,156**	2,218	2,170	1,987
UK-20a	*Fully exempt inflows*	**–**	–	–	–	**–**	–	–	–
UK-20b	*Inflows subject to 90% cap*	**–**	–	–	–	**–**	–	–	–
UK-20c	*Inflows subject to 75% cap*	**6,409**	6,448	5,561	3,725	**2,156**	2,218	2,170	1,987
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER					**50,183**	53,539	54,361	56,061
22	TOTAL NET CASH OUTFLOWS					**28,120**	28,969	28,421	29,527
23	**LIQUIDITY COVERAGE RATIO**					**179**	186	192	191

6 Annex XXI | IRB approach to credit risk (Individual)

6.1 UK CR8 - RWEA flow statements of credit risk exposures under the IRB approach

UK CR8 – RWEA flow statements of credit risk exposures under the IRB approach (Individual)

£m		a **Risk weighted exposure amount**
1	**Risk weighted exposure amount at 30 September 2024**	**41,667**
2	Asset size (+/-)	247
3	Asset quality (+/-)	(577)
4	Model updates (+/-)	394
5	Methodology and policy (+/-)	–
6	Acquisitions and disposals (+/-)	3,813
7	Foreign exchange movements (+/-)	–
8	Other (+/-)	–
9	**Risk weighted exposure amount at 31 December 2024**	**45,544**

RWAs in relation to exposures risk weighted under the IRB approach increased in the period predominately due to the acquisition of Virgin Money which gave rise to an investment in subsidiary RWA shown under row 6. The model update increase was due to a temporary model adjustment applied to the Social Housing portfolio as a result of model recalibration planned during 2025. The asset size increase was due to an increase in residential mortgage balances.