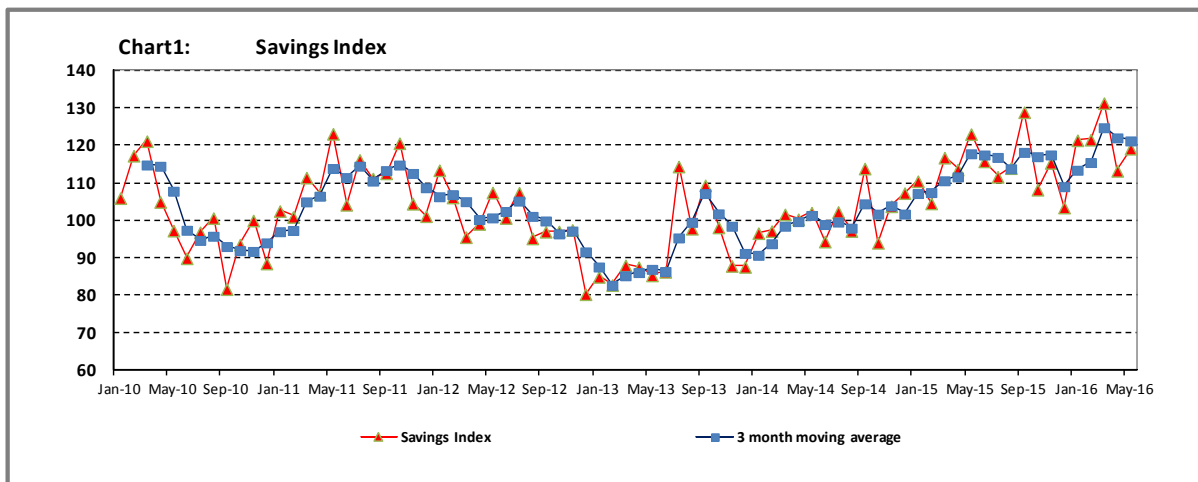


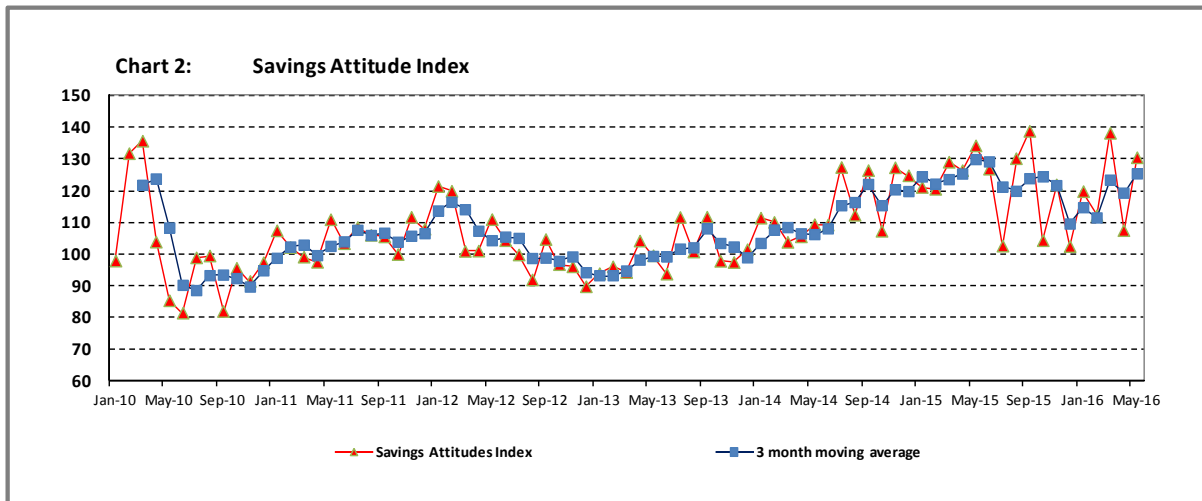
The Nationwide UK (Ireland) Savings Index (Chart 1)

- The Savings Index increased in May to 119 from 113 in April. The three-month moving average, which smoothes out much of the monthly volatility fell by 1 index point in May which is not regarded as a significant change.
- The Savings Environment sub-index fell this month by 11 index points to 108 in May. This reflects a decline in consumers thinking it is a good time to save as well as a decline in consumers thinking that government policy is accommodative of saving.
- The Savings Attitude sub-index; historically the most volatile of the indices increased to 130 in May from 107 in April. This was driven by a relatively large increase in the sub index asking how consumers feel about the amount they save while the index that asks consumers if they save experienced a marginal decrease of 2.4 index points in May.



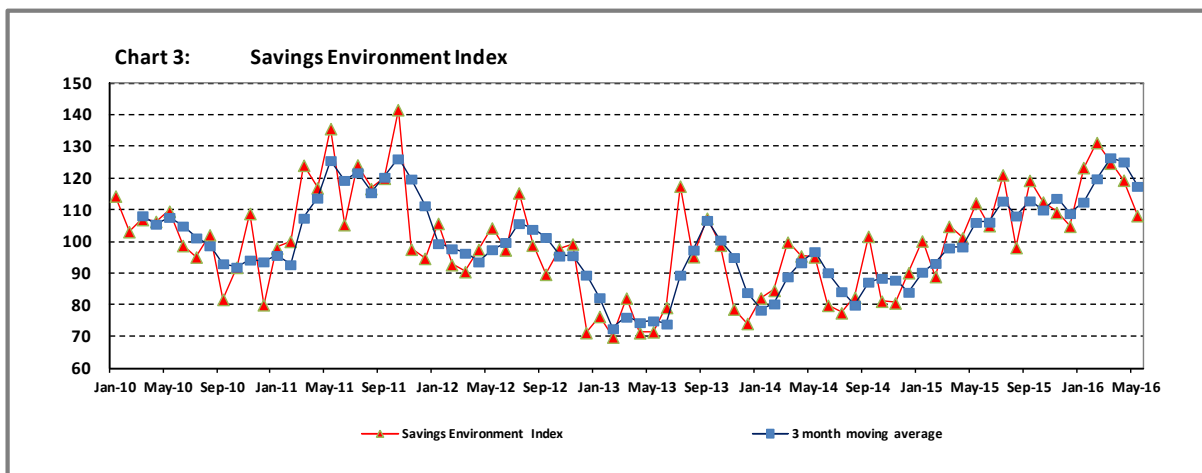
The Savings Attitude Index (Chart 2)

- The Savings Attitude sub-index asks respondents about their saving behaviour and how they feel about the amount they save.
- This sub-index experienced the largest increase of the sub indices this month. The results reported in the sub-index this month broadly reflects improving sentiment in the over 50's.
- In relation to the amount people feel they are able to save, there were increases in the proportion of those over 50 who felt positive about the amount they save which was the main contributing factor to the overall increase in this sub index.
- There was a marginal increase in the proportion of negative responses in relation to the question asking do you save regularly, rising to 33.9 per cent from 32.1 per cent last month. This resulted in a moderate decrease in this subcomponent in May.



The Savings Environment Index (Chart 3)

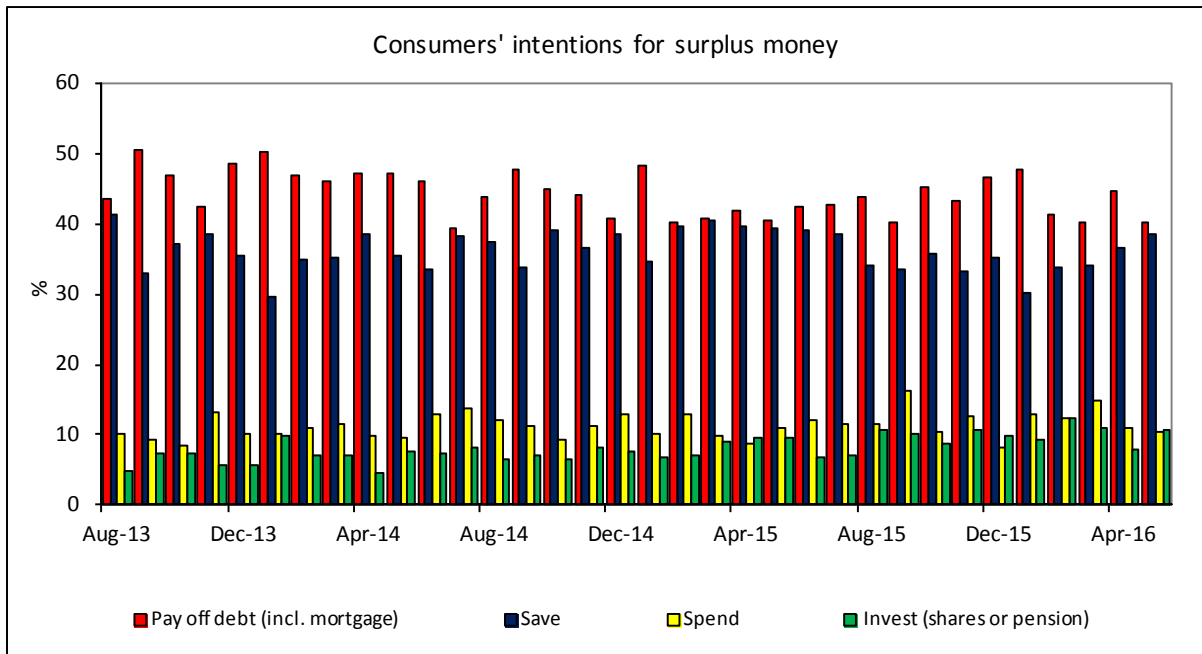
- The Savings Environment sub-index asks whether or not respondents believe that the current period is a good time to save and whether they think government policy encourages people to save.
- This was the only index out of the three that decreased this month. The index fell to 108 index points in May from 119 in April. The three-month moving average also decreased in May to 118 from 125 in April.
- The decrease in the index this month is being driven by a more negative view of the current saving environment and of government policy encouraging saving.
- The sub-index which asks people if it is a good time to save decreased this month by 5.0 index points. There was also an accompanying decrease in the sub index relating to government policy encouraging saving. The decline this month seems to be driven by both the over 50's and under 50's age groups with 60.6 and 51.8 per cent respectively feeling negative in their view of current government policy encouraging saving.



Consumer's intentions for any surplus money (chart 4)

- Consumers are also asked about their preference as to how they might allocate any money over and above their everyday needs. The share of respondents who report that they would use the surplus to pay off debts, including their mortgage decreased this month to 40.3 per cent from 44.6 per cent last month. A further 10.3 per cent of respondents indicated they would spend the surplus money, down marginally from 10.9 per cent in April, while 10.7 per

cent said they would invest it. The proportion of respondents who would choose to save the money increased this month to 38.7 per cent from 36.5 per cent in April.



Note: Prior to January 2011 the Nationwide (UK) Ireland Savings Index was constructed using quarter 1, 2010 as its base period. From January 2011, The Index has been rebased using the year 2010 as the base period. The method for calculating the savings attitudes sub-index was altered slightly so as to reflect a constant share of respondents who reported saving about what they should in the positive and negative categories so as to reduce short-term volatility.