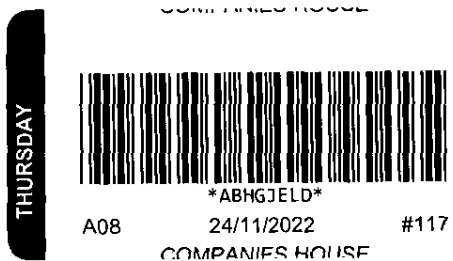


Registered Number: 02537970

Nationwide Syndications Limited

**Unaudited Annual Report and Financial Statements for the year ended
31 March 2022**



NATIONWIDE SYNDICATIONS LIMITED**Annual report and financial statements for the year ended 31 March 2022**

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NATIONWIDE SYNDICATIONS LIMITED

Directors and company information

Directors

H Billington
H Leatherland
C Rhodes

Company secretary

NBS CoSec Limited

Registered office

Nationwide House
Pipers Way
Swindon
SN38 1NW

Registered number

02537970

NATIONWIDE SYNDICATIONS LIMITED

Directors' report for the year ended 31 March 2022

The directors present their annual report and the unaudited financial statements for the year ended 31 March 2022.

As set out in the statement of accounting policies, the annual report and financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

The directors have opted to take advantage of the audit exemption available to the Company under Section 479A of the Companies Act 2006, as a subsidiary of Nationwide Building Society.

Principal activities

Nationwide Syndications Limited ('the Company') is a wholly owned subsidiary of Nationwide Building Society ('the Society'). Nationwide Building Society prepares consolidated financial statements, which includes the Company and other undertakings (herein 'the Group').

The principal activity of the Company is the management of a portfolio of syndicated commercial loans to registered social landlords.

The Company has ceased to offer lending to new customers and continues to focus on maximising value for the Group by servicing its existing loan portfolio and customers.

Results and dividends

The profit after tax was £0.5 million (2021: £0.8 million). No dividends were proposed, approved or paid during the year (2021: £nil).

Future developments

Although the loan portfolio remains closed to new customers, the Company will continue to maintain its loan portfolio and support existing customers.

Whilst the economy continues to recover following the Covid-19 pandemic, there remain several headwinds with increasing living costs and rising interest rates impacting landlords' finances and the long term impact of the conflict in Ukraine on government policy, supply chains, trade and economic growth yet to emerge. Further details can be found in the Strategic report of the Group's Annual Report and Accounts.

Employees

The Company has no employees (2021: none).

Environment

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

Further details of the Group's activities can be found in the Climate-related Financial Disclosures report on Nationwide Building Society's website at [nationwide.co.uk](https://www.nationwide.co.uk)

Directors and directors' interests

The directors who held office during the period were:

H Billington
H Leatherland
C Rhodes

At no time during the year have the directors, or their families, had any beneficial interest in the shares of the Company. None of the directors had any interest in any contract significant to the Company's business.

Company secretary

NBS CoSec Limited.

NATIONWIDE SYNDICATIONS LIMITED

Directors' report for the year ended 31 March 2022 (continued)

Domicile

The Company is a private company limited by shares. It is incorporated and domiciled in the United Kingdom and is registered in England and Wales. The registered office is Nationwide House, Pipers Way, Swindon, SN38 1NW.

Going concern

The Company is fully funded by its parent undertaking, Nationwide Building Society. The Society has confirmed that it will continue to fund the Company's activities for the foreseeable future. The foreseeable future is considered for this purpose to be a period of not less than 12 months from the date of approval of the financial statements and it is therefore appropriate to continue to adopt the going concern basis in preparing these financial statements.

Risk overview

The Company's risk management policies are set at Group level. The Group has well-established risk management processes to ensure risks are controlled and managed appropriately.

Risks are managed through an Enterprise Risk Management Framework (ERMF), which articulates the Group's approach to risk management. The structure is based on eight principal risk categories, establishing risk appetite, and implementing risk management through the three lines of defence model. The ERMF is underpinned by processes, policies and standards that are specific to individual risk categories, and focus on the responsibilities of key executives and risk practitioners. The outputs of the ERMF are governed through the Group's Risk Committee structure. Further details of the Group's risk management policies can be found in the Risk report of the Group's Annual Report and Accounts.

The Group's principal risks are:

- credit risk
- liquidity and funding risk
- market risk
- capital risk
- pension risk
- business risk
- operational and conduct risk
- model risk

Details of the principal risks that are most relevant to the Company are set out below. Formal statements of risk appetite define how much risk the Group's Board is willing to accept in the delivery of its strategy and inform the Board's strategy for managing risk.

Further details on principal risks can be found in the Risk report of the Group's Annual Report and Accounts.

Credit, liquidity and funding risk and market risk

Details of credit, liquidity and funding and market risk are included in note 13.

Business risk

Business risk is the risk that achievable volumes decline or margins decline relative to the cost base, affecting the sustainability of the business and the ability to deliver the strategy due to macro-economic, geopolitical, industry, competitor, regulatory or other external events. The Group actively manages this risk so that it continues to provide value to, and meet the needs of, current and future customers, with a focus on long-term sustainability rather than short-term benefit. The Group ensures that it can generate sustainable profits by focusing on recurrent sources of income that provide value commensurate with risk appetite. The Group monitors this risk as part of ongoing business performance reporting to, and through regular discussions of business model risks by, senior management and the Board.

Operational and conduct risk

Operational and conduct risk is the risk of impacts resulting from inadequate or failed internal processes, conduct and compliance management, people and systems, or from external events. The Group manages the operation of proportionate controls embedded within processes to identify and prevent failures that could affect customers, colleagues or the Group.

NATIONWIDE SYNDICATIONS LIMITED

Directors' report for the year ended 31 March 2022 (continued)

Risk overview (continued)

Model risk

Model risk is the risk of an adverse outcome as a direct result of weaknesses or failures in the development, implementation or use of a model. A model is defined as 'a simplification of a business system using assumptions and mathematical concepts to help describe, predict or forecast'. There is an inherent risk associated with models because, by their very nature, they are imperfect and incomplete representations that rely on assumptions and theoretical methodologies, and use historic data which may not represent future outcomes.

Model errors can arise when models are implemented incorrectly or misused, for instance when applied to uses that they were not designed for, or where there is a failure to update key assumptions when required. Model errors and uncertainty are the primary sources of model risk which, if crystallised, could result in poor lending decisions, holding inappropriate levels of capital, liquidity or provisions or financial loss.

The Group manages model risk at an enterprise level through the Model Risk Framework and within a defined risk appetite set by the Board. Further details on the management of model risk can be found in the Risk report of the Group's Annual Report and Accounts.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and financial statements in accordance with applicable law and regulations.

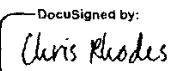
Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK GAAP), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of directors and signed on its behalf by

DocuSigned by:

C Rhodes
Director

18 November 2022

NATIONWIDE SYNDICATIONS LIMITED**Statement of comprehensive income for the year ended 31 March 2022 (unaudited)**

	Note	2022 £'000	2021 £'000
Interest receivable and similar income	3	7,806	9,733
Interest expense and similar charges	4	(6,829)	(8,397)
Net interest income		977	1,336
Fee and commission income	5	82	96
Total income		1,059	1,432
Administrative expenses	6	(465)	(483)
Impairment releases on loans and advances to customers	7	2	9
Provisions for liabilities and charges		(1)	3
Profit before tax		595	961
Taxation	8	(111)	(183)
Profit after tax, being total comprehensive income for the year		484	778

The notes on pages 9 to 22 form part of these financial statements.

NATIONWIDE SYNDICATIONS LIMITED

Registered number: 02537970

Balance Sheet as at 31 March 2022 (unaudited)

	Note	2022 £'000	2021 £'000
Assets			
Non-current assets			
Loans and advances to customers	10	324,084	335,650
Deferred tax	8	9	8
Current assets			
Loans and advances to customers	10	2,504	15,418
Corporation tax		15	-
Other assets		-	20
Total assets		326,612	351,096
Liabilities			
Non-current liabilities			
Amounts owed to parent undertaking	11	171,754	207,157
Current liabilities			
Amounts owed to parent undertaking	11	71,162	60,622
Corporation tax		-	106
Accruals, deferred income and other liabilities		13	13
Provisions for liabilities and charges		1	-
Total liabilities		242,930	267,898
Equity			
Share capital	12	-	-
Retained earnings		83,682	83,198
Total equity		83,682	83,198
Total equity and liabilities		326,612	351,096

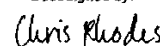
The notes on pages 9 to 22 form part of these financial statements.

For the year ended 31 March 2022, the Company was entitled to an exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with Section 476 of the Companies Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 6 to 22 were approved by the Board of directors on 18 November 2022 and signed on its behalf by

DocuSigned by:

 23A2D693A1EE471.
 C Rhodes
 Director

18 November 2022

NATIONWIDE SYNDICATIONS LIMITED**Statement of changes in equity for the year ended 31 March 2022 (unaudited)**

2022	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2021	-	83,198	83,198
Profit after tax	-	484	484
Total comprehensive income	-	484	484
At 31 March 2022	-	83,682	83,682

2021	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2020	-	82,420	82,420
Profit after tax	-	778	778
Total comprehensive income	-	778	778
At 31 March 2021	-	83,198	83,198

The notes on pages 9 to 22 form part of these financial statements.

NATIONWIDE SYNDICATIONS LIMITED

Notes to the financial statements for the year ended 31 March 2022 (unaudited)

1 Statement of accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared under the historical cost convention. As stated in the Directors' report, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements. Accounting policies have been consistently applied in preparing these financial statements, except for changes arising from adoption of new and revised International Financial Reporting Standards (IFRS). The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

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

- the requirements of International Accounting Standard (IAS) 7 'Statement of Cash Flows';
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'; and
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

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

Adoption of new and revised standards

The International Accounting Standards Board (IASB) issued 'Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16' effective for annual reporting periods beginning on or after 1 April 2021. The adoption of this amendment had no impact on the Company.

a) Interest receivable and interest expense

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

In calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example early redemption penalty charges) and anticipated customer behaviour, but does not consider future credit losses. The calculation includes all fees received and paid and costs incurred that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts above or below market rates.

Interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets. For credit impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. net of the allowance for expected credit losses (ECLs)). Where loans are credit impaired on origination, or when purchased from third parties, the carrying amount at initial recognition is net of the lifetime ECL at that date. For these assets the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

b) Fees and commissions

Fees and commission income and expense includes fees other than those that are an integral part of the EIR. Fees and commissions are either:

- transaction-based and therefore recognised when the performance obligation related to the transaction is fulfilled, or
- related to the provision of services over a period of time and therefore recognised on a systematic basis over the life of the agreement as services are provided.

The transaction prices and provision of services are defined within the product terms and conditions.

NATIONWIDE SYNDICATIONS LIMITED

Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)

1 Statement of accounting policies (continued)

c) Segmental reporting

The Company has one reportable segment. No segmental analysis is required on geographical lines as substantially all the Company's business activities are in the United Kingdom.

d) Taxation including deferred tax

Current tax payable on profits, based on the applicable tax law in each jurisdiction, is recognised as an expense in the period in which profits arise. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Accounting for taxation involves estimation and judgement in relation to situations in which applicable tax regulations are subject to interpretation. Management evaluates where uncertain taxation positions exist and recognise provisions where appropriate to reflect the best estimate of the probable outcome.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profits will be available against which the temporary differences can be utilised. The tax effects of tax losses available for carry forward are recognised as a deferred tax asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle on a net basis.

e) Financial assets

Financial assets comprise loans and advances to customers.

Recognition and derecognition

All financial assets are recognised initially at fair value. Purchases and sales of financial assets are accounted for at trade date. Financial assets acquired through a business combination or portfolio acquisition are recognised at fair value at the acquisition date. Financial assets are derecognised when the rights to receive cash flows have expired or where the assets have been transferred and substantially all the risks and rewards of ownership have been transferred.

The fair value of a financial instrument on initial recognition is normally the transaction price (plus directly attributable transaction costs for financial assets which are not subsequently measured at fair value through profit or loss). On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. Any difference between the fair value at initial recognition and the transaction price is recognised immediately as a gain or loss in the income statement where the fair value is based on a quoted price in an active market or a valuation using only observable market data. In all other cases, any gain or loss is deferred and recognised over the life of the transaction, or until valuation inputs become observable.

Modification of contractual terms

An instrument that is renegotiated is derecognised if the existing agreement is cancelled and a new agreement is made on substantially different terms (such as renegotiations of commercial loans). Commercial loans reaching the end of a fixed interest deal period are deemed repricing events, rather than a modification of contractual terms, as the change in interest rate at the end of the fixed rate period was envisaged in the original loan contract.

Where an instrument is renegotiated and not derecognised (for example forbearance), the change is considered a modification of contractual terms. Where this arises, the gross carrying amount of the loan is recalculated as the present value of the renegotiated or modified contractual cash flows, discounted at the loan's original effective interest rate. Any gain or loss on recalculation is recognised immediately in the income statement.

NATIONWIDE SYNDICATIONS LIMITED

Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)

1 Statement of accounting policies (continued)

e) Financial assets (continued)

Classification and measurement

The classification and subsequent measurement of financial assets is based on an assessment of the Company's business models for managing the assets and their contractual cash flow characteristics. All of the Company's financial assets are held at amortised cost.

Amortised cost

Financial assets held to collect contractual cash flows and where contractual terms comprise solely payments of principal and interest (SPPI) are classified as amortised cost. This category of financial assets includes commercial mortgage loans.

Financial assets within this category are recognised when the funds are advanced to borrowers (for commercial mortgage loans). After initial recognition, the assets are measured at amortised cost using the effective interest rate method, less provisions for expected credit losses.

f) Impairment of financial assets

Financial assets within the scope of IFRS 9 expected credit loss (ECL) requirements comprise all financial debt instruments measured at amortised cost. These include loans and advances to customers. Also within scope are irrevocable undrawn commitments to lend.

The ECL represents the present value of expected cash shortfalls following the default of a financial instrument, including any undrawn commitment. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Company expects to receive.

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

For financial assets recognised in the balance sheet at amortised cost, the allowance for ECLs is offset against the gross carrying value so that the amount presented in the balance sheet is net of impairment provisions. For separately identifiable irrevocable loan commitments, where the related financial asset has not yet been advanced, the provision is presented in provisions for liabilities and charges in the balance sheet.

Forward looking economic inputs

ECLs are calculated by reference to information on past events, current conditions and forecasts of future economic conditions. Multiple economic scenarios are incorporated into ECL calculation models. These scenarios are based on external sources where available and appropriate, and internally generated assumptions in all other cases. To capture any non-linear relationship between economic assumptions and credit losses, a minimum of four scenarios is used. This includes a base case scenario together with upside, downside and severe downside scenarios representing alternative plausible views of economic conditions, weighted based on management's view of their probability.

NATIONWIDE SYNDICATIONS LIMITED

Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)

1 Statement of accounting policies (continued)

f) Impairment of financial assets (continued)

Credit risk categorisation

For the purpose of calculating ECLs, assets are categorised into three 'stages' as follows:

Stage 1: no significant increase in credit risk since initial recognition

On initial recognition, and for financial assets where there has not been a significant increase in credit risk since the date of advance, provision is made for losses from credit default events expected to occur within the next 12 months. Expected credit losses for these stage 1 assets continue to be recognised on this basis unless there is a significant increase in the credit risk of the asset.

Stage 2: significant increase in credit risk

Financial assets are categorised as being within stage 2 where an instrument has experienced a significant increase in credit risk since initial recognition. For these assets, provision is made for losses from credit default events expected to occur over the lifetime of the instrument.

Whether a significant increase in credit risk has occurred is ascertained by comparing the probability of default at the reporting date to the probability of default at origination based on quantitative and qualitative factors. Quantitative considerations take into account changes in the residual lifetime probability of default (PD) of the asset. As a backstop, all assets with an arrears status of more than 30 days past due on contractual payments are considered to be in stage 2.

Qualitative factors that may indicate a significant change in credit risk include concession events where full repayment of principal and interest is envisaged, on a discounted basis. Further information about the identification of significant increases in credit risk is provided in note 7.

Stage 3: credit impaired (or defaulted) loans

Financial assets are transferred into stage 3 when there is objective evidence that an instrument is credit impaired. Provisions for stage 3 assets are made on the basis of credit default events expected to occur over the lifetime of the instrument. Assets are considered credit impaired when:

- contractual payments of either principal or interest are past due by more than 90 days;
- there are other indications that the borrower is unlikely to pay such as signs of financial difficulty, probable bankruptcy, breaches of contract and concession events which have a detrimental impact on the present value of future cash flows; or
- the loan is otherwise considered to be in default.

Interest income on stage 3 credit impaired loans is recognised in the income statement on the loan balance net of the ECL provision. The gross balance sheet value of stage 3 loans reflects the contractual terms of the assets, and continues to increase over time with the contractually accrued interest.

Transfers between stages

Transfers from stage 1 to 2 occur when there has been a significant increase in credit risk and from stage 2 to 3 when credit impairment is indicated as described above.

Loans in stage 2 or 3 can transfer back to stage 1 or 2 once the criteria for a significant increase in credit risk or impairment are no longer met. For loans subject to concession events such as forbearance, accounts are transferred back to stage 1 or 2 only after being up to date for a period of 12 months.

Write-off

Loans remain on the balance sheet net of associated provisions until they are deemed to have no reasonable expectation of recovery. Loans are generally written off after realisation of any proceeds from collateral and upon conclusion of the collections process, including consideration of whether an account has reached a point where continuing attempts to recover are no longer likely to be successful. Where a loan is not recoverable, it is written off against the related provision for loan impairment once all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the value of impairment releases recorded in the income statement.

NATIONWIDE SYNDICATIONS LIMITED

Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)

1 Statement of accounting policies (continued)

g) Financial liabilities

Borrowings are recognised initially at fair value, being the issue proceeds net of premiums, discounts and transaction costs incurred.

All borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is adjusted for the amortisation of any premiums, discounts and transaction costs. The amortisation is recognised in interest expense and similar charges using the effective interest rate method.

Financial liabilities are derecognised when the obligation is discharged, cancelled or has expired.

h) Fair value of assets and liabilities

IFRS 13 'Fair Value Measurement' 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 below:

Level 1 – Valuation using quoted market prices

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price reflects actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Level 2 – Valuation technique using observable inputs

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market.

Level 3 – Valuation technique using significant unobservable inputs

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data. A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. An input is deemed significant if it is shown to contribute more than 10% to the valuation of a financial instrument.

i) Share capital and dividends

Ordinary shares, net of directly attributable issue costs, are classified as equity.

Dividends paid on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the directors.

2 Judgements in applying accounting policies and critical accounting estimates

The preparation of the Company's financial statements in accordance with FRS 101 involves management making judgements and estimates when applying those accounting policies that affect the reported amounts of assets, liabilities, income and expense. Actual results may differ from those on which management's estimates are based. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. For the year ended 31 March 2022, this evaluation has considered the ongoing impacts of Covid-19. In preparing the financial statements, management has also considered the impact of climate-related risks on its financial position and performance. While the effects of climate change represent a source of uncertainty, the Group does not consider there to be a material impact on its judgements and estimates from physical and transition risks of climate change in the short to medium term.

The key areas involving a higher degree of judgement or areas involving significant sources of estimation uncertainty made by management in applying the Company's accounting policies, which are deemed critical to the Company's results and financial position are disclosed in note 7 including any additional information relating to Covid-19 where relevant.

NATIONWIDE SYNDICATIONS LIMITED

Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)

3 Interest receivable and similar income

Interest receivable and similar income of £7,806 thousand (2021: £9,733 thousand) relates to interest receivable on commercial lending and is calculated using the effective interest rate method.

4 Interest expense and similar charges

Interest expense and similar charges of £6,829 thousand (2021: £8,397 thousand) relates to interest payable on amounts owed to the parent undertaking.

5 Fees and commission income

Fees and commission income of £82 thousand (2021: £96 thousand) relates to charges on loans and advances to customers.

6 Administrative expenses

Administrative expenses of £465 thousand (2021: £483 thousand) relate to amounts recharged from the parent undertaking.

The Company has no employees (2021: none). Administration of the Company's loans is carried out by staff who are employed by Nationwide Building Society.

No remuneration or pension scheme benefits were paid or are payable by the Company to the directors. The directors provide services to the Group as a whole and their principal activities are not specific to the business of this Company. It is not possible to make an accurate apportionment of their emoluments to the Company. Hence, no directors' emoluments are disclosed in the financial statements of the Company.

The directors' contracts of service are with Nationwide Building Society and their remuneration is included within the Group's financial statements.

There were no loans to related parties as at 31 March 2022 (2021: £nil).

7 Impairment releases and provisions on loans and advances to customers

Impairment releases of £2 thousand (2021: £9 thousand) were recognised in the year.

The impairment provision at the end of the period was £38 thousand (2021: £40 thousand).

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. Model outputs are adjusted with further judgements to reflect model limitations, or 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
- 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
- the additional judgements made in adjustments to modelled expected credit losses (ECL) – these currently include the impact of Covid-19.

The Company has considered the potential impact of climate change on impairment provisions beyond their impact on economic assumptions and has concluded that an adjustment to modelled provisions is not currently appropriate.

NATIONWIDE SYNDICATIONS LIMITED

Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)

8 Taxation

Tax charge in the statement of comprehensive income	2022	2021
	£'000	£'000
Current tax:		
UK corporation tax charge	112	182
Total current tax charge	112	182
Deferred tax:		
Current year	1	1
Effect of deferred tax provided at different rates	(2)	-
Total deferred taxation	(1)	1
Tax charge	111	183

The actual tax charge differs from (2021: equates to) the theoretical amount that would arise using the standard rate of corporation tax in the UK as follows:

Reconciliation of tax charge	2022	2021
	£'000	£'000
Profit before tax	595	961
Tax charge calculated at a rate of 19%	113	183
Effect of deferred tax provided at different rates	(2)	-
Tax charge	111	183

Deferred tax is determined using tax rates that are expected to apply in the period when the deferred tax asset is realised or deferred tax liability is settled based on rates enacted or substantively enacted at the balance sheet date.

It was announced in the Budget on 3 March 2021 that the main rate of corporation tax of 19% would be increased to 25% with effect from 1 April 2023. This legislative change was enacted on 10 June 2021. The impact of the increase in the rate of corporation tax to 25% is an increase in the Company's deferred tax asset of £1,744 recognised in the income and expenditure account.

The movements on the deferred tax account are as follows:

Movements in deferred taxation	2022	2021
	£'000	£'000
At 1 April	8	9
Deferred tax charge in the statement of comprehensive income:		
Current year	(1)	(1)
Effect of deferred tax provided at different rates	2	-
At 31 March	9	8

Deferred tax assets are attributable to the following items:

Deferred tax assets	2022	2021
	£'000	£'000
Transitional adjustments on adoption of IFRS 9	9	8

The majority of deferred tax assets are anticipated to be recoverable in more than one year. The Company 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 Dividends

No dividends were proposed, approved or paid during the year (2021: £nil).

NATIONWIDE SYNDICATIONS LIMITED**Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)****10 Loans and advances to customers**

Loans and advances to customers relate to commercial loans to registered social landlords, secured on their underlying assets.

Commercial mortgages 2022	Gross £'000	Provisions £'000	Total £'000
Non-current assets	324,122	(38)	324,084
Current assets	2,504	-	2,504
Total	326,626	(38)	326,588

Commercial mortgages 2021	Gross £'000	Provisions £'000	Total £'000
Non-current assets	335,688	(38)	335,650
Current assets	15,420	(2)	15,418
Total	351,108	(40)	351,068

Movements in gross balances and impairment provisions

All balances are in stage 1 (2021: stage 1) and there have been no transfers between stages throughout the year. Gross balances have declined to £327 million (2021: £351 million) and provisions have decreased to £38 thousand (2021: £40 thousand) due to redemptions. Impairment provisions of £2 thousand were released to the income statement for the year (2021: £9 thousand).

Maturity analysis

The following table shows the residual maturity of loans and advances to customers, based on their contractual maturity:

	2022 £'000	2021 £'000
Repayable:		
In not more than three months	178	13,174
In more than three months but not more than one year	2,326	2,246
In more than one year but not more than five years	18,688	17,595
In more than five years	305,434	318,093
	326,626	351,108
Impairment provision (note 7)	(38)	(40)
Total	326,588	351,068

The maturity analysis is produced on the basis that where a loan is repayable by instalments, each such instalment is treated as a separate repayment. The analysis is based on contractual maturity rather than actual redemption levels experienced, which are likely to be materially different.

11 Amounts owed to parent undertaking

Amounts owed to the parent undertaking are repayable from the date of the balance sheet in the ordinary course of business as follows:

	2022 £'000	2021 £'000
In not more than three months	71,162	44,615
In more than three months but not more than one year	-	16,007
In more than one year but not more than five years	14,357	21,511
In more than five years	157,397	185,646
Total	242,916	267,779

NATIONWIDE SYNDICATIONS LIMITED**Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)****11 Amounts owed to parent undertaking (continued)**

The amounts owed to parent undertaking comprise two elements. Firstly, a series of fixed interest rate funding transactions repayable on specific terms set up to match the expected future repayment profile of fixed rate customer loans and secondly variable interest rate funding that is repayable on demand.

All intercompany transactions are entered into on normal market conditions. The variable interest rate is linked to the Sterling Overnight Index Average (Sonia). The fixed rate funding is set to match the fixed rate lending undertaken by the Company. All intercompany loans are unsecured.

12 Share capital

	2022	2021
	£	£
Authorised, issued and fully paid:		
2 Ordinary shares of £1 each	2	2

The Company has one class of ordinary shares which carry no right to fixed income.

13 Risk management**Credit risk**

Credit risk is the risk of loss as a result of a customer or counterparty failing to meet their financial obligations and 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; and
- refinance risk – the risk of loss arising when a repayment of a loan or other financial product occurs later than originally anticipated.

Management of credit risk

The Company lends in a responsible, affordable and sustainable way to ensure borrowers and the financial strength of the Company are safeguarded throughout the credit cycle. The Company manages credit risk in accordance with the Group's approach to credit risk management, further details of which are included in the Risk report of the Group's Annual Report and Accounts.

NATIONWIDE SYNDICATIONS LIMITED**Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)****13 Risk management (continued)****Credit risk (continued)****Maximum exposure to credit risk**

Credit risk largely arises from the Company's exposure to loans and advances to customers.

The Company's portfolio comprises loans and advances to registered social landlords which are secured against portfolios of residential real estate owned and let by UK housing associations. Collateral is typically revalued at least every five years based on standard social housing methodologies, which generally assume that the properties continue to be let. If the valuation were based upon normal residential use the valuation would be considerably higher. In all cases, registered social landlord collateral is in excess of the loan balance.

The maximum exposure to credit risk represents the balance sheet carrying value after allowance for impairment. For loan commitments the maximum exposure is the full amount of the committed facilities.

Maximum exposure to credit risk 31 March 2022	Gross balance	Less: Impairment provisions	Carrying value	Commitments	Maximum credit risk exposure	% of total credit risk exposure
	£'000	£'000	£'000	£'000	£'000	
Loans and advances to customers	326,626	(38)	326,588	11,520	338,108	100
Maximum exposure to credit risk 31 March 2021	Gross balance	Less: Impairment provisions	Carrying value	Commitments	Maximum credit risk exposure	% of total credit risk exposure
	£'000	£'000	£'000	£'000	£'000	
Loans and advances to customers	351,108	(40)	351,068	-	351,068	100

Commitments

Irrevocable undrawn commitments to lend are within the scope of provision requirements. The commitments in the table above consist of separately identifiable irrevocable commitments for the pipeline of commercial mortgages. These commitments are not recognised on the balance sheet, and the total associated provision is included within provisions for liabilities and charges.

Staging analysis

All assets are in stage 1 (2021: 100%) and against a backdrop of a long history of zero defaults, the risk profile of the portfolio remains low.

Provisions of £38 thousand represent 0.01% of the asset balance (2021: 0.01%).

LTV and credit risk concentration

All lending is to UK registered social landlords and is secured on UK properties only.

In terms of counterparty concentration, the largest single customer, including undrawn commitments, represents 50% (2021: 49%) of the total book. A total of five customers, including undrawn commitments, represent 99% (2021: 99%) of the total book. There has not been a history of arrears on the loans.

NATIONWIDE SYNDICATIONS LIMITED**Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)****13 Risk management (continued)****Credit risk (continued)****Geographical concentration**

The following table shows the loan portfolio by LTV and region:

Loan balances by LTV and region 2022	England £'000	Scotland £'000	Total £'000	%
LTV ratio:				
25% to 50%	49,351	4,414	53,765	16
50% to 75%	272,861	-	272,861	84
Total loans	322,212	4,414	326,626	100
Total geographical concentration	99%	1%	100%	
Loan balances by LTV and region 2021	England £'000	Scotland £'000	Total £'000	%
LTV ratio:				
25% to 50%	52,358	5,350	57,708	16
50% to 75%	293,400	-	293,400	84
Total loans	345,758	5,350	351,108	100
Total geographical concentration	98%	2%	100%	

Liquidity and funding risk

Liquidity risk is the risk that the Company is unable to meet its liabilities as they fall due and maintain stakeholder confidence. Funding risk is the risk that the Company is unable to maintain its funding sources.

The Company has minimal liquidity and funding risk provided that the Company's parent, Nationwide Building Society, continues to fund the Company's activities in accordance with its current funding arrangements. Assurance as to the continuance of these arrangements forms part of the going concern basis adopted in preparing the financial statements.

The Group manages liquidity and funding risks 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 of the Group's approach to liquidity and funding risk management are included in the Risk report of the Group's Annual Report and Accounts.

NATIONWIDE SYNDICATIONS LIMITED
Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)
13 Risk management (continued)
Liquidity and funding risk (continued)
Residual maturity of financial assets and liabilities

The table below segments the carrying value of financial assets and financial liabilities into relevant maturity groupings based on the contractual maturity date (residual maturity):

Residual maturity	Due less than one month (note i)	Due between one and three months	Due between three and twelve months	Due between one and five years	Due after more than five years	Total
	£'000	£'000	£'000	£'000	£'000	£'000
2022						
Financial assets						
Loans and advances to customers	178	-	2,326	18,686	305,398	326,588
Financial liabilities						
Amounts owed to parent undertaking	71,162	-	-	14,357	157,397	242,916
Off balance sheet commitments (note ii)	11,520	-	-	-	-	11,520
Net liquidity difference	(82,504)	-	2,326	4,329	148,001	72,152
2021						
Financial assets						
Loans and advances to customers	12,836	336	2,246	17,592	318,058	351,068
Financial liabilities						
Amounts owed to parent undertaking	44,615	-	16,007	21,511	185,646	267,779
Off balance sheet commitments (note ii)	-	-	-	-	-	-
Net liquidity difference	(31,779)	336	(13,761)	(3,919)	132,412	83,289

Notes:

- i. Due less than one month includes amounts repayable on demand.
- ii. Off-balance sheet commitments include amounts payable on demand for unrecognised loan commitments.

The balance sheet structure and risks are managed and monitored at a Group level by the Assets and Liabilities Committee (ALCO). The Group uses judgement and past behavioural performance of each asset and liability class to forecast likely cash flow requirements.

NATIONWIDE SYNDICATIONS LIMITED

Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)

13 Risk management (continued)

Gross undiscounted contractual cash flows of financial liabilities

The tables below provide an analysis of gross contractual cash flows. The totals differ from the analysis of residual maturity as they include estimated future interest payments, calculated using balances outstanding at the balance sheet date, contractual maturities and appropriate forward looking interest rates.

Amounts are allocated to the relevant maturity band based on the timing of individual contractual cash flows.

Gross contractual cash flows	Due less than one month (note i) £'000	Due between one and three months £'000	Due between three and twelve months £'000	Due between one and five years £'000	Due after more than five years £'000	Total £'000
2022						
Amounts due to parent undertaking	67,342	1,108	4,972	40,111	185,414	298,947
Off balance sheet commitments (note ii)	11,520	-	-	-	-	11,520
2021						
Amounts due to parent undertaking	46,108	1,309	21,841	52,133	214,553	335,944
Off balance sheet commitments (note ii)	-	-	-	-	-	-

Notes:

- Due less than one month includes amounts repayable on demand.
- Off-balance sheet commitments include amounts payable on demand for unrecognised loan commitments.

Market risk

Market risk is the risk that the net value of, or net income arising from, assets and liabilities is impacted as a result of market price or rate changes.

Interest rate risk

The main market risk faced is interest rate risk. Market movements in interest rates affect the interest rate margin realised from lending and borrowing activities.

Interest rate risk is managed at a Group level. To reduce the impact of market movements, hedging activities are undertaken by the Group's Treasury function. For example, interest rate risks generated by lending to and receiving deposits from customers are offset against each other internally where possible. The remaining net exposure is managed using derivatives, within parameters set by ALCO.

At 1 April 2021 all commercial loans held by the Company referenced GBP Libor. On 31 December 2021, GBP Libor was published for the final time and replaced by Sonia. During the year the Company's commercial loans were transitioned away from GBP Libor, and at 31 March 2022 the Company no longer has exposure to GBP Libor. The majority of the commercial loans have successfully transitioned to loans with a Sonia reference rate, however there are a small number of legacy commercial loans referencing synthetic Libor while their conversion to Sonia is finalised.

Further details on the Group's interest rate risk monitoring processes and its Libor transition programme are included in the Risk report of the Group's Annual Report and Accounts.

NATIONWIDE SYNDICATIONS LIMITED**Notes to the financial statements for the year ended 31 March 2022 (unaudited) (continued)****14 Fair value of financial assets and liabilities measured at amortised cost**

The following table summarises the carrying value and fair value of financial assets and liabilities not presented on the Company's balance sheet at fair value.

Fair value of financial assets and liabilities measured at amortised cost	Carrying value	Fair value based on Level 3	Total fair value
2022	£'000	£'000	£'000
Financial assets			
Loans and advances to customers	326,588	304,178	304,178
Financial liabilities			
Amounts owed to parent undertaking	242,916	275,435	275,435
 Fair value of financial assets and liabilities measured at amortised cost	 Carrying value	 Fair value based on Level 3	 Total fair value
2021	£'000	£'000	£'000
Financial assets			
Loans and advances to customers	351,068	334,269	334,269
Financial liabilities			
Amounts owed to parent undertaking	267,779	327,395	327,395

Loans and advances to customers

In arriving at the fair value of loans and advances to customers, the Company uses modelling techniques consistent with those used by the Group. The estimates take into account expected future cash flows and future lifetime expected losses, based on historic trends and discount rates appropriate to the loans, to reflect a hypothetical exit price value for the loan book.

Amounts owed to parent undertaking

The estimated fair value of variable term loans owed to parent undertakings is equal to the carrying value of the loans as they are repayable on demand.

The estimated fair values of the fixed term loans owed to parent represent the discounted amount of estimated future cash flows expected to be paid. Expected cash flows are discounted at current market rates to determine fair value.

15 Capital management

Capital comprises the retained earnings and share capital. Capital is managed on a Group basis.

Further details about the Group's capital position can be found in the Capital risk section of the Risk report in its Annual Report and Accounts.

16 Parent undertaking and ultimate controlling entity

The Company is a wholly owned subsidiary of Nationwide Building Society, its immediate and ultimate parent and controlling party, which is a building society incorporated and registered in England and Wales.

The results of Nationwide Syndications Limited are included in the consolidated financial statements of Nationwide Building Society which is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Nationwide Building Society is registered at Nationwide House, Pipers Way, Swindon, SN38 1NW. The Group's Annual Report and Accounts can be obtained from this address or at nationwide.co.uk