Annual report and financial statements

Eagle Place Covered Bonds LLP

For the 18-month period ended 31 March 2025

Registered number: OC412988

Eagle Place Covered Bonds LLP

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For the 18-month period ended 31 March 2025

Contents

Members and professional advisers

Designated members	Clydesdale Bank PLC Eagle Place Covered Bonds Finance Limited
Liquidation member	Eagle Place Covered Bonds Finance Limited
Management committee	Representatives of Clydesdale Bank PLC Representatives of Eagle Place Covered Bonds Finance Limited
Registered office	Jubilee House Gosforth Newcastle upon Tyne NE3 4PL
Independent auditors	Ernst & Young LLP 25 Churchill Place London E14 5EY

Members' report

On behalf of the Members, the Management Committee present the Members' report and audited financial statements of Eagle Place Covered Bonds LLP (the "LLP") for the 18-month period ended 31 March 2025.

Principal activities and business structure

The LLP is a Special Purpose Vehicle ("SPV") which forms part of the Clydesdale Bank PLC ("CB PLC") Global Covered Bond Programme (the "Programme"). The Programme was established primarily for the purpose of raising wholesale funding for the Programme Sponsor ("Sponsor"), CB PLC.

The LLP is incorporated under the Limited Liability Partnership Act 2000 and registered in England and Wales as a Limited Liability Partnership. CB PLC is a wholly owned subsidiary of Virgin Money UK PLC ("VMUK PLC") and forms part of the Virgin Money UK PLC Group ("VMUK PLC Group"). The VMUK PLC Group was the LLP's ultimate controlling entity for the 12-month period to 30 September 2024. Following the acquisition of VMUK PLC on 1 October 2024, the ultimate controlling entity is now Nationwide Building Society ("Nationwide"). Nationwide and its subsidiary undertakings, which include CB PLC, comprise the Nationwide Building Society Group ("Nationwide Group"). Further detail of the group structure is disclosed in note 1.1 to the financial statements.

The principal activity of the LLP is to hold an interest in a deemed loan with an underlying pool of mortgage loans, as security for covered bonds issued by CB PLC, pursuant to the terms of the Mortgage Sale Agreement. The LLP has received intercompany loans from CB PLC to fund the acquisition of the mortgage loans. The Programme has been established as a means of raising finance for CB PLC and no business activities will be undertaken by the LLP beyond those set out in the Programme documentation which defines certain prescribed roles and terms and should be read in conjunction with these financial statements. The Programme documentation can be found on the Virgin Money UK debt investors page at: https://www.virginmoneyukplc.com/investor-relations/debt-investors/global-covered-bonds.

During the period, the accounting reference date of the LLP was changed from 30 September to 31 March, with the financial statements prepared for the 18-month period ended 31 March 2025.

Financial analysis

During the period, the Programme raised additional funds of £500m by issuing Series 9 covered bond in February 2025. This was offset with the full redemption of Series 1 covered bond £600m in January 2024.

The LLP receives income on the deemed loan via the underlying mortgage loans. The deemed loan is described in note 1.4 to the financial statements. Under the terms of the Programme, the LLP is entitled to retain a predetermined profit balance (before the net effect of fair value gains and losses). For the 18-month period ended 31 March 2025, this equated to £5,400 (12-months to 30 September 2023: £3,600). Income in excess of the required amount accrues to CB PLC as deferred consideration of £480,440,000 (12-months to 30 September 2023 £255,806,000) Deferred consideration is described in note 1.4 to the financial statements.

The combined performance of the deemed loan and payments made with regards to the intercompany loans has been in line with expectations.

Profits and appropriations

The statement of comprehensive income for the period is set out on page 7.

Key performance indicators

The Programme performance is monitored monthly for financial and non-financial indicators including covenants and tests for managing risk which are published within the monthly investor report. The tests include, but are not limited to, regulatory tests, the Asset Coverage Test ("ACT") and an amortisation test.

The level of over-collateralisation is central to the contractual terms and to credit ratings agency oversight. The ACT serves to ensure that the over-collateralisation in the Programme is sufficient to meet contractual and regulatory obligations. As at 31 March 2025, over-collateralisation was an additional 82.31% (12-months to 30 September 2023: 52.98%) of the liability value.

Future developments

The LLP was established to hold an interest in a deemed loan as a security for the issuance of covered bonds under the Programme. The LLP will continue to operate until all the covered bonds have been fully redeemed. No changes in future activities are envisaged.

The geopolitical environment remains volatile, with ongoing global conflicts and a range of global tensions. This uncertainty impacts the macroeconomic environment. Conflicts and disputes also have the potential to disrupt supply chains and increase cyber threats and economic crime.

The entity is exposed to fluctuations in the UK's economic conditions, which are impacted by global trade disputes. The economic environment remains uncertain, as interest rate levels and the growth outlook continue to impact customer finances, as well as other institutions and counterparties. Government policy continues to evolve, including in response to these challenges, with consequential impacts for the UK economy.

Principal risks and uncertainties

The LLP is exposed to changes in market variables such as floating rate interest on loans within the mortgage pool, floating rate interest obligations arising from pounds sterling ("GBP") and exchange rate movements on Euro ("EUR") interest bearing loans. These risks are mitigated by the LLP through the use of basis swap arrangements and both cross currency and interest rate swaps.

Members' report (continued)

Principal risks and uncertainties (continued)

Aligned to the VMUK PLC Group approach, climate risk has been assessed as a potential future risk of the LLP and has been deemed to have no material impact in these financial statements. The main features of the LLP's internal control and risk management systems are set out in note 4.3 to the financial statements.

The risks and challenges identified in the financial statements do not represent an exhaustive list of the risks and issues associated with the LLP. Other risks and issues not specifically referenced may adversely impact the future financial position and performance of the LLP. Accordingly, no assurances or guarantees of future performance, profitability or returns on capital are given by the LLP.

Financial risk management

The LLP's principal financial assets are loans due from LLP Members and the associated risks include the underlying performance of the loans in the mortgage pool versus the fixed and floating rate interest on the intercompany loans due to CB PLC. The financial risk management policies are discussed further in note 4.3 to the financial statements.

Employees

The LLP does not have any employees.

Political donations

No political donations were made during the period (12-months to 30 September 2023: £Nil).

Research and development costs

The LLP does not undertake formal research and development activities.

Related parties

Details of related party transactions are set out in note 4.2 to the financial statements.

Going concern

The Members have made an assessment of the LLP's ability to continue as a going concern and are satisfied that the LLP has the resources to continue in business for 12 months from the approval of the financial statements.

The LLP's use of the going concern basis for preparation of the accounts is discussed in note 1.3 to the financial statements.

Events after the balance sheet date

There have been no significant events between 31 March 2025 and the date of approval of the annual report and financial statements which would require a change to or additional disclosure in the financial statements.

Auditors and disclosure of information to the auditors

The Members at the time of signing the report are listed on page 1. Having made enquiries of fellow Members and of the LLP's auditors, each of these Members confirms that:

- to the best of each Member's knowledge and belief, there is no information relevant to the preparation of their report of which the LLP's auditors are unaware; and
- each Member has taken all the steps a Member might reasonably be expected to have taken to be aware of relevant audit information and to establish that the LLP's auditors are aware of that information.

In October 2023 PricewaterhouseCoopers LLP ("PwC") was appointed as the Group's External Auditor following a comprehensive audit tender process overseen by the Committee. In March 2024, PwC gave notice that they would be resigning as the Group's External Auditor with effect from 19 March 2024 in light of potential conflicts arising in relation to the acquisition as announced on 7 March 2024. EY was reappointed by the Board to fill the resulting vacancy. The committee provided oversight of the transition to PwC and the reappointment of EY.

In accordance with section 485 of the Companies Act 2006, a resolution to appoint Ernst & Young LLP as External Auditor will be proposed at the 2025 Annual General Meeting.

This report was approved by the Management Committee on 4 July 2025 and was signed on its behalf by:

Helena Whitaker
For and on behalf of CSC Directors (No. 3) Limited
As director of Eagle Place Covered Bonds Finance Limited
Member of the LLP
4 July 2025

Statement of Members' responsibilities

The Members are responsible for preparing the annual report and financial statements in accordance with applicable UK law and regulations.

Company law as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2016 (the “Regulations") requires the Members to prepare financial statements for each financial period. Under that law, they are required to prepare the partnership financial statements in accordance with UK adopted International Accounting Standards (“IAS”) as applied to limited liability partnerships. In addition, as applied to limited liability partnerships, the Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP, and of the profit or loss for that period. In preparing these financial statements the Members are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards (“IFRS”) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the LLP’s financial position and financial performance;
- state whether UK adopted IASs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The Members are responsible for keeping adequate accounting records which are sufficient to show and explain the LLP’s transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Regulations made under the LLP Act 2000. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the Members are also responsible for preparing a Member’s report that complies with that law and those regulations. The Members are responsible for the maintenance and integrity of the corporate and financial information relating to the LLP included on the VMUK PLC Group’s website.

This statement was approved by the Management Committee on 4 July 2025 and was signed on its behalf by:

Helena Whitaker
For and on behalf of CSC Directors (No. 3) Limited
As director of Eagle Place Covered Bonds Finance Limited
Member of the LLP
4 July 2025

Independent auditor's report to the Members of Eagle Place Covered Bonds Limited Liability Partnership ('LLP')

Opinion

We have audited the financial statements of Eagle Place Covered Bonds LLP (the "LLP") for the 18-month period ended 31 March 2025 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in Members' interests, Statement of cash flows and the related notes 1.1 to 4.4 including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards as applied to limited liability partnerships.

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2025 and of its loss for the period then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the Members of Eagle Place Covered Bonds Limited Liability Partnership ('LLP') (continued)

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement set on page 4, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the limited liability partnership and determined that the most significant are Companies Act 2006, Limited Liability Partnership Act 2000, Market Abuse Regulations, Transparency Regulations.
- We understood how the LLP is complying with those frameworks by inquiring of management and identifying the controls in place in order to comply.
- We assessed the susceptibility of the limited liability partnership's financial statements to material misstatement, including how fraud might occur by considering the controls that has established to address risks identified by the entity or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries of legal counsel, executive management and focused testing.

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

Use of our report

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

DocuSigned by:
Ernst & Young LLP
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Andrew Bates (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
London
4 July 2025

Statement of comprehensive income for the period

	Note	**18 months to 31 Mar 2025 £'000**	12 months to 30 Sep 2023 £'000
Interest income	2.2	**429,731**	196,261
Interest expense	2.3	**(418,905)**	(189,900)
Net interest income		**10,826**	6,361
Operating expenses	2.4	**(10,820)**	(6,357)
Profit before fair value adjustments		**6**	4
Net (loss)/gain	3.2	**(8,380)**	837
Total comprehensive (expense)/income for the period attributable to the LLP members		**(8,374)**	841

The notes on pages 11 to 30 form part of these financial statements.

Balance sheet
as at

	Note	**31 Mar 2025**	30 Sep 2023
		£'000	£'000
Assets			
Loans due from LLP members	3.1	**4,680,058**	4,838,154
Derivative financial assets	3.2	**22,266**	8,335
Reserve funds	3.3	**68,795**	79,246
Other assets	3.4	**15**	11
Cash and cash equivalents	3.5	**206,181**	154,170
Total assets		**4,977,315**	5,079,916
Liabilities			
Loans due to LLP members	3.6	**4,917,049**	4,921,920
Derivative financial liabilities	3.2	**57,965**	127,783
Due to other banks	3.7	**-**	18,019
Other liabilities	3.8	**671**	541
Total liabilities		**4,975,685**	5,068,263
Members' other interests			
General reserve		**3,279**	11,653
Other hedging reserves [1]		**(1,649)**	-
Total Members' other interests		**1,630**	11,653
Total liabilities and Members' other interests		**4,977,315**	5,079,916
Total Members' interests			
General reserve		**3,279**	11,653
Other hedging reserves [1]		**(1,649)**	-
Loans due from LLP members		**(4,680,058)**	(4,838,154)
Loans due to LLP members		**4,917,049**	4,921,920
Total Members' interests		**238,621**	95,419

[1] The Group voluntarily adopted IFRS 9 'Financial Instruments' - Hedge Accounting from 1 October 2024 on a prospective basis; this resulted in the creation of a new 'Other hedging reserves'. Further information is included in note 1.4.

The notes on pages 11 to 30 form part of these financial statements.

The financial statements were approved by the Members on 4 July 2025 and were signed on its behalf by:

Helena Whitaker
For and on behalf of CSC Directors (No. 3) Limited
As director of Eagle Place Covered Bonds Finance Limited
Member of the LLP
4 July 2025
Registered number: OC412988

Statement of changes in Members' interests

	General reserve	[1] Other hedging reserves	Loans due from LLP members	Loans due to LLP members	Total
	£'000		£'000	£'000	£'000
Balance at 30 September 2022	10,812	-	(3,326,119)	3,472,913	157,606
Total comprehensive income for the period	841	-	-	-	841
Movement in loans and other debts with LLP members	-	-	(1,512,035)	1,449,007	(63,028)
Balance at 30 September 2023	11,653	-	(4,838,154)	4,921,920	95,419
Total comprehensive income for the period	(8,374)	-	-	-	(8,374)
Movement on other hedging reserves	-	(1,649)	-	-	(1,649)
Movement in loans and other debts with LLP members	-	-	158,096	(4,871)	153,225
Balance at 31 March 31 Mar 2025	**3,279**	**(1,649)**	**(4,680,058)**	**4,917,049**	**238,621**

[1]

The Group voluntarily adopted IFRS 9 'Financial Instruments' - Hedge Accounting from 1 October 2024 on a prospective basis; this resulted in the creation of a new 'Other hedging reserves'. Further information is included in note 1.4.

The notes on pages 11 to 30 form part of these financial statements.

Statement of cash flows
for the

	Note	18 months to 31 Mar 2025	12 months to 30 Sep 2023
		£'000	£'000
Operating activities			
(Loss)/profit attributable to the LLP members		**(8,374)**	841
Adjustments for non-cash movements included in (loss)/profit attributable to the Members:			
Interest income	2.2	**(429,731)**	(196,261)
Interest expense	2.3	**418,905**	189,900
Net gains and losses	3.2	**8,380**	(837)
Adjustments to working capital:			
Changes in operating assets	4.1	**(4)**	1
Changes in operating liabilities	4.1	**130**	42
Changes in amounts due to other banks		**(17,974)**	(22,236)
Interest paid to other banks		**(653)**	(455)
Net cash flows used in operating activities		**(29,321)**	(29,005)
Investing activities			
Principal payments received on the deemed loan		**2,553,705**	1,525,892
Capital distributions to LLP members [1]		**(2,398,319)**	(3,090,346)
Decrease/(increase) in investment in reserve funds		**10,451**	(48,353)
Interest received on the deemed loan		**409,415**	239,302
Interest received on cash and cash equivalents		**23,024**	9,378
Net cash flows provided by/(used in) investing activities		**598,276**	(1,364,127)
Financing activities			
Issuance of loans due to LLP members	4.1	**500,000**	1,426,185
Redemption of loans due to LLP members	4.1	**(600,000)**	-
Interest paid on loans due to LLP members		**(272,964)**	(132,810)
Interest paid on hedging swaps paid		**(143,980)**	(49,095)
Net cash flows (used in)/provided by financing activities		**(516,944)**	1,244,280
Net increase/(decrease) in cash and cash equivalents		**52,011**	(148,852)
Cash and cash equivalents at beginning of the period		**154,170**	303,022
Cash and cash equivalents at end of the period	3.5	**206,181**	154,170

[1] Capital distributions to LLP members are a payment of principal receipts to CB PLC to reduce the capital in kind balance which forms part of the deemed loan. Refer to the loans due from LLP members accounting policy on page 13 for further detail.

The notes on pages 11 to 30 form part of these financial statements.

Notes to the financial statements
Section 1: Basis of preparation and accounting policies

1.1 General information

The LLP is incorporated under the Limited Liability Partnership Act 2000 and registered in England and Wales as a Limited Liability Partnership.

CB PLC, a company incorporated under the Companies Act 2006 and registered in Scotland, is the Sponsor of the Programme. The lowest level in which the results of the LLP are consolidated is headed by CB PLC. CB PLC is a wholly owned subsidiary of VMUK PLC and forms part of the VMUK PLC Group. The Company's results are consolidated in the VMUK PLC Group financial statements.

Following the acquisition of VMUK PLC by Nationwide Building Society on 1 October 2024, Nationwide, a building society incorporated and registered in England and Wales, replaced VMUK PLC as the ultimate controlling entity. Nationwide and its subsidiary undertakings, which include CB PLC, comprise the Nationwide Group. The Nationwide Group is the largest group in which the post-acquisition results of the Company are consolidated. The financial statements of Nationwide Building Society may be obtained from the registered office at Nationwide House, Pipers Way, Swindon, SN38 1NW.

1.2 Basis of accounting

The LLP's financial statements, which should be read in conjunction with the Members' report, have been prepared in accordance with UK adopted IAS as applied to limited liability partnerships. The financial information has been prepared under the historical cost convention, as modified by the application of fair value movements. Climate risk has been considered in the preparation of these accounts and no adjustments have been deemed necessary.

During the period, the accounting reference date of the LLP was changed from 30 September to 31 March, with the financial statements prepared for the 18-month period ended 31 March 2025.

1.3 Going concern

The LLP's business activities, together with the factors likely to affect its future development, performance and position are set out in the Members' report. In addition, note 4.3 includes the LLP's risk management objectives.

The LLP has access to financial resources through its interest in the deemed loan. It is the intention of the Members of the LLP to continue operations while the Programme supports the funding and liquidity needs of the VMUK PLC Group. Due to the limited recourse nature of the Intercompany Loans the ultimate risk is borne by the CB PLC, therefore any shortfall in the proceeds from the deemed loan will be a risk to CB PLC rather than the LLP.

The Members believe the LLP is well placed to manage its business risks successfully in line with the Programme documentation. Accordingly, the financial statements have been prepared on a going concern basis.

1.4 Accounting policies

As a result of the acquisition by Nationwide, the LLP adopted the hedge accounting provisions of IFRS 9 'Financial Instruments' during the period which applies to all hedge relationships.

For the period from 1 October 2023 to 30 September 2024, the LLP continued to apply IAS 39 for hedge accounting. From 1 October 2024, the LLP voluntarily adopted the hedge accounting provisions of IFRS 9 on a prospective basis.

The changes resulting from adoption of the hedge accounting provisions of IFRS 9, which are applicable to the LLP include:

- The ability to choose to exclude currency basis spreads from hedge designation and instead report this element of fair valuation directly in a hedge reserve within equity.
- The performance of hedge effectiveness testing on a prospective basis only, in line with risk management strategy.
- The inability to voluntarily de-designate hedging relationships, unless there has been a change to risk management objectives.

Adoption, which did not have a significant impact for the LLP, has resulted in the creation of a new 'Other hedging reserves' within equity to include the impact of foreign currency basis spreads. The value of this reserve at 31 March 2025 was a cumulative loss of £1.6 million. Comparatives have not been restated.

There were no significant mandatory International Accounting Standards Board ("IASB") pronouncements adopted by the LLP in the current financial period. As a result of the VMUK PLC acquisition by Nationwide, IASB pronouncements that were applicable for accounting periods beginning on or after 1 January 2024 have been early adopted in these financial statements. Their early adoption has not had a material impact for the LLP. The IASB has also issued a number of minor amendments to IASs that are not mandatory for 31 March 2025 reporting periods and have not been early adopted by the LLP. These amendments are not expected to have a material impact for the LLP and have therefore not been listed.

Notes to the financial statements (continued)
Section 1: Basis of preparation and accounting policies (continued)

1.4 Accounting policies (continued)

The following material accounting policies have been applied in preparing these financial statements.

(a) Functional and presentation currency

Items included in the financial statements of the LLP are measured using the currency of the primary economic environment in which the entity operates (the ‘functional currency’). The financial statements are presented in GBP, which is also the LLP’s presentation currency, rounded to the nearest thousand pounds (“£’000”) unless otherwise stated.

(b) Foreign currency – transactions and balances

Initially, at the date of a foreign currency transaction, the LLP records an asset, liability, income or expense arising from a transaction using the end of day spot exchange rate between the functional and foreign currency on the transaction date.

Subsequently, at each reporting date, the LLP translates foreign currency monetary items at the closing rate. Foreign exchange (“FX”) differences arising on translation or settlement of monetary items are recognised in the statement of comprehensive income during the period in which the gains or losses arise. Foreign currency non-monetary items measured at historical cost are translated at the date of the transaction. Foreign currency non-monetary items measured at fair value will be translated at the date when the fair value is determined. Foreign exchange differences are recognised directly in equity for non-monetary items where any component of associated gains or losses is recognised directly in equity.

(c) Interest income and interest expense

Interest income is reflected in the statement of comprehensive income using the Effective Interest Rate (“EIR”) method which discounts the estimated future cash payments or receipts over the expected life of the financial instrument to the gross carrying amount of the non-credit impaired financial asset. Interest expense is reflected in the statement of comprehensive income using the same EIR method on the amortised cost of the financial liability.

When calculating the EIR, cash flows are estimated considering all contractual terms of the financial instrument (e.g. prepayment, call and similar options) excluding future Expected Credit Losses (“ECL”). The calculation includes all amounts paid or received that are an integral part of the EIR such as transaction costs and all other premiums or discounts. Where it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments) are used.

Interest income and expense on hedged assets and liabilities are also recognised as part of net interest income.

(d) Net gains and losses

Net gains and losses contain the fair value movement of the derivatives designated as fair value hedges and FX and fair value adjustments attributable to the hedged risk on hedged items. The net of these amounts represents hedge ineffectiveness for the period.

(e) Income tax

Income tax on all partnership profits is solely the liability of the Members. Consequently, neither current tax nor any related deferred tax is accounted for in these financial statements.

(f) Drawings

The Members are entitled to the sum of £3,600 annually in aggregate as their profit for their interests as Members in the LLP. The liquidation member is entitled to £1 of this balance per annum. The balances due to Members are held within the general reserve until distributed.

(g) Financial instruments

Recognition and derecognition

A financial asset or a financial liability is recognised on the balance sheet when the LLP becomes party to the contractual provisions of the instrument.

The LLP derecognises a financial asset when the contractual cash flows from the asset expire or it transfers the right to receive contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership are transferred. Financial liabilities are derecognised from the balance sheet when the LLP has discharged its obligation to the contract, or the contract is cancelled or expires.

Classification and measurement

The LLP measures a financial asset or liability on initial recognition at its fair value, plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability (with the exception of financial assets or liabilities at fair value through profit or loss, where transaction costs are recognised directly in the statement of comprehensive income as they are incurred).

Notes to the financial statements (continued)
Section 1: Basis of preparation and accounting policies (continued)

1.4 Accounting policies (continued)

(g) Financial instruments (continued)

Financial assets

Subsequent accounting for a financial asset is determined by the classification of the asset depending on the underlying business model and contractual cash flow characteristics. This results in classification within one of the following categories: i) amortised cost, ii) fair value through other comprehensive income ("FVOCI"), or iii) fair value through profit or loss ("FVTPL"). The LLP has no financial assets classified as FVOCI.

A financial asset is measured at amortised cost when (1) the asset is held within a business model whose objective is achieved by collecting contractual cash flows; and (2) the contractual terms give rise to cash flows on specified dates which are solely payments of principal and interest on the principal amount outstanding. Financial assets held at amortised cost are assessed for impairment using the ECL methodology. Further detail is provided in note 1.5.

A financial asset is measured at FVTPL if it (1) does not fall into the business models for amortised cost or FVOCI; (2) is specifically designated as FVTPL on initial recognition in order to eliminate or significantly reduce a measurement mismatch; or (3) is classified as held for trading.

Most of the LLP's financial assets are classified as financial assets at amortised cost. This classification is determined by the business model under which the LLP uses the assets ('held to collect' business model) and the nature of the assets' cash flows. The cash flows have been determined to be solely payments of principal and interest, reflecting the basic lending arrangement. The derivative financial assets which are designated in hedge relationships are classified as FVTPL.

Financial liabilities

All of the LLP's financial liabilities are classified as financial liabilities at amortised cost, with the exception of derivative financial liabilities which are designated in hedge relationships and classified as FVTPL.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the LLP measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Where no such active market exists for the particular asset or liability, the LLP uses a valuation technique to arrive at the fair value, including the use of transaction prices obtained in recent arm's length transactions where possible, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants. In doing so, fair value is estimated using a valuation technique that makes maximum possible use of market inputs and that places minimal possible reliance upon entity specific inputs.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When such evidence exists, the LLP recognises profits or losses on the transaction date.

The carrying value of financial instruments at FVTPL reflects the credit risk attributable to the counterparty. Changes in the credit profile of the counterparty are reflected in the fair value of the instrument and recognised in the statement of comprehensive income.

(h) Loans due from LLP members

Deemed loan

Loans due from LLP members materially represents a pool of mortgages obtained from CB PLC. Where a transferor retains substantially all the risks and rewards associated with the transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The LLP has concluded that CB PLC has retained substantially all the risks and rewards of the pool of mortgage loans held by the LLP. Consequently, the LLP should not recognise the beneficial interest in the mortgage loans on its balance sheet but rather a deemed loan at amortised cost due from CB PLC.

Initial recognition of the deemed loan corresponds to the initial consideration paid by the LLP for interest in the mortgage loans. The LLP recognises principal and interest cash flows from the underlying pool of mortgage loans.

Deferred consideration

Deferred consideration arises when there is surplus income of the underlying mortgage loans, to the extent that it exceeds the costs of the LLP. Deferred consideration is payable to CB PLC as the Sponsor of the Programme. As the LLP does not recognise income to which it is not beneficially entitled, deferred consideration payable is accounted for as a deduction against the deemed loan and the associated expense is recognised in the statement of comprehensive income as a deduction against deemed loan interest income.

Notes to the financial statements (continued)
Section 1: Basis of preparation and accounting policies (continued)

1.4 Accounting policies (continued)

(h) Loans due from LLP members (continued)

Capital contribution in kind

Under the terms of the Mortgage Sale Agreement, CB PLC is legally treated as having made a capital contribution in kind to the LLP as full consideration was not paid for the mortgage assets. Given that the transfer of the mortgage loans did not satisfy the derecognition test, the capital contribution in kind has not been separately recognised on the balance sheet, but as a component of the deemed loan.

Initial recognition of the component is equal to the difference between the balance of the mortgage loans sold at transfer date and the cash payment made by the LLP for those loans and relevant security on the transfer date. The balance will subsequently be reduced by capital distributions of principal receipts in accordance with the LLP deed, where sufficient principal receipts are available after higher priority payments have been made. Principal receipts include the proceeds from the mortgage loans and the issuance of intercompany debt.

Basis swaps

The LLP uses derivative financial instruments to manage exposure to interest rate risk, which arises when there is a mismatch between fixed interest rates and floating interest rates, and different repricing characteristics between assets and liabilities.

Given that the transfer of the mortgage loans did not satisfy the derecognition test, at entity level the basis swap derivatives have not been separately recognised on the balance sheet and only the accrued interest is recognised as a component of the amortised cost deemed loan. Recording these as separate instruments would result in multiple recognition of the same rights and obligations of the underlying mortgage cashflows originally recognised at CB Bank.

(i) Reserve funds

Reserve funds are held in line with the Programme documentation, which places restrictions on the timing and use of the funds. The reserve funds are held as cash at bank and are measured at amortised cost.

(j) Other assets

Other assets include intercompany receivables and prepaid expenses, which are recognised initially at fair value and subsequently measured at amortised cost.

(k) Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost and are derecognised when the rights to receive cash flows have expired or the LLP has transferred substantially all the risks and rewards of ownership. For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition.

(l) Loans due to LLP members

Loans due to LLP members are intercompany loans with CB PLC, which are initially recorded on the balance sheet at the fair value of proceeds received net of any transaction costs. On subsequent reporting dates, the loans are measured at amortised cost plus any applicable hedge adjustment.

(m) Derivative financial instruments and hedge accounting

The LLP uses derivative financial instruments to manage exposure to interest rate and foreign currency risk. Interest rate risk arises when there is a mismatch between fixed interest rate and floating interest rates, and different repricing characteristics between assets and liabilities. Currency risk arises when assets and liabilities are not denominated in the functional currency of the entity. Derivatives are recognised on the balance sheet at fair value on trade date and are remeasured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The notional amount of a derivative contract is not recorded on the balance sheet but is disclosed in note 3.2.

Hedge accounting

For the period from 1 October 2023 to 30 September 2024, the LLP elected, as a policy choice permitted under IFRS 9, to continue to apply IAS 39 for hedge accounting. From 1 October 2024, the LLP voluntarily adopted the hedge accounting provisions of IFRS 9 on a prospective basis; this resulted in a new ‘Other hedging reserves’.

Fair value hedges are designated as the hedging strategy of the LLP on fixed interest rate and foreign currency denominated fixed rate debt issuances. Fair value hedge accounting results in the carrying value of the hedged asset or liability being adjusted to reflect changes in fair value attributable to the risk being hedged. This creates an offset to the fair value movements of the hedging instrument. Changes in the fair value of the hedged items and hedging instruments are recorded in the statement of comprehensive income, except for changes in the fair value of hedging instruments accounted for under IFRS 9 which are attributable to foreign currency basis spreads. Where foreign currency basis spreads are excluded from hedge designation, this element of the fair valuation of the hedging instrument is instead recognised directly within equity within the ‘Other hedging reserves’.

Notes to the financial statements (continued)
Section 1: Basis of preparation and accounting policies (continued)

1.4 Accounting policies (continued)

(m) Derivative financial instruments and hedge accounting (continued)

Hedge accounting (continued)

Where the hedged item is derecognised from the balance sheet, the adjustment to the carrying amount of the asset or liability is immediately transferred to the statement of comprehensive income. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised over the remaining life of the asset or liability.

At inception each hedge relationship is formally documented, including a description of the hedged item and the hedging instrument, as well as the methods which will be used to assess the effectiveness of the hedge. Hedges accounted for under IFRS 9 are required to be effective on a prospective basis, in line with risk management strategy.

Hedge ineffectiveness

Hedge ineffectiveness can arise from:

- Differences in timing of cash flows of hedged items and hedging instruments;
- Changes in expected timings and amounts of forecast future cash flows; and
- Different interest rate curves applied to discount the hedged items and hedging instruments;

Other risks such as credit risk and liquidity risk are managed by the LLP but are not included in the hedge accounting relationship. Changes in the designated risk component usually account for the largest portion of the overall change in fair value of the hedged item.

(n) Other debts due to LLP members

Cash capital contribution

If requested by the Management Committee, the Members may from time to time make cash contributions to the LLP which will constitute cash capital contributions. These contributions may be deemed by the LLP as revenue or principal as determined by the purpose of the funds. The liquidation member, Eagle Place Covered Bonds Finance Limited, will not make any capital contributions to the LLP. No interest is paid on the LLP members' capital balances. Capital distributions may only be made in accordance with the LLP deed where sufficient principal or revenue receipts are available as appropriate and higher priority payments have been made. Cash capital contributions are recognised and subsequently measured at amortised cost.

(o) Due to other banks

Balances within due to other banks represent cash collateral placed with the LLP by derivative counterparties, pursuant to the provisions of the associated swap agreements. Collateral is recognised initially at fair value and subsequently measured at amortised cost.

(p) Other liabilities

Other liabilities include non-interest earning intercompany payables and accrued expenses, which are recognised initially at fair value and subsequently measured at amortised cost.

(q) Financial guarantees

The LLP has provided a guarantee in the course of its business with CB PLC to the Bond Trustee, as to payments of interest and principal under the covered bonds, where amounts would otherwise be unpaid by CB PLC. The LLP recognises the financial guarantee contract initially at fair value, and subsequently the higher of the unamortised portion of fees received on the guarantee and best estimate of the value of the obligation under the guarantee. Fair value is presumed to be equal to premium unless there is evidence to the contrary. This is nil at inception and at subsequent recognition remains nil.

(r) Capital management overview

The LLP is not subject to externally imposed capital requirements outside the scope of the Programme documentation. The LLP considers its capital to reflect Members' interest which can be found in the balance sheet on page 8.

1.5 Expected Credit Losses Impairment

Impairment of financial assets

At initial recognition, allowance is made for ECLs resulting from default events that are forecast within the next 12 months (12-month ECL). In the event of a significant increase in credit risk since origination, allowance (or provision) is made for ECLs resulting from all possible default events over the expected life of the financial instrument (lifetime ECL). In assessing a significant increase in credit risk, the LLP monitors the level of credit enhancement within the Programme as detailed in the monthly reporting, as well as considers the presence of any trigger events as per the Programme documentation.

Notes to the financial statements (continued)
Section 1: Basis of preparation and accounting policies (continued)

1.5 Expected Credit Losses Impairment (continued)

Financial assets, where 12-month ECL are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk since initial recognition are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

CB PLC as the sponsor of the covered bond programme owns the mortgages assigned to the mortgage portfolio which are subject to an ECL impairment assessment as per IFRS 9. Therefore, a separate ECL impairment assessment is not performed at the SPV level, as these entities are special vehicles and do not hold any level of provision for the mortgages securitised.

Mortgages entered the securitisation pool and recognised as a component of the deemed loan are performing assets. Unlike other financial instruments, the deemed loan is, by its construction, an instrument that incorporates credit enhancement. The interest due on the deemed loan is only due to the extent it matches the obligations of the entity. All covered bond programmes incorporate credit enhancement in the form of excess spread and various reserve funds for use in the event the cash flow for a particular payment period is insufficient. ECL for the deemed loan would only therefore be recognised where the ECL on the underlying assets were large enough that no credit enhancement remained, which is not currently the case.

Given the significant level of over collateralisation of the mortgage pool within the deemed loan, unprecedented levels of defaults would be required before any actual loss event could occur.

1.6 Critical accounting estimates and judgements

There are no critical estimates or judgements made in the preparation of these financial statements.

Notes to the financial statements (continued)
Section 2: Results for the 18-month period ended 31 March 2025

2.1 Employee costs

The LLP does not have any employees thus there are no associated costs included within these financial statements (12-months to 30 September 2023: £Nil). The administrative duties of the LLP have been outsourced to an external services provider, CSC Management Services (UK) Limited.

In April 2024, Intertrust Group was rebranded as CSC Group. As part of this rebranding, Intertrust Management Limited was renamed to CSC Management Services (UK) Limited.

2.2 Interest income

	18 months to 31 Mar 2025 £'000	12 months to 30 Sep 2023 £'000
Interest income on the deemed loan	**406,707**	186,883
Interest income on cash and cash equivalents	**23,024**	9,378
	429,731	196,261

Interest income on the deemed loan represents the income on the underlying mortgage loans, reduced by the net expense on the basis swap and deferred consideration expense of £480,440,000 (12-months to 30 September 2023: £255,806,000). Which have increased with the issuance of Series 9 covered bond in February 2025.

2.3 Interest expense

	18 months to 31 Mar 2025 £'000	12 months to 30 Sep 2023 £'000
Interest expense on the intercompany loans	**304,486**	139,842
Interest expense on hedging swaps	**113,812**	49,569
Interest expense on amounts due to other banks	**607**	489
	418,905	189,900

The increase in interest expense is driven by the issuance of Series 9 covered bond in February 2025.

2.4 Operating expenses

	18 months to 31 Mar 2025 £'000	12 months to 30 Sep 2023 £'000
Servicing fees	**10,675**	6,252
Cash management fee	**10**	6
Other operating expenses	**135**	99
	10,820	6,357

During the period, the LLP expensed £19,000 (12-months to 30 September 2023: £15,000) of audit fees for the statutory audit which are included in other operating expenses.

Notes to the financial statements (continued)
Section 3: Assets and liabilities

3.1 Loans due from LLP members

	31 Mar 2025	30 Sep 2023
	£'000	£'000
Deemed loan due from LLP members	**4,695,743**	4,840,464
Accrued interest payable	**(15,685)**	(2,310)
	4,680,058	4,838,154

The deemed loan represents the beneficial interest in the underlying mortgages of £9,003,122,000 (12-months to 30 September 2023: £7,708,662,000) reduced by the associated capital in kind of £4,241,588,000 (12-months to 30 September 2023: £2,792,159,000) and deferred consideration payable of £75,094,000 (12-months to 30 September 2023: £85,761,000). The accrued interest includes the accrual on both the underlying mortgages and the basis rate swap. The mortgage loans are all denominated in GBP and are at various variable or fixed rates of interest.

3.2 Derivative financial instruments

Use of derivatives

The LLP enters into certain derivative instruments to hedge foreign currency and interest rate risk on the principal and the interest of the intercompany loans. The derivatives form part of a designated fair value hedge relationship.

	31 Mar 2025	30 Sep 2023
	£'000	£'000
Fair value of derivative financial instruments		
Derivative financial assets	**22,266**	8,335
Derivative financial liabilities	**(57,965)**	(127,783)

The derivative financial instruments held by the LLP are further analysed below. The notional contract amount is the amount from which the cash flows are derived and does not represent the principal amounts at risk relating to these contracts.

	31 Mar 2025			30 Sep 2023		
	Notional contract amount	Fair value of assets	Fair value of liabilities	Notional contract amount	Fair value of assets	Fair value of liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
FAIR VALUE HEDGES						
Interest rate swaps	**700,000**	**9,747**	**-**	700,000	-	(41,565)
Cross currency swaps	**1,389,285**	**12,519**	**(57,965)**	1,389,285	8,335	(86,218)
Total derivatives designated as hedging instruments	**2,089,285**	**22,266**	**(57,965)**	2,089,285	8,335	(127,783)

Notes to the financial statements (continued)
Section 3: Assets and liabilities (continued)

3.2 Derivative financial instruments (continued)

Summary of hedging instruments in designated hedge relationships

In the below table, the LLP sets out the accumulated adjustments in the hedging instruments arising from the corresponding continuing hedge relationships, irrespective of whether there has been a change in hedge designation during the period.

	31 Mar 2025				30 Sep 2023			
	Notional contract amount	**Carrying amount of hedging instruments**		**Change in fair value of hedging instrument in the period used for ineffectiveness measurement**	Notional contract amount	Carrying amount of hedging instruments		Change in fair value of hedging instrument in the period used for ineffectiveness measurement
		Assets	**Liabilities**			Assets	Liabilities	
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
FAIR VALUE HEDGES								
Interest rate risk								
Interest rate swaps	**700,000**	**9,747**	**-**	**34,862**	700,000	-	(41,565)	23,910
Foreign exchange and interest rate risk								
Cross currency swaps	**1,389,285**	**12,519**	**(57,965)**	**20,877**	1,389,285	8,335	(86,218)	(5,752)
Total derivatives designated as hedging instruments	**2,089,285**	**22,266**	**(57,965)**	**55,739**	2,089,285	8,335	(127,783)	18,158

In the below table, the LLP sets out the accumulated adjustments in the hedged items arising from the corresponding continuing hedge relationships, irrespective of whether there has been a change in hedge designation during the period.

	31 Mar 2025				30 Sep 2023			
	Carrying amount of hedged items		**Accumulated amount of fair value adjustments on the hedged item**	**Change in fair value of hedged item in the period used for ineffectiveness measurement**	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged item	Change in fair value of hedged item in the period used for ineffectiveness measurement
	Assets	**Liabilities**			Assets	Liabilities		
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
FAIR VALUE HEDGES								
Interest rate risk								
Interest rate issuances	**-**	**(709,433)**	**16,910**	**(33,734)**	-	(659,529)	50,643	(23,248)
Foreign exchange and interest rate risk								
Fixed rate currency issuances	**-**	**(1,346,330)**	**59,270**	**(30,385)**	-	(1,303,188)	88,509	5,927
Total hedged item designated in a hedging relationship	**-**	**(2,055,763)**	**76,180**	**(64,119)**	-	(1,962,717)	139,152	(17,321)

Notes to the financial statements (continued)
Section 3: Assets and liabilities (continued)

3.2 Derivative financial instruments (continued)

Gains and losses from hedge accounting

	18 months to 31 Mar 2025	12 months to 30 Sep 2023
	Hedge ineffectiveness recognised in income statement	Hedge ineffectiveness recognised in income statement
	£'000	£'000
FAIR VALUE HEDGES		
Interest rate risk		
Interest rate issuances	**1,128**	662
Foreign exchange and interest rate risk		
Fixed rate currency issuances	**(9,508)**	175
Total gains and losses from hedging [1]	**(8,380)**	837

[1] Include gains/(losses) from portfolio hedges of interest rate risk arising from amortisation of existing balances sheet amounts and hedge ineffectiveness.

Under IFRS 9, where foreign currency basis spreads are excluded from hedge designation, this element of the fair valuation of the hedging instrument is recognised directly within equity within the 'Other hedging reserves'.

3.3 Reserve funds

The LLP maintains a funding reserve fund disclosed below. The Programme documentation specifies the terms under which the reserve fund can be utilised.

	31 Mar 2025	30 Sep 2023
	£'000	£'000
Reserve fund	**68,795**	79,246

3.4 Other assets

	31 Mar 2025	30 Sep 2023
	£'000	£'000
Other receivables	**15**	11

3.5 Cash and cash equivalents

	31 Mar 2025	30 Sep 2023
	£'000	£'000
Cash and cash equivalents	**206,181**	154,170

Cash and cash equivalents comprise cash and demand deposits with banks that are readily convertible to known amounts of cash. The LLP holds accounts with HSBC Bank and Clydesdale Bank PLC and these accounts have been established in the LLP's name for the following purposes:

- to hold the LLP's available principal and revenue receipts until each distribution date;
- to apply proceeds to pay various creditors and hold reserve funds in accordance with the relevant priority of payments;
- to hold collateral placed with the LLP by derivative counterparties; and
- to retain the remaining balance as the LLP's profits.

Notes to the financial statements (continued)
Section 3: Assets and liabilities (continued)

3.6 Loans due to LLP members

	31 Mar 2025	30 Sep 2023
	£'000	£'000
Principal balance[1]	**4,861,740**	4,898,133
Accrued interest payable	**55,309**	23,787
	4,917,049	4,921,920

[1] For details of the hedge adjustment value applied to the principal balance refer to note 3.2.

The amount owed to the Members is due to CB PLC and represents intercompany loans equivalent to the amounts raised by CB PLC under the Programme.

The details of the terms and conditions of the notes issued by CB PLC to parties outside of the VMUK PLC Group, and the corresponding intercompany loans, were as follows:

Series of loans	Credit rating	Currency	Initial consideration '000	Interest	Margin	Final maturity
Series 2012-2	AAA rated	GBP	700,000	FIXED	4.625%	08/06/2026
Series 2	AAA rated	EUR	600,000	FIXED	0.010%	22/09/2026
Series 3	AAA rated	GBP	600,000	Compounded Daily SONIA	0.280%	22/01/2027
Series 4	AAA rated	EUR	500,000	FIXED	2.500%	22/06/2027
Series 5	AAA rated	GBP	750,000	Compounded Daily SONIA	0.620%	22/03/2026
Series 6	AAA rated	GBP	500,000	Compounded Daily SONIA	0.550%	22/06/2028
Series 7	AAA rated	EUR	500,000	FIXED	3.750%	22/08/2028
Series 8	AAA rated	GBP	500,000	Compounded Daily SONIA	0.600%	22/09/2028
Series 9	AAA rated	GBP	500,000	Compounded Daily SONIA	0.530%	22/01/2028

The covered bonds are direct, unsecured and unconditional obligations of CB PLC. Under the terms of the Programme documentation, the LLP has also provided a guarantee as to payments of interest and principal under the covered bonds, where amounts would otherwise be unpaid by CB PLC. The obligations of the LLP under its guarantee constitute direct obligations of the LLP secured against the assets from time to time of the LLP and recourse against the LLP is limited to such assets. The principal asset is the mortgage pool acquired from CB PLC as a component of the deemed loan.

Full details of all covered bonds in issue can be found the Virgin Money UK investors relations page at https://www.virginmoneyukplc.com/investor-relations/debt-investors/global-covered-bonds/.

Key movements in the period are shown in the table below [1].

Denomination	Issuances [2] £'000	Redemptions [3] £'000
GBP	500,000	(600,000)

[1] Other movements relate to foreign exchange, hedging movements and amortisation of issuance costs.

[2] Series 9 was issued on 4 February 2025.

[3] Series 1 was redeemed on 22 March 2024.

Notes to the financial statements (continued)
Section 3: Assets and liabilities (continued)

3.7 Due to other banks

	31 Mar 2025	30 Sep 2023
	£'000	£'000
Collateral pledged by derivative counterparties	**-**	17,974
Accrued interest payable	**-**	45
	-	18,019

The acquisition of VMUK PLC Group by Nationwide resulted in an uplift to CB PLC's credit rating. Therefore, there is no longer a requirement to hold a collateral balance pledged by derivative counterparties.

3.8 Other liabilities

	31 Mar 2025	30 Sep 2023
	£'000	£'000
Other payables due to CB PLC	**624**	518
Other payables	**47**	23
	671	541

3.9 Drawings

The liquidation member, Eagle Place Covered Bonds Finance Limited, is entitled to receive a minimum of £1 of profit per period with the remaining profit balance due to CB PLC. Current period balances remain in the general reserve.

3.10 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

Analysis of the fair value disclosures uses a hierarchy that reflects the significance of inputs used in measuring the fair value. The level in the fair value hierarchy within which a fair value measurement is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value measurement hierarchy is as follows:

- Level 1 - quoted prices (unadjusted) in active markets for an identical financial asset or liability;
- Level 2 - inputs other than quoted prices within level 1 that are observable for the financial asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - inputs for the financial asset or liability that are not based on observable market data (unobservable inputs).

Fair value of financial instruments held at amortised cost

The methodologies and assumptions used in the fair value estimates are described in the notes to the tables. The difference between carrying value and fair value is relevant in a trading environment but is not relevant to assets such as the loans due from LLP members.

The tables below show a comparison of the carrying amounts, as reported on the balance sheet, and fair values of those financial assets and liabilities measured at the amortised cost where the carrying value amounts of the financial assets and financial liabilities recorded at amortised cost in the balance sheet are not approximately equal to their fair value.

Notes to the financial statements (continued)
Section 3: Assets and liabilities (continued)

3.10 Fair value of financial instruments (continued)

Fair value of financial instruments held at amortised cost (continued)

	31 Mar 2025					30 Sep 2023				
			Fair value measurements:					Fair value measurements:		
	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets										
Loans due from LLP members	**4,680,058**	**4,718,213**	**-**	**4,718,213**	**-**	4,838,154	4,679,645	-	4,679,645	-
Financial liabilities										
Loans due to LLP members	**4,917,049**	**4,445,410**	**4,445,410**	**-**	**-**	4,921,920	4,442,397	-	4,442,397	-

The LLP's fair values for financial instruments at amortised cost are based on the following methodologies and assumptions:

Loans due from LLP members – This is predominantly based on the fair value of the underlying mortgage loans that is determined from a discounted cash flow model using current market rates for instruments of similar terms and maturity and incorporates behavioural adjustment where appropriate.

Loans due to LLP members – This is determined from quoted market prices, due to bonds being frequently traded these have moved from level 2 to level 1.

Transfers between levels during the period were as a result of a change in the underlying methodology.

Fair value measurements recognised on the balance sheet

The following tables provide an analysis of financial instruments that are measured at fair value subsequent to initial recognition, using the fair value hierarchy described above.

	31 Mar 2025					30 Sep 2023				
			Fair value measurements:					Fair value measurements:		
	Carrying value	Fair value	Level 1	Level 2	Level 3	Carrying value	Fair value	Level 1	Level 2	Level 3
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets										
Derivative financial assets	**22,266**	**22,266**	**-**	**22,266**	**-**	8,335	8,335	-	8,335	-
Financial liabilities										
Derivative financial liabilities	**57,965**	**57,965**	**-**	**57,965**	**-**	127,783	127,783	-	127,783	-

The LLP's fair values disclosed for financial instruments at fair value are based on the following methodologies and assumptions:

Derivative instruments – The fair value of derivatives, are obtained from discounted cash flow models or option pricing models as appropriate.

There were no transfers between levels during the period.

Notes to the financial statements (continued)
Section 4: Other notes

4.1 Notes to the statement of cash flows

	18 months to 31 Mar 2025	12 months to 30 Sep 2023
	£'000	£'000
Changes in operating assets		
Net (increase)/decrease in other receivables	**(4)**	1
Changes in operating liabilities		
Net increase/(decrease) in:		
Amounts due to CB PLC	**106**	43
Other payables	**24**	(1)
	130	42

Movements in liabilities arising from financing activities

	Loans due to LLP members	**Total**
	£'000	**£'000**
At 30 September 2022	3,472,913	3,472,913
Cash flows:		
Issuances [(2)]	1,426,185	1,426,185
Repayments	-	-
Non-cash flows:		
Movement in accrued interest	7,037	7,037
Other movement [(1)]	15,785	15,785
At 30 September 2023	4,921,920	4,921,920
Cash flows:		
Issuances [(3)]	500,000	500,000
Redemptions [(4)]	(600,000)	(600,000)
Non-cash flows:		
Movement in accrued interest	31,522	31,522
Other movement [(1)]	63,607	63,607
At 31 March 31 Mar 2025	**4,917,049**	**4,917,049**

[(1)] Other movement in loans due to LLP members relates to movements of the fair value hedge (including FX movement) and amortisation of premium and discounts.

[(2)] Issuances in loans due to LLP members relates to the issuance of Series 6, Series 7 and Series 8 covered bonds from Clydesdale Bank PLC Global Covered Bond programme.

[(3)] Issuances in loans due to LLP members relates to the issuance of Series 9 covered bond from Clydesdale Bank PLC Global Covered Bond programme.

[(4)] Redemptions in loans due to LLP members relates to the redemption of Series 1 covered bond from Clydesdale Bank PLC Global Covered Bond programme.

Notes to the financial statements (continued)
Section 4: Other notes (continued)

4.2 Related party transactions

The LLP had intercompany transactions with the Sponsor of the Programme CB PLC and CSC Management Services (UK) Limited, who performs the management committee tasks on behalf of Eagle Place Covered Bonds Finance Limited. The related party transactions are disclosed below.

Transactions during the period	**18 months to 31 Mar 2025 £'000**	12 months to 30 Sep 2023 £'000
CB PLC		
Principal movement of the deemed loan	**(144,721)**	1,507,840
Interest earned on the deemed loan	**406,707**	186,883
Issuance of loans due to LLP members	**500,000**	1,426,185
Redemption of loans due to LLP members	**(600,000)**	-
Interest expensed on loans due to LLP members	**304,486**	139,842
Bank interest earned	**18,697**	6,998
Movement in collateral balances held	**(17,974)**	(22,236)
Interest expensed on collateral	**607**	489
Servicing fee expensed	**10,675**	6,252
Cash management fee expensed	**10**	6
Other expenses recharged from CB PLC	**20**	15

Balances at the end of the period	**18 months to 31 Mar 2025 £'000**	12 months to 30 Sep 2023 £'000
CB PLC		
Loans due from LLP members	**4,680,058**	4,838,154
Balances in current accounts	**274,976**	136,132
Loans due to LLP members	**(4,917,049)**	(4,921,920)
Collateral balances held	**-**	(18,019)
Other payables due to CB PLC	**(624)**	(518)
	37,361	33,829

None of the representatives of the Management Committee were directly remunerated by the LLP in respect of their duties for the LLP. However, during the period, a fee in the amount of £36,000 (12-months to 30 September 2023: £26,000) was expensed to CSC Management Services (UK) Limited for the provision of corporate administration services including the services to the Management Committee. In relation to the remaining representatives of the Management Committee, their service to the LLP was performed as part of their employment with CB PLC and no remuneration was earned in respect of qualifying services provided to the LLP. CB PLC has not recharged the LLP for the cost of this service.

Notes to the financial statements (continued)
Section 4: Other notes (continued)

4.3 Management of risk

Introduction and overview

The principal activity of the LLP is to hold an interest in a pool of mortgage loans within the deemed loan, as a security for covered bonds issued by CB PLC under the Programme. The LLP received a capital contribution and intercompany loans from CB PLC to fund the acquisition of the mortgage pool. Therefore, the role of financial assets and financial liabilities is central to the activities of the LLP; the financial liabilities provide the funding used to invest in the deemed loan, which represents the LLP's principal financial asset. Financial assets and liabilities provide the majority of the assets and liabilities of the LLP.

In addition to the investment in the deemed loan, and the intercompany loans, the LLP has also entered into basis rate swaps, interest rate swaps and cross currency swaps. The basis swaps economically hedge the interest rate risk associated with the mismatch between the interest generated by the underlying mortgage loans and the interest paid on the intercompany loans. The interest rate and cross currency swaps hedge interest rate risk and currency risk associated with both the mismatch between the floating GBP interest generated by the underlying mortgage loans and the fixed rates paid for certain GBP and EUR tranches of intercompany loans.

The strategies used by the LLP in achieving its objectives regarding the use of financial instruments were set at the issuance date, aligning the cash flow profiles of the intercompany loans with the combined receivables from the underlying mortgage loans and the basis rate and hedging swaps. The LLP has attempted to match the properties of its financial liabilities to its assets to avoid significant elements of risk generated by mismatches of maturity and interest rate risk.

The LLP is a bankruptcy remote entity, which ensures that if one series of intercompany loans is unpaid, the holders of that series do not have the ability to claim other assets of the LLP.

Risk management framework

The Management Committee has overall responsibility for the establishment and oversight of the LLP's risk management framework which is in line with the Programme documentation. This includes information about the LLP's exposure to risk, the LLP's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are provided below.

Credit risk

Credit risk is the risk of financial loss to the LLP if the counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the loans due from LLP members.

The LLP limits its exposure to credit risk by investing only with counterparties that have a suitable credit rating as defined in the Programme documentation. Credit risk is reduced in respect of the intercompany loans by establishing a reserve fund to meet shortfalls.

Derivatives

At any one time, the amount subject to credit risk is limited to the current fair value of instruments that are favourable to the LLP (i.e. assets where their fair value is positive) which, in relation to derivatives, may only be a small fraction of the contract, or notional values used to express the volume of instruments outstanding.

The LLP further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with whom it undertakes derivative transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities. However, credit risk associated with the favourable contracts is reduced by a master netting arrangement to the extent that, if any counterparty failed to meet its obligations in accordance with the agreed terms, all amounts with the counterparty are terminated and settled on a net basis. Derivative financial instrument contracts are typically subject to the International Swaps and Derivatives Association ("ISDA") master netting agreements, as well as Credit Support Annexes, where relevant, around collateral arrangements attached to those ISDA agreements.

Notes to the financial statements (continued)
Section 4: Other notes (continued)

4.3 Management of risk (continued)

Maximum exposure to credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk and at the reporting date was:

	31 Mar 2025	30 Sep 2023
	£'000	£'000
Loans due from LLP Members	**4,680,058**	4,838,154
Derivative financial assets	**22,266**	8,335
Reserve funds	**68,795**	79,246
Other assets	**15**	11
Cash and cash equivalents	**206,181**	154,170
	4,977,315	5,079,916

Maturity analysis of assets and liabilities

The following tables represent a breakdown of the LLP's balance sheet according to the contractual maturity of the assets and liabilities. Maturity analysis of the loans due from LLP members has been based upon the profile of the underlying mortgage loans.

	31 Mar 2025						
	Call	**3 months or less**	**3 months to 12 months**	**1 to 5 years**	**Over 5 years**	**No specified maturity**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Assets							
Loans due from LLP Members	**-**	**955**	**5,263**	**128,172**	**4,545,668**	**-**	**4,680,058**
Derivative financial assets	**-**	**24,767**	**9,544**	**(12,045)**	**-**	**-**	**22,266**
Reserve funds	**-**	**-**	**-**	**-**	**-**	**68,795**	**68,795**
Other assets	**-**	**15**	**-**	**-**	**-**	**-**	**15**
Cash and cash equivalents	**206,181**	**-**	**-**	**-**	**-**	**-**	**206,181**
	206,181	**25,737**	**14,807**	**116,127**	**4,545,668**	**68,795**	**4,977,315**
Liabilities							
Loans due to LLP Members	**-**	**45,739**	**747,796**	**4,123,514**	**-**	**-**	**4,917,049**
Derivative financial liabilities	**-**	**(6,998)**	**(26)**	**64,989**	**-**	**-**	**57,965**
Other liabilities	**-**	**671**	**-**	**-**	**-**	**-**	**671**
	-	**39,412**	**747,770**	**4,188,503**	**-**	**-**	**4,975,685**

Notes to the financial statements (continued)
Section 4: Other notes (continued)

4.3 Management of risk (continued)

Maturity analysis of assets and liabilities (continued)

	30 Sep 2023						
	Call	3 months or less	3 months to 12 months	1 to 5 years	Over 5 years	No specified maturity	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets							
Loans due from LLP Members	-	555	2,436	115,562	4,719,601	-	4,838,154
Derivative financial assets	-	-	-	8,335	-	-	8,335
Reserve funds	-	-	-	-	-	79,246	79,246
Other assets	-	11	-	-	-	-	11
Cash and cash equivalents	154,170	-	-	-	-	-	154,170
	154,170	566	2,436	123,897	4,719,601	79,246	5,079,916
Liabilities							
Loans due to LLP Members	-	9,202	597,779	4,314,939	-	-	4,921,920
Derivative financial liabilities	-	-	-	127,783	-	-	127,783
Due to other banks	-	45	-	-	-	17,974	18,019
Other liabilities	-	541	-	-	-	-	541
	-	9,788	597,779	4,442,722	-	17,974	5,068,263

Liquidity and funding risk

Liquidity risk is the risk that the LLP is unable to meet its current and future financial obligations as they fall due at acceptable cost.

Cash flows on the loans due from LLP members are dependent on the underlying mortgage loans. The underlying mortgage loans in general have a maximum contractual term of 35 years, but the actual rate at which the mortgage loans are repaid may be in advance of the legal maturity date. Any principal receipts from the LLP's beneficial interest in the mortgage pool will be utilised by the LLP to repay the capital contribution in kind from CB PLC.

The Members do not believe there is a significant exposure to liquidity risk due to the related party nature of funding and liability exposures with fellow VMUK PLC Group companies.

Cash flows payable under financial liabilities by contractual maturity

The following are the gross undiscounted contractual cash flows of the financial liabilities.

	31 Mar 2025						
	Call	**3 months or less**	**3 months to 12 months**	**1 to 5 years**	**Over 5 years**	**No specified maturity**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Loans due to LLP members	**-**	**77,210**	**864,033**	**4,413,442**	**-**	**-**	**5,354,685**
Gross hedging derivative receivable	**-**	**(10,461)**	**(50)**	**(941,507)**	**-**	**-**	**(952,018)**
Gross hedging derivative payable	**-**	**12,419**	**34,903**	**999,931**	**-**	**-**	**1,047,253**
Other liabilities	**-**	**671**	**-**	**-**	**-**	**-**	**671**
	-	**79,839**	**898,886**	**4,471,866**	**-**	**-**	**5,450,591**

Notes to the financial statements (continued)
Section 4: Other notes (continued)

4.3 Management of risk (continued)

Liquidity and funding risk (continued)

Cash flows payable under financial liabilities by contractual maturity (continued)

	30 Sep 2023						
	Call	3 months or less	3 months to 12 months	1 to 5 years	Over 5 years	No specified maturity	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Loans due to LLP Members	-	34,305	749,647	4,296,336	-	-	5,080,288
Gross hedging derivative receivable	-	-	(10,887)	(986,100)	-	-	(996,987)
Gross hedging derivative payable	-	28,333	54,297	1,100,303	-	-	1,182,933
Due to other banks	-	45	-	-	-	17,974	18,019
Other liabilities	-	541	-	-	-	-	541
	-	63,224	793,057	4,410,539	-	17,974	5,284,794

The majority of the becoming payable balance of £864,033 within 3-12 months relates to the redemption of Series 5 covered bond, circa £750.000, in March 2026. This will be repaid as a capital distribution from CB PLC to the LLP which will be utilised to repay the associated term advance due to CB PLC. As the LLP is part of VMUK PLC Group, cash capital contributions are also expected to support the LLP programme in the future.

The balances in the cash flow tables above do not agree directly to the balances in the balance sheet as the table incorporates all future cash flows, on an undiscounted basis, related to both principal and interest.

The LLP's exposure to liquidity risk is mitigated by matching the repayment profile of the loans due from LLP Members with the repayment profiles of the loans due to LLP Members.

Interest rate risk

Interest rate risk comprises the sensitivity of the LLP's current and future net interest income to movements in market interest rates. The LLP is exposed to interest rate risk, to the extent that there is a difference between the fixed and floating rates of the intercompany loans and interest income originated from its beneficial interest in a pool of mortgages at various fixed and floating rates. To mitigate this, the LLP has entered into basis swaps.

The basis swaps transform the basis of the interest received on the deemed loan to match the basis of the interest on the intercompany loans. As the notional of the swaps is set to at least match the notional of the intercompany loans the risk has been fully mitigated.

For intercompany loans at fixed rates, the LLP mitigates the interest rate risk using interest rate swaps. Where the fixed rate is also in EUR this will be the same hedging instrument in place for currency risk (cross currency interest rate swaps). Therefore, any change in interest rates would not affect the statement of comprehensive income of the LLP.

Currency risk

The LLP's functional currency is GBP and the LLP has entered into intercompany loans denominated in EUR. The LLP is therefore exposed to movements in exchange rates between its functional currency GBP and its EUR denominated financial instruments during the period.

The LLP fully mitigated any exchange rate exposures by using cross currency swaps.

The impact of any movements in the exchange rates on any foreign currency denominated Notes are offset by FX movements on the related cross currency swaps. Therefore, any change in interest rates would not affect the statement of comprehensive income.

Prepayment risk

Prepayment risk is the risk that the deemed loan may be realised earlier than it is possible to redeem the liabilities. This may arise due to redemptions of mortgage loans in the underlying pool. In the event that mortgage loans are redeemed sooner, the prepayment proceeds are distributed in accordance with the Programme documentation and additional mortgage loans are assigned to the pool as required.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed processes, people, systems or from external events. All administration functions have been outsourced by the LLP to reputable organisations with strong operational risk controls.

Notes to the financial statements (continued)
Section 4: Other notes (continued)

4.3 Management of risk (continued)

Climate risk

Climate risk is the exposures to physical and transition risks arising from climate change. The potential impact of climate-related risks on the LLP's financial position and performance has been considered in preparing the financial statements. This involved undertaking an assessment over the VMUK PLC Group assets (both financial and non-financial) and evaluating whether the observable effects of physical and transition risk of climate change would have a material impact on the financial position and performance in the current period. It is widely accepted that the effects of climate change in the UK will not be significant in the short term and that the inherent risks and uncertainties in quantifying the effect of climate change in the financial statements are considerable and more likely to impact in the medium to longer term. Consequently, the LLP does not consider there to be a material impact of climate change in these financial statements.

4.4 Events after the balance sheet date

There have been no other significant events between 31 March 2025 and the date of approval of the annual report and financial statements which would require a change to or additional disclosure in the financial statements.