Nationwide
Building Society

Annual Results Presentation

For the year ended 4 April 2020

Update on Covid-19

Nationwide
Building Society

Nationwide's response to Covid-19 is focused on mutual support

Nationwide is financially strong and we are committed to supporting our members, employees and wider society through the challenging times ahead

UK leverage ratio:

4.7%

Common Equity Tier 1 (CET1) ratio:

2014 14.5%

2020 31.9%

Strong performance in the 2019 Bank of England Stress Test

Liquidity Coverage Ratio

152%	163%
(12 month average)	(spot)

Low risk balance sheet: **94%** of lending secured on residential property (average LTV of 58%)[1]

Some of the ways we're supporting our members, employees, suppliers and communities

Members

- c218k borrowers on mortgage payment holidays (c14% of mortgage holders); c62k borrowers on payment holidays across loans, credit cards and on interest-free periods on overdrafts[2]
- Maintaining essential services to support our members[3]:
  - 95% of our branch network remains open
  - 400 branches handling 9,000 daily calls, alongside call centre
- Extending our support package into 2021 – including our commitment not to repossess the home of any mortgage member over the next 12 months, if they are in arrears due to Covid-19[4]

Employees

- Pledging to no compulsory redundancies in 2020, to reduce uncertainty at this difficult time
- >11,000 (c60%) of employees working from home[3]; split-site working where it is not feasible

Suppliers

- Paying our micro and SME suppliers within 10 days to protect their cashflow and survival

Communities

- Donated TV advertising space to Shelter, and funding extra advisors at Shelter to help more people with housing, debt and welfare issues[4]

[1] LTV is calculated on an indexed basis (see slide 40). [2] Data as at 30 April. [3] Data as at 20 May. [4] For further detail, see slide 30.

Nationwide Building Society

Highlights

Building society, nationwide

Building PRIDE

Creating the right culture where colleagues can thrive, and building skills and talent for the future, to do the best for our members

Building Legendary Service

Striving to serve our members better every day

Building a National Treasure

Making a difference in our communities and being recognised as a responsible, sustainable and caring provider of financial services

Building Thriving Membership

Deepening our relationships with our members and helping more members make more of their money

Built to Last

Remaining resilient and safeguarding our members' money and information

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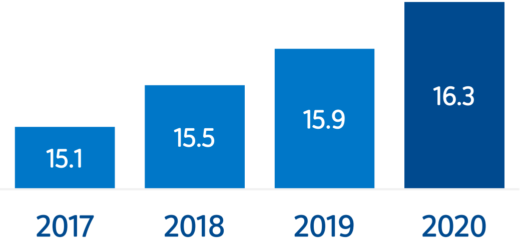
Our Society has grown strongly for the past three years

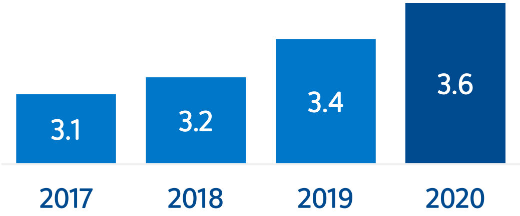
More than 1m new members

Total membership (m)



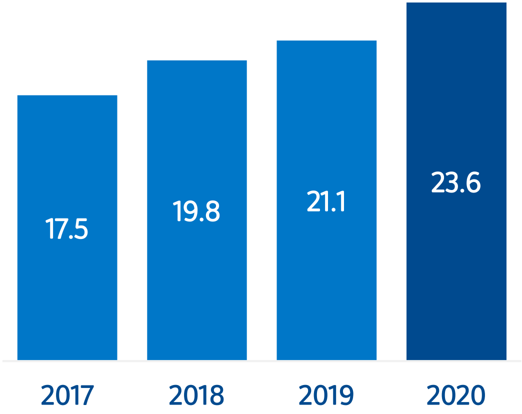
Around 15% growth in committed members

Committed membership (m)[1]



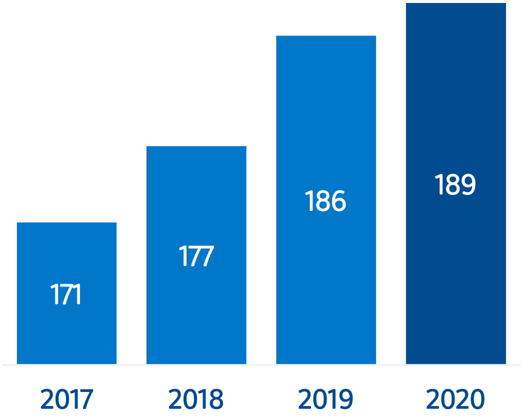
35% growth in current account balances

Current account credit balances (£bn)



Continued growth in mortgages

Residential mortgage balances (£bn)



[1] Committed members are defined on slide 40.

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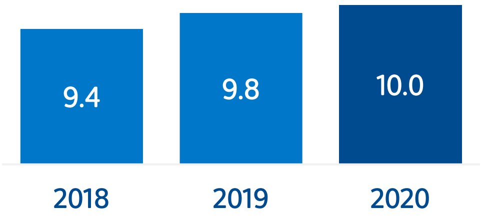
Last year, we chose to moderate the pace of growth in our core products

Current account openings remain robust as we grow market share

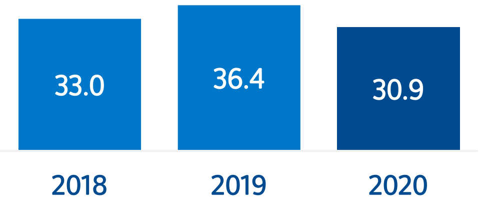
Current accounts opened ('000)

Market share of all current accounts[1] (%)

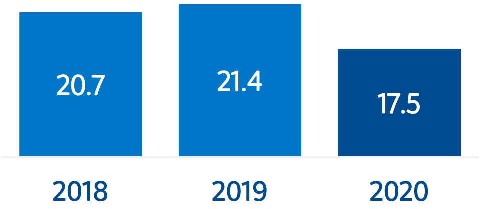


Mortgage lending in line with expectations, as we continue to support First Time Buyers

Gross mortgage lending (£bn)

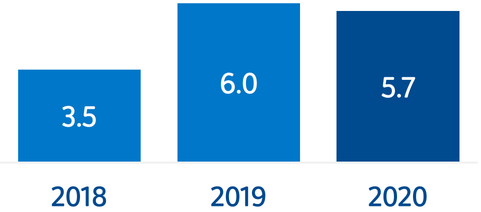


Market share of first time buyers[2] (%)

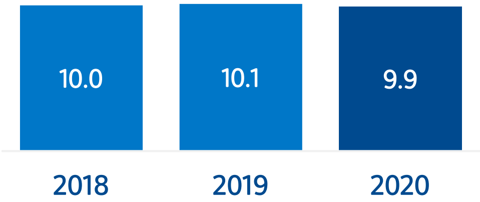


Growth in member deposits maintains steady market share

Change in deposit balances (£bn)



Market share of stock of deposits[3] (%)



[1] CACI (February 2020). [2] UK Finance and Nationwide calculations. Share of number of loans to FTBs. [3] Bank of England and Nationwide calculations.

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We are delivering on our commitments today as we put members first

Key performance indicators

	Measure	Target	FY19/20 performance
Outstanding service	Customer satisfaction	FRS: 1st + 4.0%pts in our peer group	1st + 5.4%pts[1]
		UKCSI: Top 5	4th[2]
Value for members	Member financial benefit[3]	At least £400m	£715m
	Engaged members[3]	10m by 2022	9.4m
	Committed members[3]	4m by 2022	3.6m
Financial strength	UK leverage ratio	> 4.5%	4.7%

How we're supporting members

- **Supporting members' needs through propositions:**
  - Pay Day Save Day campaign to encourage good savings habits, and launch of Start to Save and ISA Prize Draw accounts.
  - First high street lender to offer a comprehensive range of later life mortgages[4].
- **Investing in our service:**
  - Re-engineering our digital experiences for mortgages and transactional banking, and improving operational resilience.
  - Opened premises for in-house technology hubs.
  - c200 branches refurbished since 2017.

[1] © Ipsos MORI 2020, Financial Research Survey (FRS) measure (see slide 40). [2] Institute of Customer Service UK Customer Satisfaction Index (UKCSI) as at January 2020. [3] Definitions on slide 40. [4] Covid-19 has meant we have had to pause offering our later life mortgage range, however these remain an important part of our plans going forward.

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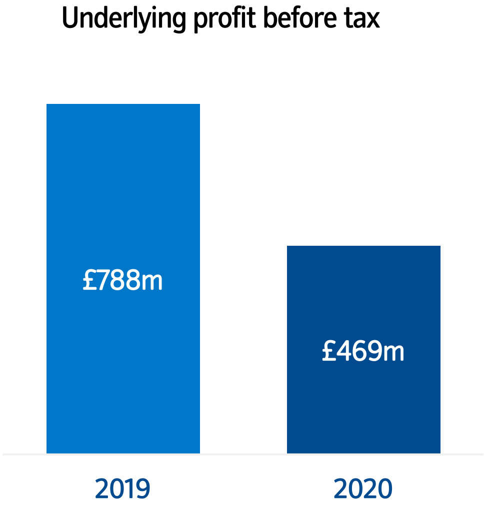
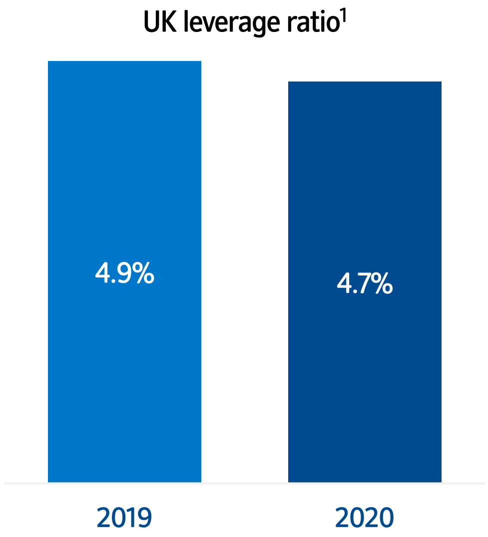
Profit decline, but we remain in a position of financial strength



Underlying profit before tax of £469m reflects the impact of:

- active choices to deliver more value to members and invest in the long-term future of the Society, and additional costs relating to legacy PPI claims
- a £101m increase in expected credit losses associated with the impacts of Covid-19
- lower net interest income following the Bank base rate reduction
- costs of our decision not to progress our business banking proposition



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[1] 2020 UK leverage ratio of 4.7% comprises £10.7bn (4.43%) of CET1 and £0.6bn (0.25%) of AT1; 2019 UK leverage ratio of 4.9% comprises £10.5bn of CET1 (4.47%) and £1.0bn (0.42%) of AT1.

Highlights

No.1
for customer satisfaction amongst our peer group[1]

UK's most trusted financial brand[2]

Banking Brand of the Year 2019
for the third year

Awards 2019
Which?
Banking Brand of the Year

16.3 million members
2019: 15.9 million

Helped more than **1 in 6**
first-time buyers into a home of their own
2019: 1 in 5

SOLD

More than **1 in 6**
current account switchers came to us[3]
2019: 1 in 5

£469 million
underlying profit
2019: £788 million

£466 million
statutory profit
2019: £833 million

£715 million
member financial benefit,
from incentives and better pricing than the market average[4]
2019: £705 million

4.7%
UK leverage ratio
2019: 4.9%

Made a
£1 billion
loan fund available to incentivise greener homes[5]

We awarded
£5.5 million
in grants to 135 charitable housing projects across the UK

We will help members
stay in their homes
where they are in financial difficulty caused by Covid-19[6]

[1] © Ipsos MORI 2020, Financial Research Survey (FRS) measure (see slide 40). [2] Nationwide Brand Guidance Study (see slide 40). [3] Pay.UK monthly CASS data, 12 months to March 2020. [4] Member financial benefit defined on slide 40. [5] For more information, see slide 34. [6] For more information, see slide 30.

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Financials

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Our profits reflect the impact of sustained competition, increased investment, PPI and the impact of Covid-19

£ million	2019	2020
Underlying income	3,170	3,046
Underlying costs	(2,254)	(2,312)
Impairments	(113)	(209)
Other provisions	(15)	(56)
Underlying profit	**788**	**469**
Other items	45	(3)
Statutory profit	**833**	**466**
Underlying cost income ratio	71.1%	75.9%

- Underlying income has reduced reflecting sustained competition in our core mortgage markets and the fall in the Bank base rate.
- Underlying costs increased by £58m (3%), reflecting the impact of strategic investment and the costs of our decision not to progress our business banking proposition.
- Impairments of £209m include an additional £101m for an increase in expected credit losses associated with Covid-19.
- Other provisions of £56m are largely additional PPI charges.
- £715m of member financial benefit (2019: £705m).

Other items (£ million)	2019	2020
FSCS release	9	4
Gains from derivatives and hedge accounting	36	(7)
Total	**45**	**(3)**

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Maintaining a low risk, strongly capitalised balance sheet

£ billion	04 Apr 19	04 Apr 20	%
Residential mortgages[1]	185.8	188.6	76
Retail unsecured	4.2	4.5	2
Other lending[2]	9.1	7.9	3
Liquidity[3]	32.7	37.4	15
Other assets	6.5	9.6	4
Assets	**238.3**	**248.0**	**100**
Retail deposits[4]	154.0	159.7	65
Wholesale funding	61.2	62.3	25
Other liabilities	3.0	3.5	1
Capital & reserves[5]	20.1	22.5	9
Liabilities	**238.3**	**248.0**	**100**

- Balance sheet growth driven by net mortgage lending of £2.8bn and an increase in cash and collateral held.
- Low risk balance sheet: 94% of lending secured on low risk residential property (average LTV of 58%)[6].
- Capital position remains strong with our CET1 and UK leverage ratios at 31.9% and 4.7% respectively.

Key ratios (%)	04 Apr 19	04 Apr 20
Liquidity coverage ratio	150.2	163.1
CET1 ratio	32.2	31.9
UK leverage ratio	4.9	4.7

[1] Balances are shown net of provisions. [2] Other lending as at 4 April 2020 comprises £6.0bn (4 April 2019: £6.7bn) of lending to Registered Social Landlords and £1.9bn (4 April 2019: £2.4bn) of Other Commercial lending. Other Commercial lending compromises of Commercial Real Estate and Project Finance. [3] Treasury assets (including liquidity portfolio). [4] Shares (member deposits). [5] Total members' interests, subordinated liabilities and subscribed capital. [6] LTV is calculated on an indexed basis (slide 40).

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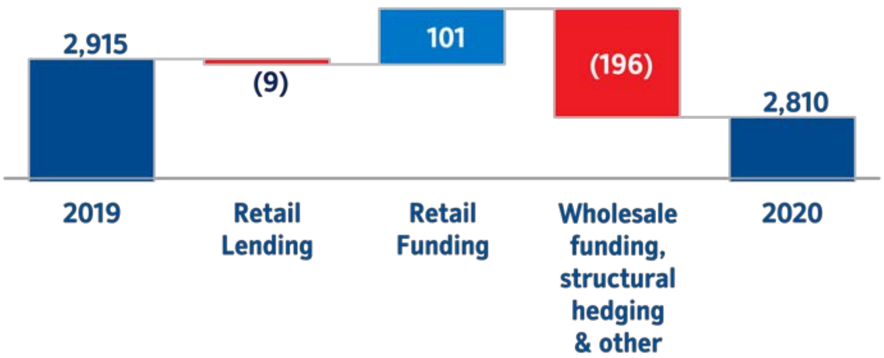
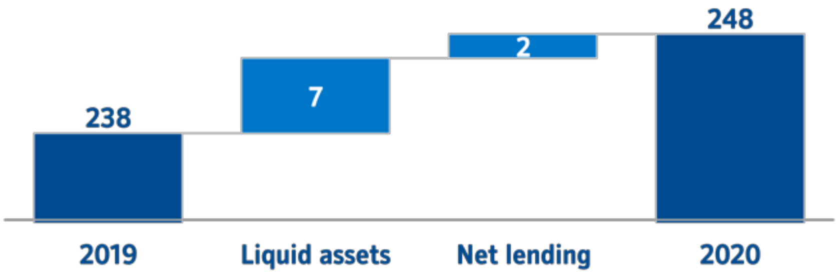
Net interest margin has decreased as a result of continued competition in core retail markets

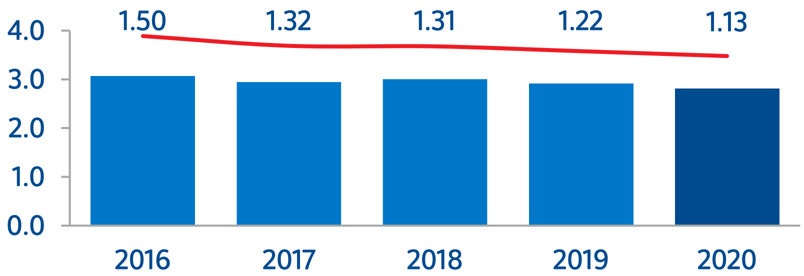
Net interest income drivers[1] (£m)

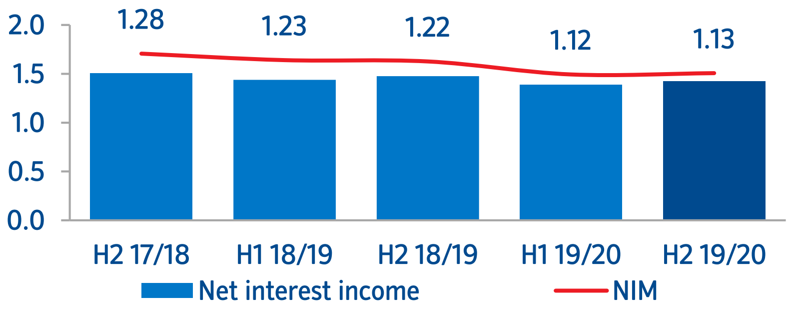


Average assets (£bn)



Net interest income (£bn) & net interest margin (%)[1]





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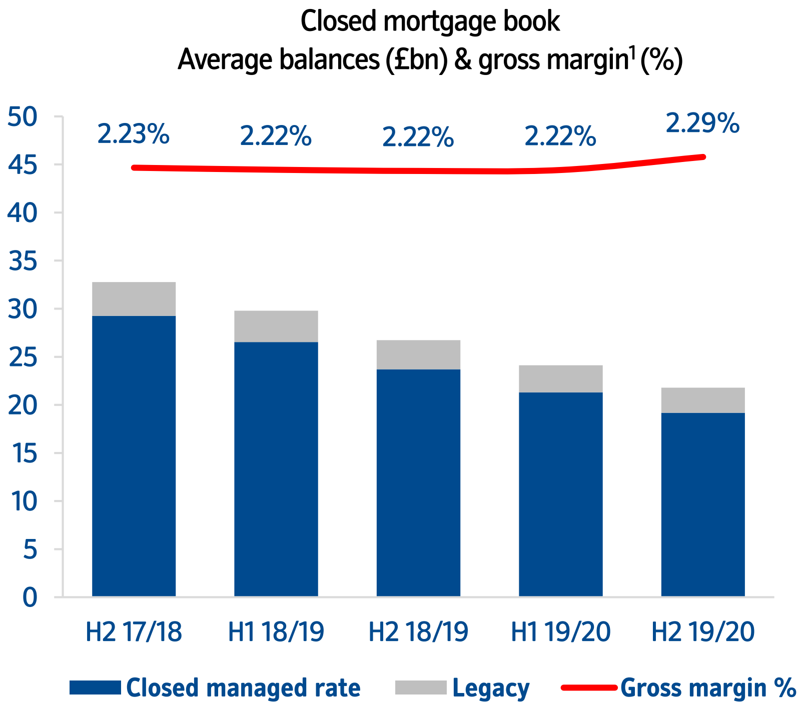
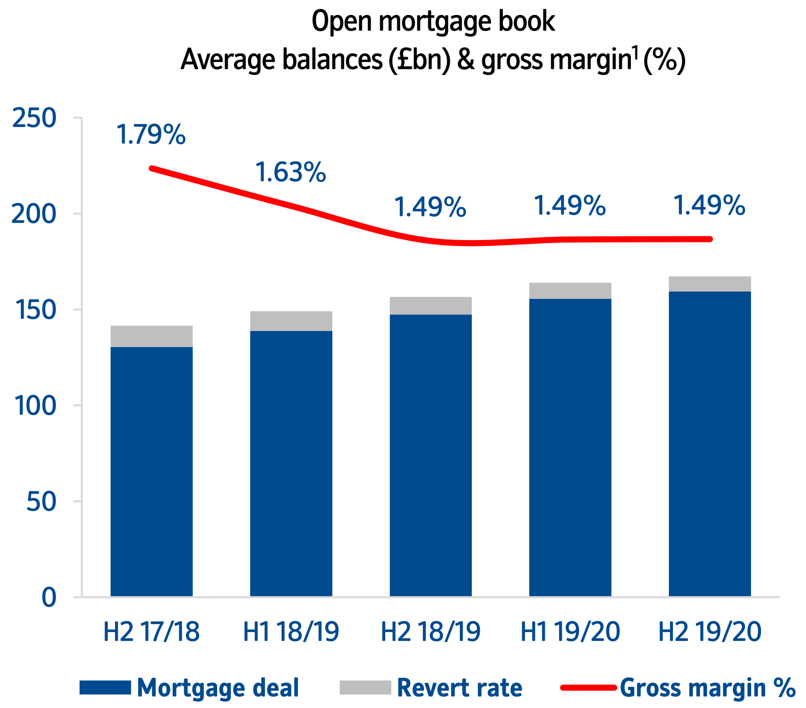
[1] The opportunity has been taken to reclassify certain items previously included within net interest income to reflect better the nature of the transactions. As a result, gains and losses recognised on the disposal of investment securities classified as FVOCI are now presented within net other income, as opposed to net interest income. Gross margin has been restated from a LIBOR to SONIA basis for prior periods.

As the managed rate book runs off, margin optimisation in H2 sees new business margins stabilise





[1] Gross margin has been restated from a LIBOR to SONIA basis for prior periods. Gross margin for closed mortgage books in H2 2019/20 increased largely due to the reprice lag on the Bank base rate cut to 10bps from 75bps. This was fully passed on to these propositions by 1 May.

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Our cost profile reflects our investment in our future

£ million	FY 17/18	FY 18/19	FY 19/20
Investment and Depreciation	593	769	880
Nationwide for Business	-	13	88[1]
DB Pension	-	-	(104)
Business as Usual	1,431	1,472	1,448
Total	**2,024**	**2,254**	**2,312**

£ million	H1 17/18	H2 17/18	H1 18/19	H2 18/19	H1 19/20	H2 19/20
Invest. & Dep'n	287	306	398	371	396	484
Nationwide for Bus.	-	-	2	11	22	66
DB Pension	-	-	-	-	-	(104)
Business as Usual	679	752	700	772	707	741
Total	**966**	**1,058**	**1,100**	**1,154**	**1,125**	**1,187**

- Growth in cost is attributable to the impact of strategic investment, including a charge of £124m for impairments and write-offs of technology assets (2018/19: £115m).
- The £88m of costs for Nationwide for Business included £38m of closure related costs.
- These are in part offset by the one-off benefit from our closure decision on the Defined Benefit Pension Scheme.
- BAU costs were broadly flat.

[1] Includes £50m for in year development and run costs and £38m of closure related costs.

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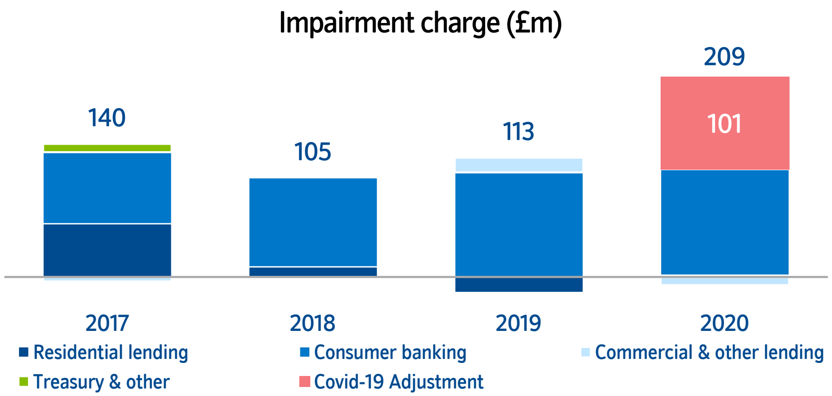
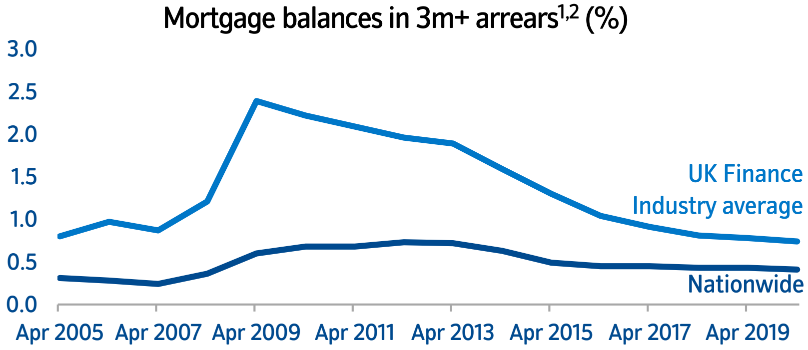
Pre-Covid-19 asset quality remains strong

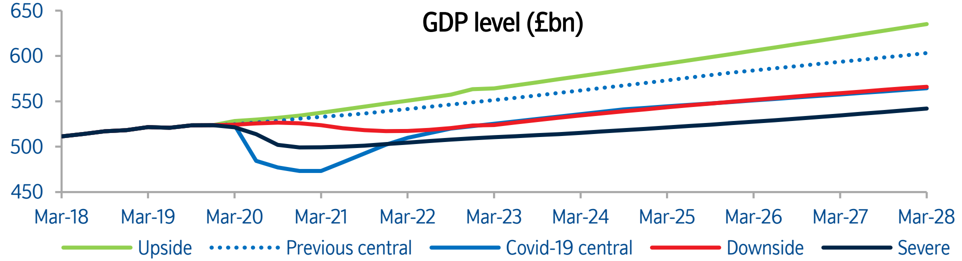


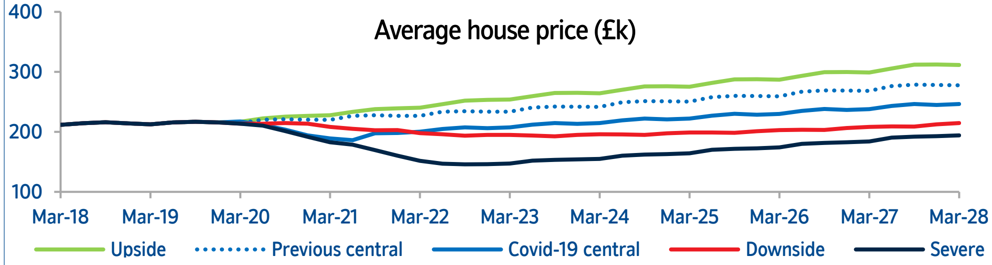


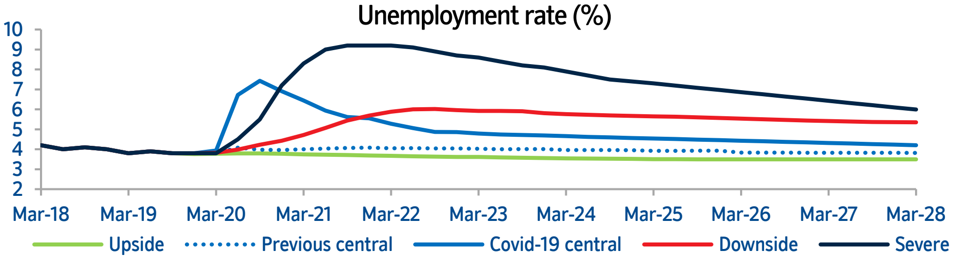
Retail lending	Residential		Unsecured	
	04 Apr 19	04 Apr 20	04 Apr 19	04 Apr 20
Total balances (£m)	186,012	188,839	4,586	4,994
Provision balances (£m)	206	252	418	494
3m+ arrears[1] (%)	0.43	0.41	1.35	1.22
3m+ arrears industry average[2] (%)	0.78	0.74		
Total negative equity balances (£m)	203	187		
Negative equity (£m)	30	27		

[1] Residential: Proportion of residential mortgage accounts more than 3 months in arrears. Unsecured: percentage of balances, exc. charge offs. [2] Source: UK Finance, 3m+ arrears balance divided by latest contractual payment.

£101m additional provision has been recognised as a result of Covid-19







- We have used a Covid-19 central economic scenario with a peak unemployment rate of 7.4%, a fall in house prices of 13.8% and GDP fall of 9.6%.
- This scenario has been run through our IFRS 9 models.
- The central scenario is weighted 50%, with 35% attached to the downside, 10% to the severe downside and 5% to the upside.
- We have then calculated a specific overlay for payment holidays using the new central scenario and stressed probabilities of default.
- Expected loss increased by £101m (15%).

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IFRS 9 staging and provisioning remained stable pre-Covid-19

	Residential mortgages[1]						Unsecured					
	04 Apr 19			04 Apr 20			04 Apr 19			04 Apr 20		
	Balance (£m)	Share of book (%)	Provision coverage (%)	Balance (£m)	Share of book (%)	Provision coverage (%)	Balance (£m)	Share of book (%)	Provision coverage (%)	Balance (£m)	Share of book (%)	Provision coverage (%)
Stage 1	176,023	95	0.02	177,754	94	0.02	3,538	77	0.8	3,857	77	0.8
Stage 2	8,479	5	1.5	9,595	5	1.3	761	17	17.3	827	17	17.1
of which: >30 dpd	*480*			*514*			*18*			*23*		
Stage 3 and POCI	1,438	<1	2.9	1,419	1	2.5	287	6	90.1	310	6	89.4
of which: >90 dpd or in possession	*760*			*732*			*59*			*58*		
of which: charged off accounts	*n.a.*			*n.a.*			*209*			*235*		
Total[2]	**185,940**		**0.11**	**188,768**		**0.13**	**4,586**		**9.1**	**4,994**		**9.9**
Memo: Stage 3 coverage exc. charged off accounts (%)			*n.a.*			*n.a.*			*74*			*72*

[1] This table excludes Fair Value through Profit or Loss (FVTPL) balances which totalled £71m as at 4 April 2020 (4 April 2019: £72m). [2] The total 4 April 2020 provision coverage ratio includes the additional Covid-19 provision adjustments.

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A high level of support has been provided to our borrowers during Covid-19

	Payment and Interest Holidays granted due to Covid-19							
	Used to calculate provision				Received to 30 Apr 20			
	Volume ('000s)	Balance (£m)	Share of book (%)[2]	Weighted Average LTV (%)	Volume ('000s)	Balance (£m)	Share of book (%)[2]	Weighted Average LTV (%)
Prime	167	23,541	16	63	180	25,396	17	62
Specialist	37	5,037	13	61	38	5,319	14	61
Total Residential	**204**	**28,578**	**15**	**62**	**218**	**30,715**	**16**	**62**
Total Unsecured	**54**	**297**	**6**	**-**	**62**	**344**	**8**	**-**
Commercial real estate[1]	**0.1**	**214**	**21**	**45**	**0.2**	**398**	**40**	**42**

- Of the total residential payment holidays used to calculate provision, £315m are in Stage 3 (inc. POCI), representing 1.1% of total payment holidays granted. The percentage of Stage 3 (inc. POCI) balances which have been granted a payment holiday is 22%.
- Of the total unsecured payment and interest holidays used to calculate provision, less than £1m are in Stage 3.
- No commercial real estate cases which have been granted payment holidays are in Stage 3.

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[1] No Covid-19 concessions have been granted to project finance or registered social landlord customers, therefore the table above includes only commercial real estate. [2] Share of book (%) has been calculated on a balance basis.

Customer redress charge driven by pre-deadline surge in PPI enquiries

Customer redress charge

	£ million
At 5 April 2019	**159**
Provision utilised	(101)
Charge for the period	*75*
Release for the period	*(19)*
Net income statement charge	56
At 4 April 2020	**114**

- Provisions of £114m (4 April 2019: £159m) reflect PPI and other conduct issues relating to administration of customer accounts, non-compliance with consumer credit legislation and other regulatory matters.
- Our net income statement charge of £56m (2018/19: £15m) primarily reflects an additional £39m charge relating to PPI, due to higher than anticipated complaints resulting from the FCA's August 2019 deadline[1].

[1] Nationwide continues to account for only c.1% of PPI complaints industry-wide and ceased the sale of these products in 2012.

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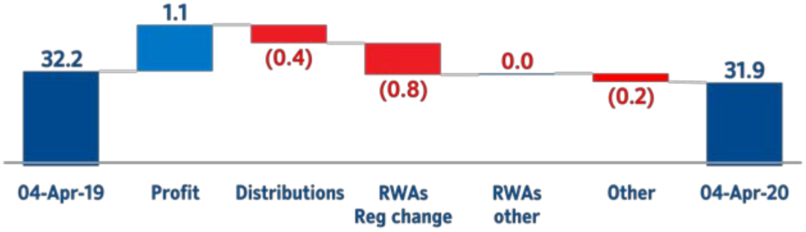
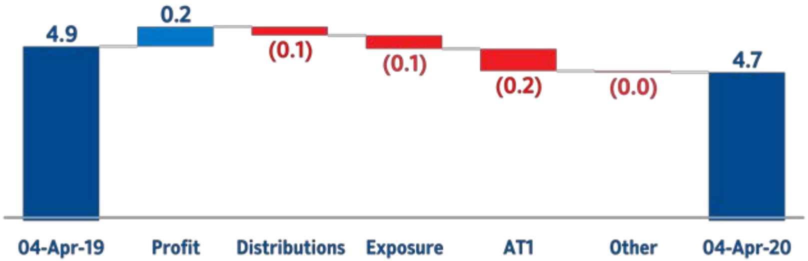
We remain strongly capitalised

Profits support lending growth

Movement in CET1 ratio[1,2,3] (%)

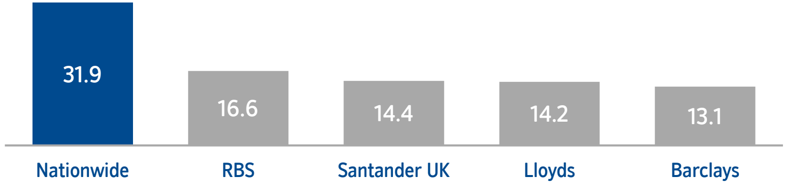


Movement in UK leverage ratio[1,3] (%)

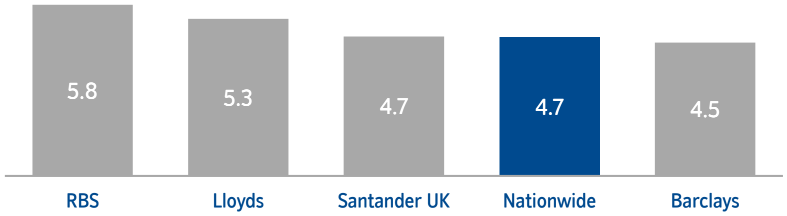


Continue to benchmark well against peers

Peer group CET1 ratios[4] (%)



Peer group UK leverage ratios[4] (%)



[1] Capital ratios include the presumption that the CCDS distribution will be paid at the end of June. Excluding IFRS transitional arrangements the CET1 ratio and UK leverage ratio would equal 31.7% and 4.6% respectively. [2] 'RWAs Reg change' relates to application of the STS securitisation framework and change in accounting for leases following the adoption of IFRS 16. [3] 'Other' relates to the impact of changes in Intangible Assets, Pensions (excl. impact on profits), FVOCI reserve & PVA. [4] Peer group as at 31 Mar 2020 on an end point basis where published.

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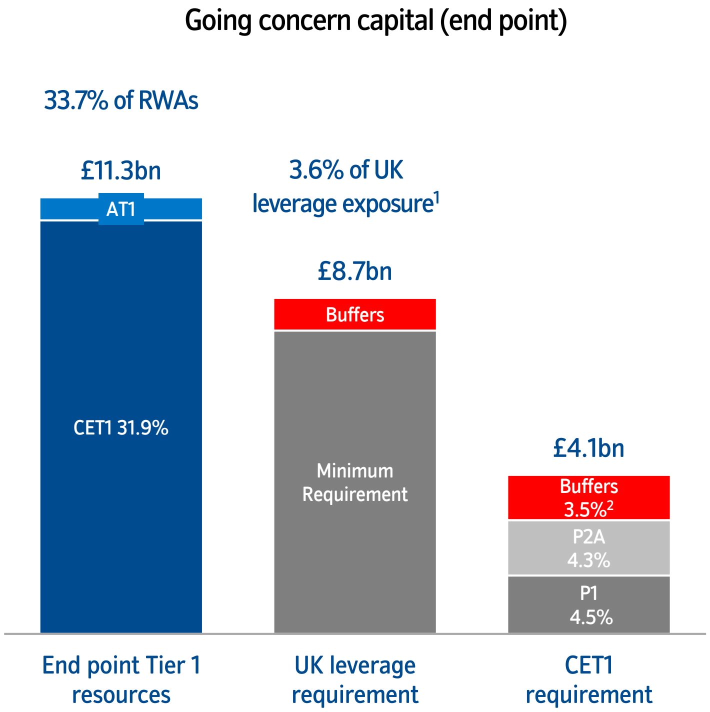
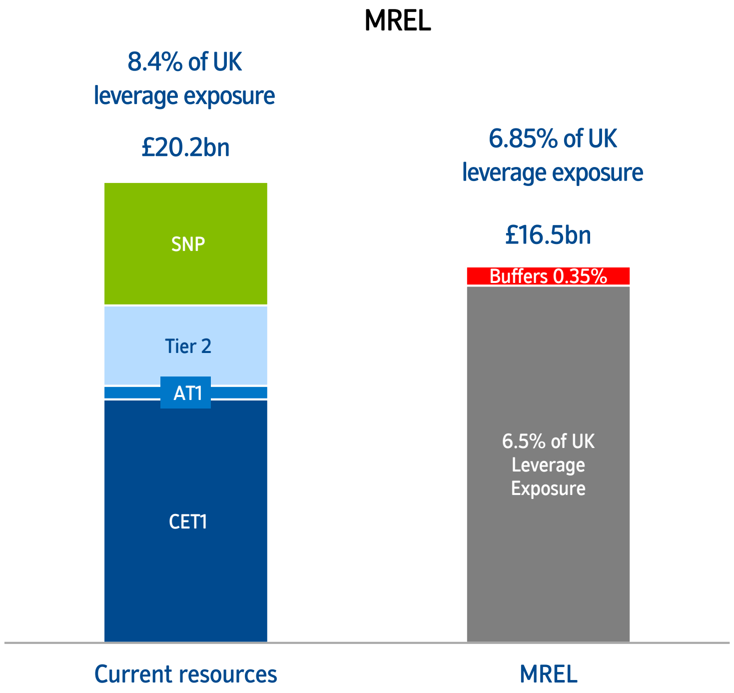
We meet all existing capital requirements



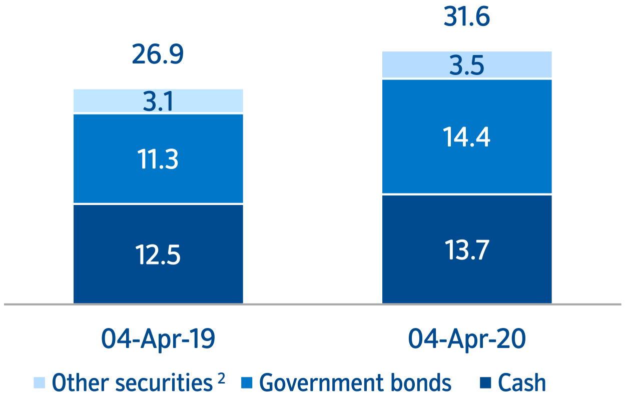


[1] Leverage requirements comprise of a 3.25% minimum & 0.35% additional leverage ratio buffer (ALRB). [2] Reflecting the capital conservation buffer of 2.5% and a 1% systemic risk buffer.

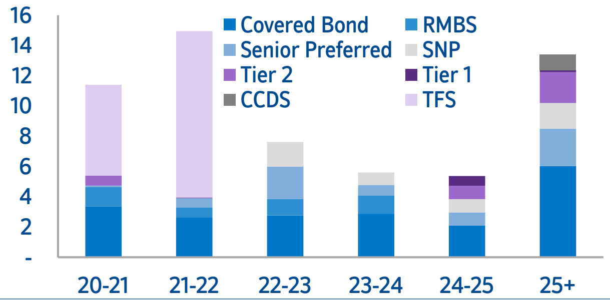
Nationwide Building Society

Our liquidity position further supports our financial strength

High quality liquid asset buffer[1] (£bn)



Wholesale Maturities by Financial Year[1] (£bn)



- Liquid assets increased during the period by £4.7bn to £31.6bn (4 April 2019: £26.9bn), a result of pre-funding wholesale maturities.
- The LCR at 4 April increased to 163% (4 April 2019: 150%) and is likely to remain elevated for the near term.
- The Society will participate in the TFSME to manage liquidity, support lending and refinance TFS maturities as they become due. Drawing capacity under the new scheme is c. £20bn, exceeding term wholesale redemptions due in the next two years.

Key ratios (%)	04 Apr 19	04 Apr 20
Liquidity coverage ratio *(12m average)*	143	152
Liquidity coverage ratio *(spot)*	150	163
Net stable funding ratio	130	134

LCR = Liquidity Coverage Ratio, TFS = Bank of England Term Funding Scheme, TFSME = Bank of England Term Funding Scheme with additional incentives for SMEs. [1] All figures sterling equivalent. [2] Balances include all RMBS held by the Society which can be monetised through sale or repo.

Nationwide Building Society

Summary

Building Society

Building society, nationwide

Building PRIDE

Opened a dynamic workspace in Swindon, and in 2020 are due to open one in London, for in-house digital innovation

Employee engagement: 77% (2%pts below high-performing benchmark; 8%pts above Financial Services benchmark)

Our response to Covid-19:
- pledge to no compulsory redundancies in 2020

Building Legendary Service

No. 1 for customer satisfaction amongst peer group[1]

Ranked 4th in all-sector UK Customer Satisfaction Index[2]

Which? Banking Brand of the Year 2019

Our response to Covid-19:
- 95% of branches remain open
- members supported in digital conversations

Building a National Treasure

UK's most trusted financial brand[3]

£5.5m in grants to fund 135 housing projects

Made a £1bn loan fund available to incentivise greener homes[4]

Our response to Covid-19:
- donated TV advertising space to Shelter
- removed restrictions on charity grants

Building Thriving Membership

16.3m members; 3.6m committed members[5]

1 in 6 current account switchers[6]

First high street lender to offer a comprehensive range of retirement mortgages

Our response to Covid-19:
- c280k payment holidays on mortgages, loans, credit cards and interest-free periods on overdrafts[7]

Built to Last

UK leverage ratio of 4.7%

Liquidity Coverage Ratio of 163%

Member financial benefit of £715m

Nationwide
Building Society

[1] © Ipsos MORI 2020, Financial Research Survey (FRS) measure (see slide 40). [2] Institute of Customer Service UK Customer Satisfaction Index (UKCSI) as at January 2020. [3] Nationwide Brand Guidance Study (see slide 40). [4] For more information, see slide 34. [5] Committed members defined on slide 40. [6] Pay.UK monthly CASS data. [7] c218k borrowers on mortgage payment holidays and c62k on unsecured payment holidays, as at 30 April 2020.

Q&A

Nationwide
Building Society

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Nationwide Building Society

Appendix

Nationwide
Building Society

Nationwide is extending its commitment to support people impacted by Covid-19

We're going even further in supporting people in financial difficulty due to Covid-19, extending our support package into 2021.

Our Home Support Package commitments

1. We commit not to repossess the home of any mortgage member over the next 12 months, if they are in arrears due to Covid-19 and work with us to get their finances back on track
2. We're offering flexibility on the way members can pay their mortgages, such as enabling interest only payments to help members' finances
3. We're providing additional three-month mortgage payment breaks to ensure those who continue to be impacted financially by Covid-19 get the support they need
4. We're encouraging our landlord customers to pass on payment breaks to tenants who require them, by arranging a mortgage payment break on their property where needed
5. We're putting greater focus on housing advice and support, including funding more advisors for our charity partner Shelter's helplines, that support those with housing, debt and welfare issues

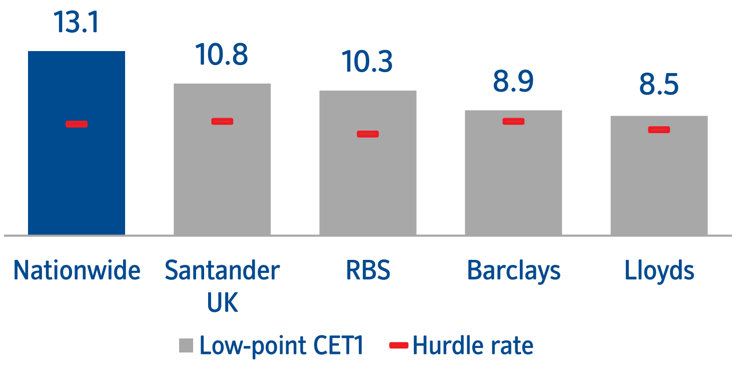
Nationwide
Building Society

Strong performance in the 2019 Bank of England stress test[1]

- Nationwide remained profitable throughout the stressed period and continued to pay full distributions on all Tier 1 capital instruments.
- Low-point CET1 ratio of 13.1%, 520bps above the hurdle rate; low-point UK leverage ratio of 4.8%.

Economic variables (%)	2019 scenario[1]	Global financial crisis[1]	2019 Actual
UK GDP growth	(4.7)	(6.3)	1.4[2]
Peak unemployment rate	9.2	8.4	3.8[2]
House price growth	(33.0)	(17.0)	1.4[3]

Projected low-point CET1 capital ratios in the stress scenario (%)



- The FPC stated the **2019 stress test shows the UK banking system would be resilient to deep simultaneous recessions in the UK and global economies that are more severe overall than the global financial crisis.**

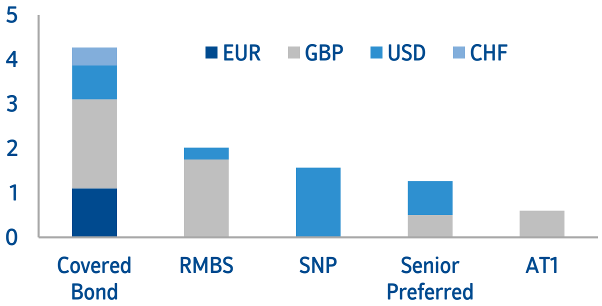
[1] Bank of England, Financial Stability Report, December 2019. [2] Office for National Statistics. [3] Nationwide House Price Index.

Nationwide Building Society

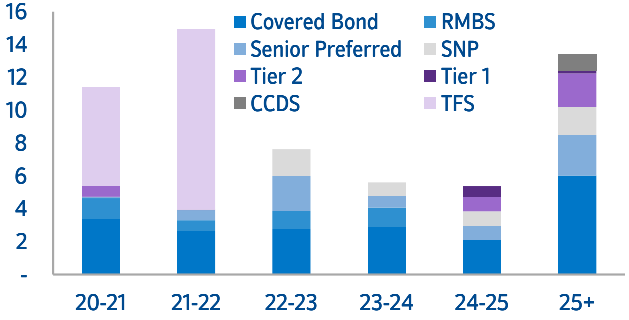
Successful execution of term funding plan

All figures are sterling equivalent.

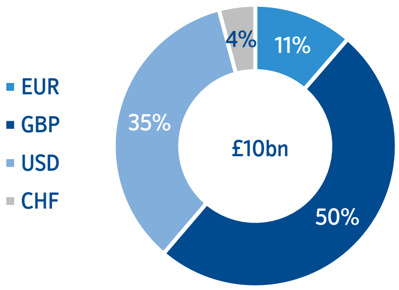
FY 19-20 Public Issuance by Product (£bn)



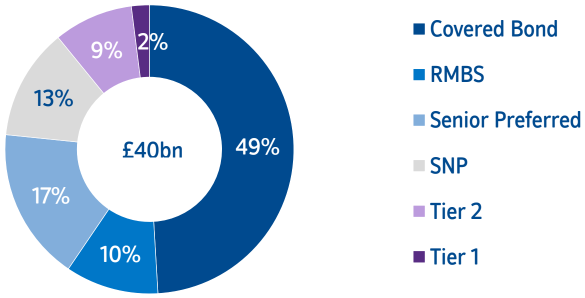
Portfolio Maturity by Financial Year (£bn)



FY 19-20 Public Issuance by Currency



Portfolio by Product[1,2]



- Successful execution of funding plan over the year.
- Continued to be active in core markets and expanded currencies to include CHF, and recently issued a covered bond in USD.
- Public market access in USD, EUR, GBP and CHF.
- Further currency options via private placements.

RMBS = Residential Mortgage-Backed Securities, SNP = Senior Non-Preferred, AT1 = Additional Tier 1, TFS = Bank of England Term Funding Scheme, CCDS = Core Capital Deferred Shares. [1] Excludes CCDS and TFS. [2] Tier 1 includes AT1 and Permanent Interest Bearing Shares (PIBS).

Nationwide Building Society

Strong credit ratings reflect prudent business model but macro uncertainty

Credit Ratings	Senior preferred	Short term	Senior Non-Preferred	Tier 2	AT1	Outlook	Latest update
Standard & Poor's[1]	A	A-1	BBB+	BBB	BB+	Stable	April 2020
Moody's[2]	A1	P-1	Baa2	Baa2	Ba1	Negative	April 2020
Fitch[3]	A+	F-1	A	BBB+	BBB-	Negative	April 2020

- S&P revised our Outlook to stable from positive on the economic impact of Covid-19 and affirmed our ratings 'A/A-1' long- and short-term issuer credit ratings.
- Moody's downgraded our long term rating from Aa3 to A1 citing their expectation that the decline in the Society's profitability in recent years is now unlikely to be reversed. Our short term rating of P-1 was affirmed. The Outlook remains as negative and reflects uncertainties embedded in Moody's forward looking view on the loss given failure of the Society's senior debt.
- Fitch affirmed our IDR and revised the Outlook to negative, reflecting the economic and financial market fallout from the Covid-19 outbreak.

ESG[4] ratings	Rating	Latest update
MSCI[5]	BBB	May 2020
Sustainalytics[6]	22.1	Nov 2019

- We continue to engage with a number ESG rating agencies with the aim to ensure our ratings better reflect the Society.
- Over the year we have enhanced our disclosures and would expect our ratings to improve once these are considered by the agencies.
- We continue to review methodologies for best practice, which are fed into the Responsible Business Committee for discussion.

[1] S&P Global Ratings - Research Update, 23 April 2020. [2] Moody's Investors Service - Rating Action, 30 April 2020. [3] Fitch Ratings, 1 April 2020. [4] ESG: Environmental, Social and Governance. [5] MSCI ESG Ratings Report, May 2020. [6] Sustainalytics ESG Risk Rating Report, November 2019. A score of 22.1 indicates that Nationwide is considered to be at medium risk of experiencing material financial impacts from ESG factors.

Nationwide Building Society

As a mutual, doing business responsibly has always been a part of our DNA

During the year we launched our Responsible Business Committee, which focuses on the way we do business and the positive impact this can have on our members, employees, communities and the environment.

As a signatory of the United Nations Global Compact, we are committed to the UN Sustainable Development Goals (SDGs), and our purpose naturally aligns with several of these.

Environmental highlights:

To support members:

- **£1 billion made available in lending to incentivise a carbon reduction in Britain's homes** by launching a new range of green mortgages with preferential rates for members buying EPC A-rated homes, and offering preferential rates for green home improvements
- **Building low-carbon homes;** the Oakfield housing development funded by Nationwide is aiming to build 239 EPC A-rated homes
- **Becoming a member of the Green Finance Institute's Coalition for the Energy Efficiency of Buildings**: working together to create a market for net zero carbon, resilient buildings in the UK, by accelerating capital flows to retrofit existing residential buildings
- **Investing in a trial with FinTech partner, Switchd**: to highlight to members, a functionality that can automatically switch energy supplier to ensure they are always on the best deal, including greener tariffs; and produce a home report which will recommend energy-efficient improvements

Appealing to government:

- **Commission an independent review of Council Tax** to explore how linking taxation to a home's energy efficiency can incentivise green home improvements

Steps to improve our own carbon footprint:

- **Improvements in sustainability** with zero waste to landfill, 100% renewable electricity, and biennial accreditation of the Carbon Trust Triple Standard for progressively reducing and managing carbon, water and waste
- **Carbon neutral from April 2020** for all energy use and emissions for all internal operations and company vehicles through the offsetting of residual carbon
- **Created an employee green fund** to help colleagues drive initiatives to reduce their carbon footprint and make a positive impact on the environment, across Nationwide sites

Mortgage payment holiday
Additional information

Nationwide
Building Society

Covid-19 Mortgage Payment Holidays[1]

1. Residential mortgage gross balances by payment status

	Total Residential Mortgages				*of which subject to Covid-19 Mortgage Holiday*			
	Outstanding Balance (£m)	% of Total Balance	Number of properties	% of total properties	*Outstanding Balance (£m)*	*% of Mortgage Holiday Balance*	*Number of properties*	*% of Mortgage Holiday Properties*
Not past due	£186,389	98.5%	1,559,345	98.4%	*£29,616*	*96.4%*	*209,495*	*95.8%*
Past due 0 to 1 month	£1,397	0.7%	13,055	0.8%	*£609*	*2.0%*	*4,964*	*2.3%*
Past due 1 to 3 months	£711	0.4%	6,648	0.4%	*£307*	*1.0%*	*2,515*	*1.2%*
Past due 3 to 6 months	£331	0.2%	3,230	0.2%	*£98*	*0.3%*	*842*	*0.4%*
Past due 6 to 12 months	£240	0.1%	2,199	0.1%	*£55*	*0.2%*	*420*	*0.2%*
Past due over 12 months	£184	0.1%	1,595	0.1%	*£30*	*0.1%*	*216*	*0.1%*
Possessions	£29	0.0%	227	0.0%	*£0*	*0.0%*	*1*	*0.0%*
Total	**£189,281**	**100.0%**	**1,586,299**	**100.0%**	***£30,715***	***100.0%***	***218,453***	***100.0%***

2. Residential mortgage balances by original LTV

	Total Residential Mortgages				*of which subject to Covid-19 Mortgage Holiday*			
	Outstanding Balance (£m)	% of Total Balance	Number of properties	% of total properties	*Outstanding Balance (£m)*	*% of Mortgage Holiday Balance*	*Number of properties*	*% of Mortgage Holiday Properties*
0% to 60%	£46,106	24.4%	511,635	32.3%	*£5,564*	*18.1%*	*51,060*	*23.4%*
60% to 75%	£65,951	34.8%	515,079	32.4%	*£10,499*	*34.2%*	*72,530*	*33.2%*
75% to 80%	£15,850	8.4%	119,952	7.6%	*£2,939*	*9.6%*	*19,691*	*9.0%*
80% to 85%	£23,317	12.3%	160,635	10.1%	*£4,204*	*13.7%*	*26,320*	*12.0%*
85% to 90%	£30,266	16.0%	201,143	12.7%	*£5,755*	*18.7%*	*34,852*	*16.0%*
90% to 95%	£7,238	3.8%	70,303	4.4%	*£1,658*	*5.4%*	*12,975*	*5.9%*
Over 95%	£553	0.3%	7,552	0.5%	*£96*	*0.3%*	*1,025*	*0.5%*
Total	**£189,281**	**100.0%**	**1,586,299**	**100.0%**	***£30,715***	***100.0%***	***218,453***	***100.0%***

Nationwide Building Society

[1] Data as at 30 April 2020.

Covid-19 Mortgage Payment Holidays[1]

3. Residential mortgage balances by indexed LTV

	Total Residential Mortgages				*of which subject to Covid-19 Mortgage Holiday*			
	Outstanding Balance (£m)	% of Total Balance	Number of properties	% of total properties	*Outstanding Balance (£m)*	*% of Mortgage Holiday Balance*	*Number of properties*	*% of Mortgage Holiday Properties*
0% to 60%	£95,182	50.2%	1,003,269	63.3%	*£12,616*	*41.1%*	*113,651*	*52.1%*
60% to 75%	£54,524	28.8%	361,157	22.8%	*£9,881*	*32.2%*	*60,881*	*27.9%*
75% to 80%	£12,842	6.8%	77,948	4.9%	*£2,657*	*8.6%*	*15,069*	*6.9%*
80% to 85%	£12,223	6.5%	68,994	4.3%	*£2,432*	*7.9%*	*13,134*	*6.0%*
85% to 90%	£11,987	6.3%	60,613	3.8%	*£2,463*	*8.0%*	*12,099*	*5.5%*
90% to 95%	£2,191	1.2%	12,166	0.8%	*£580*	*1.9%*	*3,107*	*1.4%*
Over 95%	£332	0.2%	2,152	0.1%	*£86*	*0.3%*	*512*	*0.2%*
Total	**£189,281**	**100.0%**	**1,586,299**	**100.0%**	***£30,715***	***100.0%***	***218,453***	***100.0%***

4. Residential mortgage balances by repayment type

	Total Residential Mortgages				*of which subject to Covid-19 Mortgage Holiday*			
	Outstanding Balance (£m)	% of Total Balance	Number of properties	% of total properties	*Outstanding Balance (£m)*	*% of Mortgage Holiday Balance*	*Number of properties*	*% of Mortgage Holiday Properties*
Interest Only	£43,632	23%	346,494	22%	*£5,751*	*19%*	*37,286*	*17%*
Repayment	£145,649	77%	1,239,805	78%	*£24,964*	*81%*	*181,167*	*83%*
Total	**£189,281**	**100%**	**1,586,299**	**100%**	***£30,715***	***100%***	***218,453***	***100%***

Nationwide Building Society

[1] Data as at 30 April 2020.

Covid-19 Mortgage Payment Holidays[1]

5. Residential mortgage balances by indexed LTV and region

Total Residential Mortgages (£m)	Greater London	Central England	Northern England	South East England	South West England	Scotland	Wales	Northern Ireland	Total
Up to 50%	£23,524	£11,068	£7,885	£8,214	£5,843	£3,200	£1,657	£956	**£62,347**
50% to 60%	£11,115	£6,180	£4,836	£4,130	£3,151	£1,802	£1,042	£377	**£32,633**
60% to 70%	£10,809	£6,945	£6,648	£4,243	£3,491	£2,454	£1,407	£430	**£36,427**
70% to 80%	£8,965	£5,744	£5,633	£3,799	£3,011	£2,419	£1,091	£422	**£31,084**
80% to 90%	£8,304	£4,090	£3,587	£3,378	£2,460	£1,485	£631	£327	**£24,262**
90% to 100%	£560	£560	£238	£362	£357	£151	£39	£79	**£2,346**
Over 100%	£7	£5	£20	£3	£2	£7	£1	£137	**£182**
Total	**£63,284**	**£34,592**	**£28,847**	**£24,129**	**£18,315**	**£11,518**	**£5,868**	**£2,728**	**£189,281**

of which subject to Covid-19 Mortgage Holiday (£m)	*Greater London*	*Central England*	*Northern England*	*South East England*	*South West England*	*Scotland*	*Wales*	*Northern Ireland*	***Total***
Up to 50%	*£2,898*	*£1,328*	*£956*	*£1,037*	*£685*	*£321*	*£182*	*£117*	***£7,524***
50% to 60%	*£1,751*	*£951*	*£763*	*£672*	*£482*	*£257*	*£157*	*£59*	***£5,092***
60% to 70%	*£1,913*	*£1,184*	*£1,154*	*£782*	*£612*	*£403*	*£227*	*£73*	***£6,348***
70% to 80%	*£1,866*	*£1,103*	*£1,062*	*£831*	*£628*	*£421*	*£206*	*£73*	***£6,190***
80% to 90%	*£1,759*	*£772*	*£703*	*£715*	*£520*	*£246*	*£114*	*£66*	***£4,895***
90% to 100%	*£163*	*£136*	*£60*	*£109*	*£90*	*£32*	*£12*	*£21*	***£623***
Over 100%	*£2*	*£1*	*£4*	*£1*	*£0*	*£2*	*£0*	*£33*	***£43***
Total	***£10,352***	***£5,475***	***£4,702***	***£4,147***	***£3,017***	***£1,682***	***£898***	***£442***	***£30,715***

[1] Data as at 30 April 2020.

Nationwide Building Society

Covid-19 Mortgage Payment Holidays[1]

6. Residential mortgage balances by outstanding balance

	Total Residential Mortgages				*of which subject to Covid-19 Mortgage Holiday*			
	Outstanding Balance (£m)	% of Total Balance	Number of properties	% of total properties	*Outstanding Balance (£m)*	*% of Mortgage Holiday Balance*	*Number of properties*	*% of Mortgage Holiday Properties*
< £25,000.00	£1,902	1.0%	147,341	9.3%	*£124*	*0.4%*	*8,026*	*3.7%*
£25,000.00 - £49,999.99	£7,835	4.1%	203,998	12.9%	*£793*	*2.6%*	*20,335*	*9.3%*
£50,000.00 - £74,999.99	£14,865	7.9%	237,697	15.0%	*£1,837*	*6.0%*	*29,325*	*13.4%*
£75,000.00 - £99,999.99	£19,377	10.2%	221,274	13.9%	*£2,596*	*8.5%*	*29,656*	*13.6%*
£100,000.00 - £124,999.99	£21,018	11.1%	187,162	11.8%	*£3,095*	*10.1%*	*27,570*	*12.6%*
£125,000.00 - £149,999.99	£20,066	10.6%	146,224	9.2%	*£3,163*	*10.3%*	*23,094*	*10.6%*
£150,000.00 - £174,999.99	£18,016	9.5%	111,071	7.0%	*£3,032*	*9.9%*	*18,726*	*8.6%*
£175,000.00 - £199,999.99	£16,102	8.5%	85,939	5.4%	*£2,850*	*9.3%*	*15,233*	*7.0%*
£200,000.00 - £224,999.99	£13,799	7.3%	65,012	4.1%	*£2,549*	*8.3%*	*12,028*	*5.5%*
£225,000.00 - £249,999.99	£11,568	6.1%	48,733	3.1%	*£2,194*	*7.1%*	*9,263*	*4.2%*
£250,000.00 - £299,999.99	£16,686	8.8%	61,152	3.9%	*£3,203*	*10.4%*	*11,756*	*5.4%*
£300,000.00 - £349,999.99	£10,061	5.3%	31,165	2.0%	*£1,988*	*6.5%*	*6,171*	*2.8%*
£350,000.00 - £399,999.99	£6,195	3.3%	16,597	1.0%	*£1,149*	*3.7%*	*3,083*	*1.4%*
£400,000.00 - £449,999.99	£4,013	2.1%	9,476	0.6%	*£735*	*2.4%*	*1,738*	*0.8%*
£450,000.00 - £499,999.99	£2,609	1.4%	5,507	0.3%	*£482*	*1.6%*	*1,020*	*0.5%*
£500,000.00 - £549,999.99	£1,422	0.8%	2,719	0.2%	*£260*	*0.8%*	*499*	*0.2%*
£550,000.00 - £599,999.99	£967	0.5%	1,684	0.1%	*£175*	*0.6%*	*305*	*0.1%*
£600,000.00 - £649,999.99	£698	0.4%	1,120	0.1%	*£136*	*0.4%*	*218*	*0.1%*
£650,000.00 - £699,999.99	£449	0.2%	666	0.0%	*£75*	*0.2%*	*111*	*0.1%*
£700,000.00 - £749,999.99	£319	0.2%	440	0.0%	*£55*	*0.2%*	*76*	*0.0%*
> £749,999.99	£1,314	0.7%	1,322	0.1%	*£224*	*0.7%*	*220*	*0.1%*
Total	**£189,281**	**100.0%**	**1,586,299**	**100.0%**	***£30,715***	***100.0%***	***218,453***	***100.0%***

[1] Data as at 30 April 2020.

Nationwide Building Society

Glossary

Measure	Definition
Loan to Value (LTV) (slides 3, 13, 20)	LTV is calculated on an indexed basis such that the value of the property is updated on a regular basis to reflect changes in the market using the House Price Index (HPI).
Net satisfaction in core products (slide 8, 10, 26)	Lead at March 2020: 5.4%pts, March 2019: 4.8%pts. © Ipsos MORI 2020, Financial Research Survey (FRS), 12 months ending 31 March 2020 and 12 months ending 31 March 2019. c.51,000 adults (aged 16+) surveyed across Great Britain from a total representative sample of c.60,000 adults (aged 16+) per annum. Interviews were conducted face to face and online, and weighted to reflect the overall profile of the adult population. Proportion of extremely/very satisfied customers minus proportion of extremely/very/fairly dissatisfied customers summed across main current account, mortgage and savings. Peer group defined as providers with main current account market share >4% as of April 2019 (Barclays, Halifax, HSBC, Lloyds Bank, NatWest, Santander and TSB).
Committed and engaged members (slide 6, 8, 26)	Engaged members have a main current account, a mortgage of at least £5,000, or a savings account of at least £1,000. Committed members are those with two engaged membership products or an engaged membership product plus at least one other product.
Member Financial Benefit (slides 8, 10, 26)	Member financial benefit is quantified as our interest rate differential plus incentives and lower fees.
Trust (slide 10, 26)	Source: Nationwide Brand Guidance Study compiled by an independent research agency, based on customer and non-customer responses for the 12 months ending March 2020. Financial brands included Nationwide, Barclays, Co-operative Bank, First Direct, Halifax, HSBC, Lloyds Bank, NatWest, TSB and Santander.

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