OFFERING CIRCULAR dated 12 September 2024

Nationwide Building Society

(incorporated in England under the Building Societies Act 1986)

£750,000,000
Reset Perpetual Contingent Convertible Additional Tier 1 Capital Securities

Issue price: 100.000 per cent.

Nationwide Building Society (the "**Society**") expects to issue £750,000,000 Reset Perpetual Contingent Convertible Additional Tier 1 Capital Securities (the "**Securities**") on or about 16 September 2024 (the "**Issue Date**") at an issue price of 100.000 per cent. of their nominal amount.

The Securities will bear interest, in accordance with the conditions of issue of the Securities (the "**Conditions**", and references to a particularly numbered "**Condition**" shall be construed accordingly), on their outstanding nominal amount from (and including) the Issue Date at the applicable Interest Rate described below. Subject to cancellation as set out in the Conditions, interest shall be payable on the Securities semi-annually in arrear in equal instalments on 20 June and 20 December in each year (each an "**Interest Payment Date**"), commencing on 20 December 2024 (with a short first interest period). For each Interest Period which commences prior to 20 June 2031 (the "**First Reset Date**"), the Interest Rate shall be 7.500 per cent. per annum. For each Interest Period which commences on or after the First Reset Date, the Interest Rate shall be the sum of the Benchmark Gilt Reset Reference Rate (as defined in the Conditions) in relation to that period and the initial credit spread of 3.852 per cent. per annum. Any payment of interest may be cancelled (in whole or in part) in the sole discretion of the Society, and shall be cancelled (in whole or in part) in certain circumstances described herein, including (without limitation) if the Society has insufficient Distributable Items (as defined in the Conditions) available for paying interest or for other reasons required by the Capital Regulations (as defined in the Conditions).

If at any time the CET1 Ratio (calculated on either an individual consolidated basis or a consolidated basis, and as further defined in the Conditions) of the Society falls below 7.00 per cent. (the "**Conversion Trigger**"), the Society will irrevocably cancel all accrued and unpaid interest, irrevocably write down the Securities to zero and (subject as provided in the Conditions) issue to each holder of Securities (each a "**Securityholder**") such number of Core Capital Deferred Shares ("**CCDS**") as is equal to the aggregate nominal amount of that holder's Securities divided by the prevailing Conversion Price, all as more fully described in the Conditions. Such write-down and issue of CCDS is referred to herein as a "**Conversion**", and "**Converted**" should be read accordingly.

The Securities may also be written down or converted to Common Equity Tier 1 capital by the United Kingdom ("**UK**") resolution authorities in certain circumstances pursuant to the recovery and resolution regime under the Banking Act 2009 (the "**Banking Act**").

The Securities will have no fixed repayment date. The Society may, subject as provided herein, elect to repay all, but not some only, of the Securities at their nominal amount together with accrued but unpaid interest thereon up to (but excluding) the date of repayment (excluding interest which has been cancelled in accordance with the Conditions): (i) on any day falling in the period commencing on (and including) 20 December 2030 and ending on (and including) the First Reset Date; (ii) on any Reset Date (as defined in the Conditions) thereafter; or (iii) at any time if a Tax Event or a Regulatory Event (each as defined in the Conditions) has occurred and is continuing.

If a Regulatory Event or a Tax Event occurs, the Society may alternatively, at its option and without any requirement for the consent or approval of the Securityholders but subject as set out in the Conditions, at any time either substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or, as appropriate, become, Compliant Securities (as defined in the Conditions).

This Offering Circular does not constitute (i) a prospectus for the purposes of Part VI of the United Kingdom Financial Services and Markets Act 2000 (the "**FSMA**"), (ii) a prospectus for the purposes of Regulation (EU) 2017/1129 or (iii) a

prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of the domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**").

UK MiFIR professionals and ECPs-only/No UK/EU PRIIPs KID/FCA CoCo Restriction - In addition to the restrictions described in the section headed "*Prohibition on marketing and sales of Securities to retail investors*" below, pursuant to the FCA's Conduct of Business Sourcebook ("**COBS**") the Securities are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, to retail clients (as defined in COBS 3.4) in the United Kingdom. The Securities are generally not suitable for retail investors. The Securities are not intended to be offered, sold or otherwise made available, and should not be offered, sold or otherwise made available, to retail clients in the United Kingdom or the European Economic Area (the "**EEA**"), as defined in the rules set out in the Markets in Financial Instruments Directive 2014/65/EU ("**MiFID II**"). Prospective investors are referred to the section headed "*Prohibition on marketing and sales of Securities to retail investors*" below for further information.

Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for the Securities to be admitted to trading on the London Stock Exchange's International Securities Market ("**ISM**") on or about the Issue Date. References in this Offering Circular to the Securities being "**listed**" (and all related references) shall mean that the Securities have been admitted to trading on the ISM. The ISM is neither (i) a regulated market for the purpose of MiFID II nor (ii) a UK regulated market for the purposes of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**").

The ISM is a market designated for professional investors. Securities admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (the "**FCA**")**. The London Stock Exchange has not approved or verified the contents of this Offering Circular.** This Offering Circular comprises an admission particulars for the purposes of the admission to trading of the Securities on the ISM.

Investing in the Securities involves significant risks. Please review carefully the section entitled "*Risk Factors*" in this Offering Circular (including the information referred to in that section which is incorporated by reference in this Offering Circular).

The Securities will be deferred shares in the Society for the purposes of section 119 of the Building Societies Act 1986 (the "**Act**")**, and will not be protected deposits for the purposes of the Financial Services Compensation Scheme** ("**FSCS**") **established under the FSMA.**

The Securities are expected to be rated "BB+" by S&P Global Ratings UK Limited ("**S&P**"), "Baa3" by Moody's Investors Service Limited ("**Moody's**") and "BBB-" by Fitch Ratings Ltd. ("**Fitch**"). Each of S&P, Moody's and Fitch is established in the UK and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). None of S&P, Moody's or Fitch is established in the EEA and none of them has applied for registration under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**"). The Society understands that ratings issued by S&P, Moody's and Fitch are endorsed in accordance with the CRA Regulation, respectively, by S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited, each of which is is established in the European Union and registered under the CRA Regulation and included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at *www.esma.europa.eu/page/List-registered-and-certified-CRAs*) in accordance with the CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Securities will be issued in registered form in denominations of £200,000 and integral multiples of £1,000 in excess thereof. The Securities will initially be represented by a global certificate (the "**Global Certificate**") registered in the name of a nominee for a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") on or about the Issue Date. The Global Certificate will only be exchangeable for definitive Certificates in certain limited circumstances as described under "*Summary of Provisions Relating to the Securities while Represented by the Global Certificate*".

Joint Bookrunners

Barclays **Citigroup** **J.P. Morgan** **NatWest Markets** **UBS Investment Bank**

IMPORTANT NOTICES

This Offering Circular comprises an offering circular for the purposes of giving information with regard to the Society and its subsidiary undertakings (the Society together with its subsidiary undertakings, "**Nationwide**" or the "**Group**") and the Securities. The Society accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Society (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular and references herein to this Offering Circular shall be construed accordingly.

The admission of the Securities to trading on the ISM is not to be taken as an indication of the merits of an investment in the Society, the Group or the Securities. In making an investment decision, investors must rely on their examination of the Society, the Group and the terms of the Securities, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Securities.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not contained in this Offering Circular must not be relied upon as having been authorised by the Society or the Joint Bookrunners (as defined in "*Subscription and Sale*"). Neither the delivery of this Offering Circular nor any subscription, sale or purchase made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Society or the Group since the date of this Offering Circular.

The Securities and the CCDS into which they may convert have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or any other U.S. State securities laws and may not be offered or sold in the United States of America (the "**United States**" or "**U.S.**") or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

This Offering Circular may only be communicated to persons in the UK in circumstances where section 21(1) of the FSMA would not, if the Society was not an authorised person, apply to the Society.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Society or the Joint Bookrunners to subscribe for or purchase, any Securities. The distribution of this Offering Circular and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Society and the Joint Bookrunners to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offering and sales of the Securities and on distribution of this Offering Circular, see "*Subscription and Sale*".

Neither this Offering Circular nor any other information supplied in connection with any Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Society or any of the Joint Bookrunners that any recipient of this Offering Circular or any other information supplied in connection with any Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Society. Neither this Offering Circular nor any other information supplied in connection with the issue of any Securities constitutes an offer or invitation by or on behalf of the Society or any of the Joint Bookrunners to any person to subscribe for or to purchase any Securities.

PROHIBITION ON MARKETING AND SALES OF SECURITIES TO RETAIL INVESTORS

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

FCA CoCo RESTRICTION: The Securities are complex financial instruments and are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Securities. Potential investors in the Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Securities (or any beneficial interests therein).

In the UK, COBS requires, in summary, that the Securities should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "**retail client**") in the UK. Each of the Joint Bookrunners and the Society is required to comply with COBS.

By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest therein) from the Society and/or any Joint Bookrunner, each prospective investor represents, warrants, agrees with, and undertakes to, the Society and to each of the Joint Bookrunners that:

1. it is not a retail client (as defined above) in the UK; and

2. it will not (a) sell or offer the Securities (or any beneficial interest therein) to retail clients in the UK; or (b) communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK. In selling or offering the Securities or making or approving communications relating to the Securities, a prospective investor may not rely on the limited exemptions set out in COBS.

The obligations in paragraph 2 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the UK or the EEA) relating to the promotion, offering, distribution and/or sale of the Securities (or any beneficial interests therein), whether or not specifically mentioned in this Offering Circular, including (without limitation) those set out above and any requirements under the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Securities (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities (or any beneficial interest therein) from the Society and/or any of the Joint Bookrunners, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client(s).

FORWARD-LOOKING STATEMENTS

Some statements in this Offering Circular are forward-looking statements. Forward-looking statements include statements concerning the Society's plans, objectives, goals, strategies, intentions, expectations, future operations, capital position and performance and the assumptions underlying these forward-looking statements.

When used in this Offering Circular words such as "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward-looking statements. Forward-looking statements are based on the current view of the Society's management with respect to future events, circumstances and performance. Although the Society believes that the expectations, estimates and projections reflected in its forward-looking statements are reasonable as at the date of this Offering Circular, and that the Society's intentions and expectations as at the date of this Offering Circular are expressed accurately, subsequent events, including (without limitation) the Society's actual financial performance, may vary materially from those expected, estimated, intended or predicted. Prospective investors in the Securities are cautioned against placing undue reliance on any forward-looking statements.

Any forward-looking statements contained in this Offering Circular speak only as at the date of this Offering Circular. Without prejudice to any requirements under applicable laws and regulations, the Society expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Circular any updates or revisions to any forward-looking statements contained in this Offering Circular to reflect any change in expectations or intentions or any change in events, conditions or circumstances on which any such forward-looking statement is based.

SUITABILITY OF INVESTMENT

The Securities are complex and high-risk financial instruments and may not be a suitable investment for all investors. Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained in this Offering Circular or any applicable supplement and sufficient knowledge of emerging regulatory developments and future requirements regarding capital eligibility;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where sterling (the currency for principal and interest payments) is different from the potential investor's currency, and the possibility that the entire investment in the Securities could be lost, including following the exercise of any bail-in power by the resolution authorities under the Banking Act;

(iv) understands thoroughly the terms of the Securities, including without limitation the terms relating to the Conversion, each CET1 Ratio and the determination of the Solvency Test and is familiar with the behaviour of financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Securities are legal investments for it, (2) Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Securities will be held through an account (or through an institution which has an account) with Euroclear and/or Clearstream, Luxembourg or any replacement or successor clearing system (together, the "**Clearing Systems**"), except in the limited circumstances in which definitive Certificates will be delivered as provided under "*Summary of Provisions Relating to the Securities while Represented by the Global Certificate*". There are certain consequences for holders of this requirement which are discussed in the section headed "*Risk Factors*".

Any investor who is in any doubt as to the suitability of the Securities as an investment should take professional advice.

STABILISATION

In connection with the issue of the Securities, UBS AG London Branch (the "Stabilising Manager") (or any person acting on behalf of the Stabilising Manager), may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

INTERPRETATION

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed to them in "*Conditions of Issue of the Securities*" or any other section of this Offering Circular or as the context otherwise requires, have the same meanings as are given to them in the Act or, as the case may be, the Rules of the Society (the "**Rules**") or the Memorandum of the Society (the "**Memorandum**").

In addition, the following terms as used in this Offering Circular have the meanings defined below:

- "**pounds**", "**pence**", "**sterling**", "**£**" and "**p**" are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**" or "**UK**")

- "**euro**" or "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; and

- "**U.S. dollars**" and "**U.S.$**" refer to United States dollars.

In this Offering Circular, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

This Offering Circular may be used only for the purposes for which it has been published.

Websites

Other than in relation to the information which is expressly incorporated by reference in this Offering Circular (see "*Documents Incorporated by Reference*") the information on any websites to which this Offering Circular refers does not form part of this Offering Circular.

CONTENTS

Page

OVERVIEW OF THE SECURITIES

This overview must be read as an introduction to this Offering Circular and any decision to invest in the Securities should be based on a consideration of this Offering Circular as a whole. Words and expressions defined in "Conditions of Issue of the Securities" shall have the same meanings in this section.

Issuer of the Securities:	Nationwide Building Society Legal Entity Identifier ("**LEI**"): 549300XFX12G42QIKN82
Description of the Securities:	£750,000,000 Reset Perpetual Contingent Convertible Additional Tier 1 Capital Securities (the "**Securities**")
Joint Bookrunners:	Barclays Bank PLC Citigroup Global Markets Limited J.P. Morgan Securities plc NatWest Markets Plc UBS AG London Branch
Registrar and Principal Paying Agent:	Citibank, N.A., London Branch
Issue Date:	16 September 2024 (the "**Issue Date**")
Status of the Securities:	The Securities will constitute direct, unsecured and subordinated investments in the Society, subordinated as provided below and in the Conditions, and, on a winding up or dissolution of the Society, will rank *pari passu* and without any preference among themselves. No security or guarantee has been, or will at any time be, provided by the Society or any other person to the Securityholders in respect of their rights under the Securities.
Subordination of the Securities:	On a winding up or dissolution of the Society which commences prior to the Conversion Date (save as otherwise provided in an Excluded Dissolution), the rights and claims of Securityholders in respect of their Securities (including claims for any damages awarded in respect thereof) shall, subject to applicable insolvency law, rank: (1) junior to: (a) the claims of all creditors (including all subordinated creditors) and investing members (as regards the principal of and interest due on such investing members' share investments) of the Society including, without limitation, claims in respect of obligations of the Society which constitute Tier 2 Capital, but excluding claims in respect of deferred share investments which are Parity Obligations or Junior Obligations; and (b) the claims of all investing members (as regards the principal of and interest due on such investing

members' share investments) of the Society in respect of:

(i) (for so long as any of the same remain outstanding) the Existing PIBS; and

(ii) any other deferred share investments in the Society except for deferred share investments which are (or the claims in respect of which are) Parity Obligations or Junior Obligations,

(claims preferred under this subparagraph (1) being, collectively, "**Senior Obligations**");

(2) *pari passu* among themselves and with any other claims ranking, or expressed by their terms to rank, *pari passu* with claims in respect of the Securities ("**Parity Obligations**") (which shall include, for so long as any of the same remain outstanding, claims in respect of the Society's £600,000,000 Reset Perpetual Contingent Convertible Additional Tier 1 Capital Securities issued on 24 September 2019 (ISIN: XS2048709427) and its £750,000,000 Reset Perpetual Contingent Convertible Additional Tier 1 Capital Securities issued on 17 June 2020 (ISIN: XS2113658202)); and

(3) senior to all claims under any deferred share (core capital) investment in the Society (including the CCDS) and any other claims ranking, or expressed by their terms to rank, junior to the claims in respect of the Securities or any Parity Obligations ("**Junior Obligations**").

The terms "**investing members**", "**deferred share investment**", "**deferred share (core capital) investment**" and "**share investment**" have the meanings ascribed to them in the Rules.

"**Excluded Dissolution**" means each of (i) a winding up or dissolution of the Society for the purpose of a reconstruction, union, transfer, merger or amalgamation or the substitution in place of the Society of a successor in business, the terms of which reconstruction, union, transfer, merger or amalgamation or the substitution (x) have previously been approved by the Securityholders in accordance with Condition 15 and (y) do not provide that the Securities shall thereby become repayable in accordance with the Conditions, and (ii) a dissolution of the Society by virtue of the amalgamation and transfer provisions set out in sections 93, 94 and 97 of the Act, or by virtue of a transfer pursuant to an order made under section 3 of the Mutual Societies Transfers Act.

Rights on a winding up or dissolution:

Holders of the Securities shall, in a winding up or dissolution of the Society (save as otherwise provided in an Excluded Dissolution) which commences prior to the Conversion Date determined in accordance with Condition 8, be entitled to claim for the nominal amount of their Securities together with accrued but unpaid interest thereon (excluding interest which has been

cancelled in accordance with the Conditions) and any damages awarded in respect thereof *provided that* such claim shall be conditional upon all sums due in respect of claims in such winding up or dissolution in relation to Senior Obligations having first been paid in full.

For the avoidance of doubt, on a winding up or dissolution of the Society which commences prior to the Conversion Date, the holders of the Securities shall have no claim in respect of the surplus assets (if any) of the Society remaining in any winding up or dissolution following payment of all amounts due in respect of the liabilities of the Society.

On a winding up or dissolution of the Society which commences on or after the Conversion Date but before the relevant CCDS have been issued as provided in Condition 8, the Securityholders shall have only those rights as set out in Condition 8.3.

Solvency Test:

No payment of principal, interest or any other amount in respect of the Securities shall become due and payable unless, and to the extent that, the Society is able to make such payment and still be solvent (within the meaning given in Condition 4.4) immediately thereafter, in each case except in the winding up or dissolution of the Society (the "**Solvency Test**").

Any payment of interest not due on a scheduled payment date by virtue of the Solvency Test shall not be or become due and payable at any time and shall be cancelled, as further described in Condition 6.3.

See also Condition 4.

No set-off, etc.:

Subject to applicable law, no holder of any Security (or any interest therein) may exercise, claim or plead any right of set-off (including, without limitation, compensation or retention), counterclaim or netting in respect of any amount owed to it by the Society in respect of, or arising under or in connection with, the Securities and each such holder shall, by virtue of its holding of any Security (or any interest therein), be deemed to have waived all such rights of set-off (including, without limitation, compensation or retention) counterclaim or netting.

Conversion:

If, at any time, either CET1 Ratio (calculated on either an individual consolidated basis or a consolidated basis, and as further described in the Conditions) of the Society falls below 7.00 per cent. (the "**Conversion Trigger**"), as determined by the Society or the Regulator or its agent, the Society shall, without delay and by no later than one month (or such shorter period as the Regulator may require) following the determination that the Conversion Trigger has occurred:

(a) cancel any interest which has accrued and remains unpaid up to (and including) the relevant Conversion Date (whether or not such interest has become due for payment);

(b) irrevocably (without the need for the consent of Securityholders) write down the Securities by reducing the nominal amount of each Security to zero; and

(c) (subject as provided in Condition 8) issue to each Securityholder such number of CCDS as is equal to the aggregate nominal amount of that Securityholder's Securities divided by the prevailing Conversion Price (such write-down under subparagraph (b) above and issue of CCDS under this subparagraph (c) being referred to as a "**Conversion**", and "**Converted**" being construed accordingly).

Once the nominal amount of a Security has been written down, the nominal amount will not be restored in any circumstances, including where the relevant Conversion Trigger ceases to continue.

The "**Conversion Price**" shall be £100.00, subject to adjustment in certain circumstances provided in Condition 8.5.

See also Condition 8.

Core Capital Deferred Shares ("CCDS"):

If a Conversion Trigger were to occur, the CCDS to be issued to Securityholders are expected to have the same terms as, and to be consolidated and form a single series with, any outstanding CCDS of the Society.

As at the date of this Offering Circular, the Society has issued a total of 10,555,500 CCDS, of which 1,433,155 CCDS have been repurchased in the markets by the Society and are held by the Society in treasury. None of the CCDS issued to date have been cancelled. The CCDS are registered securities comprising deferred share (core capital) investments of the Society within the meaning of the Rules. The CCDS are cleared in Euroclear and Clearstream, Luxembourg and traded in minimum transfer amounts of 250 CCDS (which minimum transfer amount may, with regulatory consent, be reduced by the Society in its discretion in the future). The existing CCDS are admitted to trading on the London Stock Exchange plc's main market for listed securities and have ISIN GB00BBQ33664. Information regarding the past performance of the existing CCDS can be obtained from the London Stock Exchange plc. Past performance is not an indication of future performance.

The Conditions of Issue of the CCDS which are currently outstanding are incorporated by reference in this Offering Circular.

Repayment, Substitution, Variation and Purchase:

The Securities will constitute permanent non-withdrawable deferred shares (as defined in the Act) in the Society and have no fixed repayment date.

Securityholders do not have any right to require the Society to repay the Securities (but this is without prejudice to their rights to claim in a winding up or dissolution of the Society pursuant to, and in accordance with, Condition 4.3).

Society's Option to Repay

The Society may in its sole discretion elect to repay all, but not some only, of the Securities then outstanding:

(i) on any day falling in the period commencing on (and including) 20 December 2030 and ending on (and including) 20 June 2031 (the "**First Reset Date**"); or

(ii) on any Reset Date thereafter,

in each case at their nominal amount together with accrued but unpaid interest thereon up to (but excluding) the date of repayment (excluding interest which has been cancelled in accordance with the Conditions).

Any such repayment is subject to the applicable conditions set out below under "*Conditions to Repayment, Substitution, Variation and Purchase*".

Optional Repayment upon a Tax Event or Regulatory Event

In addition, the Society may in its sole discretion elect to repay, in whole but not in part, the Securities at any time if a Tax Event or a Regulatory Event (each as defined in Condition 7) has occurred and is continuing, in each case at their nominal amount and together with accrued but unpaid interest thereon up to (but excluding) the date of repayment (excluding interest which has been cancelled in accordance with the Conditions).

Any such repayment is subject to the applicable conditions set out below under "*Conditions to Repayment, Substitution, Variation and Purchase*".

Purchases

The Society or any of its Subsidiaries may at any time purchase or otherwise acquire Securities in any manner and at any price. Any such purchase is subject to compliance with the Capital Regulations and to the applicable conditions set out below under "*Conditions to Repayment, Substitution, Variation and Purchase*".

Substitution and Variation

If a Regulatory Event or a Tax Event has occurred and is continuing, then the Society may, in its sole discretion but subject to the "*Conditions to Repayment, Substitution, Variation and Purchase*" below, at its option and without any requirement for the consent or approval of the Securityholders, at any time either substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or, as appropriate, become, Compliant Securities (as defined in Condition 20).

Conditions to Repayment, Substitution, Variation and Purchase

Any repayment, substitution, variation or purchase of the Securities by the Society (or, in the case of a purchase, any of the Society's Subsidiaries) is subject to:

(i) (A) the Society providing such notice to the Regulator and obtaining such approval, permission or consent from the Regulator as is required under the then prevailing Capital Regulations and (B) the Society obtaining such other approval, permission or consent (if any) as is then required under the laws and regulations applicable to deferred shares of the Society; and

(ii) in the case of any repayment or purchase, the Society having demonstrated to the satisfaction of the Regulator that either: (A) the Society has (or by no later than the time of settlement of such repayment or purchase will have) replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Society; or (B) the own funds and eligible liabilities of the Society would, following such repayment or purchase, exceed the minimum requirements (including any buffer requirements) applicable to the Society, as laid down under the Capital Regulations, by a margin that the Regulator considers necessary at such time; and

(iii) in respect of a repayment or purchase prior to the fifth anniversary of the Reference Date:

(A) in the case of repayment upon the occurrence of a Tax Event, the Society having demonstrated to the satisfaction of the Regulator that (1) the change in tax treatment is material and (2) the relevant Tax Law Change was not reasonably foreseeable as at the Reference Date; or

(B) in the case of repayment upon the occurrence of a Regulatory Event, the Society having demonstrated to the satisfaction of the Regulator that the change (or pending change) in the regulatory classification of the Securities is sufficiently certain and was not reasonably foreseeable as at the Reference Date; or

(C) otherwise, either (1) in the case of any repayment or purchase, the Society having demonstrated to the satisfaction of the Regulator that the Society has (or by no later than the time of settlement of such repayment or purchase will have), replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Society, and the Regulator having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (2) in respect of any purchase only (and subject to the Society or the relevant Subsidiary then being permitted to conduct market-making activity under the Act), the Society (or the relevant Subsidiary) having purchased the Securities for market-making purposes,

provided that if, at the time of such repayment, substitution, variation or purchase, the prevailing Capital Regulations and/or any other laws or regulations applicable to deferred shares of the Society permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out in paragraphs (i), (ii) and (iii) above (as applicable), the Society shall, in the alternative or in addition to the foregoing (as required by the Capital Regulations and/or, as the case may be, any other laws or regulations applicable to deferred shares of the Society), comply with such alternative and/or additional pre-condition(s).

Impact of Solvency Test and Conversion Trigger on Repayment

Notwithstanding any other provision of the Conditions:

(x) if the Society has elected to repay the Securities but the Solvency Test is not satisfied in respect of the relevant payment on the date scheduled for repayment, the relevant repayment notice shall be automatically rescinded and shall be of no force and effect and, accordingly, no repayment of the nominal amount of the Securities or any interest thereon will be due and payable on the scheduled repayment date, and the Securities will continue to remain outstanding on the same basis as if no repayment notice had been given; and

(y) if the Society or any of its Subsidiaries has entered into an agreement to purchase any Securities but the Solvency Test is not satisfied in respect of the relevant payment on the date scheduled for purchase, the Securityholder (by virtue of its holding of any Security) will acknowledge and agree that the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect and, accordingly, no purchase of the relevant Securities

will be made by the Society or any of its Subsidiaries on the scheduled purchase date, and the relevant Securityholder will continue to hold such Securities.

Further, if the Society has elected to repay, substitute or vary the terms of the Securities or if the Society or any of its Subsidiaries has entered into an agreement to purchase any Securities but, prior to (as the case may be) the repayment of the nominal amount, the substitution of the Securities, the variation of the terms of the Securities or the settlement of the purchase of the Securities, a Conversion Trigger occurs, the relevant repayment, substitution or variation notice or, as the case may be (and as acknowledged and agreed by the relevant Securityholder by virtue of its holding of any Security), the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect, no repayment of the nominal amount of the Securities or any interest thereon will be due and payable on the scheduled repayment date, no substitution or variation will be effected and no purchase shall be made, as applicable, and, instead, a Conversion shall occur in respect of the Securities as described in "*Conversion*" above.

See also Condition 7.

Interest:

The Securities will bear interest from (and including) the Issue Date on their outstanding nominal amount, in accordance with the provisions of Condition 5:

(i) for each Interest Period which commences prior to the First Reset Date, at the Initial Interest Rate of 7.500 per cent. per annum; and

(ii) for each Interest Period which commences on or after the First Reset Date, at the applicable Reset Interest Rate, as calculated by the Principal Paying Agent.

"**Reset Interest Rate**" means, in relation to a Reset Period, the sum of: (a) the Benchmark Gilt Reset Reference Rate in relation to that Reset Period; and (b) the Margin of 3.852 per cent. per annum.

Subject to Conditions 4.4, 6 and 8, interest shall be payable on the Securities semi-annually in arrear in equal instalments on each Interest Payment Date as provided in Condition 5, except that the first payment of interest, to be made on 20 December 2024, will be in respect of the period from (and including) the Issue Date to (but excluding) 20 December 2024.

Interest Payment Dates:

20 June and 20 December in each year, commencing on (and including) 20 December 2024.

Interest Cancellation:

Optional Cancellation of Interest

The Society may, in its sole discretion but subject at all times to the requirements for mandatory cancellation of interest payments pursuant to Condition 4.4 or Condition 6.2, at any time elect to

cancel any interest payment, in whole or in part, which is scheduled to be paid on any date.

Mandatory Cancellation of Interest

(i) Cancellation at the direction of the Regulator

The Society shall cancel any interest payment, in whole or in part, if so directed by the Regulator.

(ii) Cancellation due to insufficient Distributable Items

To the extent required under then prevailing Capital Regulations, the Society shall not pay any interest payment otherwise due on any date if and to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current Financial Year on the Securities and on other own funds items (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items), shall, in aggregate, exceed the amount of Distributable Items of the Society as at such payment date.

"**Distributable Items**" means, in respect of any interest payment, those profits and reserves (if any) of the Society which are available, in accordance with applicable law and regulation (including the then-prevailing Capital Regulations) for the time being, for the payment of such interest payment (on the basis that the Securities are intended to qualify as Additional Tier 1 Capital).

(iii) Cancellation due to a Maximum Distributable Amount

To the extent required under then prevailing Capital Regulations, the Society shall not pay any interest payment otherwise due on any date, and the relevant payment will be cancelled and will not be made, if and to the extent that payment of such interest payment (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), when aggregated together with the amounts of any distributions of the kind referred to in rule 4.3(2) of Chapter 4 (*Capital Conservation Measures*) of the Part of the PRA Rulebook entitled "*Capital Buffers*" (as the same may be amended or replaced) and/or referred to in any other applicable provisions of the Capital Regulations which require a maximum distributable amount to be calculated if the Society is failing to meet any relevant requirement or any buffer relating to any such requirement (in each case to the extent then applicable to the Society),

would cause any Maximum Distributable Amount (if any) then applicable to the Society to be exceeded.

"**Maximum Distributable Amount**" means any applicable maximum distributable amount relating to the Society required to be calculated in accordance with Chapter 4 (*Capital Conservation Measures*) of the Part of the PRA Rulebook entitled "*Capital Buffers*" (as the same may be amended or replaced) and/or in accordance with any other applicable provisions of the Capital Regulations which require a maximum distributable amount to be calculated if the Society is failing to meet any relevant requirement, or any buffer relating to any such requirement.

Consequences of Interest Cancellation

Any interest payment (or part thereof) not paid on any relevant payment date by reason of Condition 4.4, 6.1, 6.2 or 8 shall be cancelled and shall not accumulate and will not become due or payable at any time thereafter. Non-payment of any interest payment (or part thereof) in accordance with any of Condition 4.4, 6.1, 6.2 or 8 will not constitute an event of default by the Society for any purpose, and the Securityholders shall have no right thereto whether in a winding up or dissolution of the Society or otherwise. The Society may use such cancelled amounts of interest without restriction and the cancellation of such interest amounts will neither impose any restrictions on the Society nor prevent or restrict the Society from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

See also Condition 6.

Enforcement:

The Conditions contain no events of default and the ability of a Securityholder to enforce the terms of the Securities will be very limited.

As provided in Condition 4.6, a holder of any Securities may institute such steps, actions or proceedings against the Society as it may think fit to enforce any term or condition binding on the Society under the Securities (other than any payment obligation of the Society under or arising from the Securities, including, without limitation, payment of any principal or interest in respect of the Securities, and payment of any damages awarded for breach of any obligations or, as the case may be, for any Assumed Breach, by the Society in respect of the Securities), provided that (except in a winding up or dissolution of the Society, in which event the provisions of Condition 4.3 shall apply) in no event shall the Society, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to the Conditions.

Nothing in Condition 4.6 shall prevent a holder of any Securities from exercising its rights to claim in respect of its Securities in a

	winding up or dissolution of the Society pursuant to, and in accordance with, Condition 4.3. See also "*Conversion*", "*Repayment, Substitution, Variation and Purchase*", "*Rights on a winding up or dissolution*" and "*Interest Cancellation*" above.
Additional Amounts:	All payments in respect of the Securities shall be made free and clear of, and without withholding or deduction for, or on account of, any Taxes imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Tax Jurisdiction (as defined in Condition 10), unless such withholding or deduction is required by law. If any such withholding or deduction for or on account of any Taxes is required by law, the Society will, in respect of payments of interest (but not of principal or any other amount), pay Additional Amounts as provided in Condition 10, subject to certain exceptions set out in that Condition. See also "*Repayment, Substitution, Variation and Purchase – Optional Repayment for Tax Reasons or Regulatory Reasons*" above.
Form:	The Securities will be issued in registered form and will initially upon issue be represented by the Global Certificate. The Global Certificate will only be exchangeable for definitive Certificates in certain limited circumstances as described under "*Summary of Provisions Relating to the Securities while Represented by the Global Certificate*". **The Securities (a) will be deferred shares for the purposes of section 119 of the Act, (b) will not be protected deposits for the purpose of the FSCS established under the FSMA, (c) will not be withdrawable and (d) will be 'deferred share investments' (but not 'deferred share (core capital) investments') for the purposes of the Rules.**
Denomination:	The Securities will be issued in denominations of £200,000 and higher integral multiples of £1,000 in excess thereof.
Governing Law:	The Securities and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law.
Acknowledgement of Bail-in Power:	As further provided in Condition 19, notwithstanding and to the exclusion of any other term of the Securities or any other agreements, arrangements, or understandings between the Society and any Securityholder (or any person holding any interest in any Security), by its acquisition of any Security (or any interest therein), each Securityholder, and each holder of a beneficial interest in any Security, will acknowledge and accept that the Amounts Due arising under the Securities may be subject to the exercise of the Bail-in Power by the Resolution Authority. See Condition 19 for details.

Ratings:	The Securities are expected to be rated "BB+" by S&P, "Baa3" by Moody's and "BBB-" by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
Admission to Trading:	The Securities are expected to be admitted to trading on the ISM on or around the Issue Date.
Successions and Transfer:	Condition 13 contains provisions applicable to the Securities upon an amalgamation by the Society with another building society under section 93 of the Act, a transfer of all or substantially all of its engagements to another building society under section 94 of the Act or a transfer by the Society of the whole of its business in accordance with section 97 of the Act (including, where relevant, as amended pursuant to an order made under section 3 of the Mutual Societies Transfers Act) to a company. Those provisions enable (in the context of such amalgamation or transfer only, and subject to certain conditions and restrictions) certain amendments to be made to the terms of the Securities without the consent of the Securityholders, subject to certain restrictions, or the Securityholders may receive, in place of their Securities, new securities issued by the Successor Entity or, where applicable, its Qualifying Parent (each as defined in Condition 13). Such provisions could potentially result in amendments to the Conversion provisions of the Securities, including the nature of the instrument into which the Securities would convert upon the occurrence of a Conversion Trigger and, in circumstances where the entity resulting from such amalgamation or transfer does not have a viable instrument which could be delivered upon Conversion, the Conversion feature of the Securities may be replaced with a permanent write-down feature.
Selling Restrictions:	The United States (Regulation S, Category 2), the United Kingdom, the EEA, Canada, Italy and Singapore. The Securities and the CCDS into which they may convert have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). The Securities are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. This Offering Circular may only be communicated to persons in the UK in circumstances where section 21(1) of the FSMA would not, if the Society was not an authorised person, apply to the Society.

	For a further description of restrictions on offers, sales and transfers of the Securities and distribution of this Offering Circular, see "*Subscription and Sale*".
UK MiFIR Product Governance:	Solely for the purposes of each manufacturer's product approval processes, the manufacturers have concluded that: (i) the target market for the Securities is eligible counterparties and professional clients only; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate.
EU PRIIPs Regulation/UK PRIIPs Regulation	No EU PRIIPs Regulation or UK PRIIPs Regulation KID has been prepared as the Securities are not available to retail investors in the EEA or the UK.
FCA CoCo Restriction:	The Securities are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients (as defined in COBS 3.4) in the UK.
Use of Proceeds:	The net proceeds of the issue of the Securities will be used by the Society to strengthen its regulatory capital base and for general business purposes consistent with the Society's principal purpose as a UK building society. The Society may also use a portion of the net proceeds of the issue of the Securities to acquire companies or assets that are complementary to its business.
Risk Factors:	There are certain factors that may affect the Society's ability to fulfil its obligations under the Securities (and any CCDS issued in the event of Conversion of the Securities). In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities and/or CCDS. Prospective investors should carefully consider the information set out and referenced in "*Risk Factors*" in conjunction with the other information contained in this Offering Circular.
Clearing Systems:	The Securities have been accepted for clearing through the facilities of Euroclear and Clearstream, Luxembourg. Securities held through an account with Euroclear and/or Clearstream, Luxembourg will be registered in the name of a nominee for the common depositary for the Clearing Systems (the "**Nominee**") who shall be the Securityholder for those Securities for the purposes of the Conditions, and not the investors holding the beneficial interests in the Securities through Euroclear and/or Clearstream, Luxembourg or the persons shown in the records of the Clearing Systems (such persons, subject as described herein, the "**Accountholders**"). An Accountholder (and an investor holding interests in the Securities via an Accountholder) will not be a member of the Society by virtue of its investment in the Securities and (without prejudice to any rights or obligations that such person may have as a member of the Society in some other capacity) will be only indirectly subject to the Rules, the Memorandum and the Act with respect to its holding of Securities in the manner provided above. The persons shown in the records

	of Euroclear and/or Clearstream, Luxembourg (other than Euroclear and/or Clearstream, Luxembourg) shall be entitled to the rights in respect of their beneficial interests as prescribed by the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be.
ISIN:	XS2896922312.
Common Code:	289692231.
CFI/FISN:	As set out on the website of the Association of National Numbering Agencies ("**ANNA**") or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN for the Securities.

RISK FACTORS

This Offering Circular identifies in a general way the information that a prospective investor should consider prior to making an investment in any Securities. Prospective investors should consider carefully the risk factors set out or referenced below as well as the other information set out elsewhere in this Offering Circular (including, without limitation, the Registration Document as incorporated by reference herein), and reach their own views prior to making any investment decision with respect to the Securities.

The Securities are complex and high-risk financial instruments and may not be a suitable investment for all investors. Investors should ensure that they understand the risks of investing in the Securities before they make their investment decision. They should make their own independent decision whether to invest in the Securities and decide whether an investment in such Securities is appropriate or proper based upon their own judgement and upon advice from such advisers as they consider necessary. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Society may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Society's control. Accordingly, although the Society believes that the factors described or referenced below represent the principal risks inherent in investing in the Securities, the Society may be unable to pay interest or other amounts in connection with the Securities (or any CCDS issued in the event of a Conversion of the Securities) for other reasons and the Society does not represent that the risks of holding any Securities and/or CCDS, as set out in the statements below or in the information incorporated by reference in this Offering Circular, are exhaustive.

*Securities held through an account with Euroclear and/or Clearstream, Luxembourg will be registered in the name of a nominee for the common depositary for the Clearing Systems (the "**Nominee**"). For so long as the Securities are so held, the Nominee shall be the sole legal holder of those Securities for the purposes of the Conditions, rather than the persons shown in the records of the Clearing Systems or other investors holding beneficial interests in the Securities through Euroclear and/or Clearstream, Luxembourg, as the case may be (see "Summary of Provisions Relating to the Securities while Represented by the Global Certificate").*

Such investors will be subject to the same risks set out below as the Securityholder (as defined in the Conditions) save where their rights are more restricted as a result of their holding Securities through Euroclear and/or Clearstream, Luxembourg (see paragraph "Summary of Provisions Relating to the Securities while Represented by the Global Certificate – Meetings; Membership rights whilst the Securities are held through Euroclear and/or Clearstream, Luxembourg", below). Other than where defined in the Conditions, references in this Offering Circular to Securityholders shall include references to such investors holding beneficial interests in the Securities through Euroclear and/or Clearstream, Luxembourg, as well as holders of Securities in definitive form.

FACTORS THAT MAY AFFECT THE SOCIETY'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE SECURITIES

There are a number of factors that may affect the Society's ability to fulfil its obligations under the Securities, including economic and financial risks, regulatory risks, business and operational risks, and risks related to the Virgin Money Acquisition (as defined in the Acquisition Announcement incorporated by reference herein). For a description of certain of these factors, please refer to the section "*Risk Factors*" on pages 12 to 34 (each inclusive) of the Registration Document incorporated by reference in this Offering Circular.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE RISKS ASSOCIATED WITH THE SECURITIES

In making an investment decision, potential investors should carefully consider the risks of an investment in the Securities. In particular, potential investors should be aware of the following:

Risks relating to the Special Resolution Regime under the Banking Act

The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks and UK building societies which are considered to be at risk of failing. The exercise of any of these actions in relation to the Society or the Securities could materially adversely affect the value of the Securities and/or the rights of Securityholders

Under the Banking Act, substantial powers are granted to HM Treasury, the Bank of England acting as the Prudential Regulation Authority through its Prudential Regulation Committee (the "**PRA**"), the FCA and the Bank of England (together, the "**Authorities**") as part of a special resolution regime (the "**SRR**"). These powers enable the Authorities to deal with, amongst other entities, a UK bank or building society (each a "**relevant entity**") in circumstances in which the Authorities consider that the resolution conditions are satisfied, through a series of stabilisation options.

The stabilisation options which may be commenced by the Authorities are: (i) private sector transfer of all or part of the business of the relevant entity; (ii) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the Bank of England; (iii) transfer to an asset management vehicle; (iv) temporary public ownership (nationalisation) of the relevant entity as well as powers to convert a building society into a company in connection with a bail-in; and (v) a bail-in tool which permits the Bank of England to (a) cancel, modify or convert the form of a liability owed by a relevant entity or provide that a contract under which, amongst others, a relevant entity has a liability is to have effect as if a specified right had been exercised under it or (b) transfer securities issued by a relevant entity to a bail-in administrator.

In respect of UK building societies, the relevant tools include (i) modified property transfer powers which also refer to cancellation of shares and conferring rights and liabilities in place of such shares, (ii) modified share transfer powers, as well as a public ownership tool which may involve (amongst other things) arranging for deferred shares in a building society to be publicly owned, cancellation of private membership rights and the eventual winding up or dissolution of the building society and (iii) modified bail-in powers such that exercise of the tool may be immediately preceded by the demutualisation of the building society through the conversion of it into a company or the transfer of all of the property, rights or liabilities of the society to a company. It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant institution could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant institutions with a view to removing impediments to the exercise of the stabilisation tools.

In addition, the Banking Act contains a separate power, often referred to as the "**capital write-down tool**", which enables (and, if the institution enters into resolution, requires) the Authorities to cancel or transfer Common Equity Tier 1 ("**CET1**") capital instruments (which, in the case of the Society, could include any CCDS issued to Securityholders upon Conversion of the Securities) away from the original owners, or write down (including to nil) an institution's Additional Tier 1 capital instruments (such as the Securities) and Tier 2 capital instruments, or to convert them into CET1 capital instruments (which, in the case of the Society, could be CCDS), if the Authorities consider that the institution or the Society is at the "point of non-viability" and certain other conditions are met. For the purposes of the application of such mandatory write-down and conversion power, the point of non-viability is the point at which (i) the relevant Authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken), (ii) the relevant Authority determines that the relevant entity or its group will no longer be viable unless the relevant capital instruments are written-down or converted or (iii) extraordinary public financial support is required by the relevant entity other than, where the entity is an institution, for the purposes of remedying a serious disturbance in the UK economy and to preserve financial stability. The capital write-down tool must be applied before any of the stabilisation options provided for in the SRR may be used and may be used whether or not the institution subsequently enters into resolution. The Securities, being Additional Tier 1 capital instruments, could be subject to the capital write-down tool. Furthermore, any CCDS issued to Securityholders (whether upon Conversion of the Securities in accordance with the Conditions or, if applicable, as a result of the exercise by the Authorities of their SRR powers or the capital write-down tool) could be subject to the further use of any such SRR or capital write-down tool powers.

The purpose of the stabilisation options and the capital write-down tool is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may be exercised if (i) the relevant Authority is satisfied that a relevant entity (such as the Society) is failing or is likely to fail, (ii) having regard to timing and other relevant circumstances, the relevant Authority determines that it is not reasonably likely that (ignoring the stabilisation options) action will be taken that will enable the relevant entity to satisfy those conditions, (iii) the relevant Authority considers the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors) and (iv) the relevant Authority considers that the specific resolution objectives would not be met to the same extent by the winding up of the relevant entity. It is therefore possible that one or more of the stabilisation options could be applied prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the UK. The Banking Act includes provisions related to compensation in respect of instruments and orders made under it. In general, there is considerable uncertainty about the scope of the powers afforded to the UK authorities under the Banking Act and how the UK authorities may choose to exercise them.

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of the Society, such action may (amongst other things) affect the ability of the Society to make payments of interest under, or to repay, the Securities or any CCDS issued upon Conversion (including limiting its capacity to make any such payments) and/or result in other modifications to the Conditions of the Securities or the conditions of issue of any such CCDS. In particular, modifications may be made, including (i) that certain trust arrangements could be removed or modified, (ii) that contractual arrangements between relevant entities and other parties could be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool (including any liability in respect of the Securities and/or any such CCDS at the relevant time), the reduction of the relevant liability (including to zero) and/or the discharge of a relevant institution from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred.

If powers under the SRR were to be exercised in respect of the Society, HM Treasury or the Bank of England may exercise extensive share transfer powers (applying to a wide range of securities) and (subject to certain protections) property transfer powers (including powers for partial transfers of property, rights and liabilities) in respect of the Society and/or its securities, including the Securities and the CCDS. Exercise of these powers could involve taking various actions in relation to any securities issued by the Society, including the Securities, without the consent of the holders, including (among other things), in the case of the Securities or any CCDS:

- transferring the Securities or such CCDS out of the hands of the holders;
- delisting the Securities or such CCDS;
- writing down (which may be to nil) the Securities or the CCDS or converting them into another form or class of securities; and/or
- modifying or disapplying certain terms of the Securities or the CCDS, which could include modifications to (without limitation) the interest provisions (including reducing the amount of interest payable, the manner in which interest is calculated and/or the scheduled interest payment dates, including by suspending payment for a temporary period), and/or the redemption provisions (including the timing of any redemption options and/or the amount payable upon redemption) of the Securities or the CCDS, and/or limit or remove enforcement rights under the terms of the Securities or the CCDS or the effect thereof.

The relevant Authorities may exercise the bail-in tool under the Banking Act to recapitalise a relevant entity in resolution by allocating losses to (amongst others) its capital providers and unsecured creditors (which

would, in the case of the Society, include Securityholders and holders of CCDS) in a manner that (i) ought to respect the hierarchy of claims in an ordinary insolvency and (ii) is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity (known as the "no creditor worse off" safeguard). Accordingly, the ranking of the Securities and the CCDS in insolvency (with CCDS being the most junior-ranking investment in the Society, and the Securities ranking junior to all obligations of the Society other than CCDS and obligations which are Parity Obligations) can be expected to have a direct impact on the relative losses imposed on Securityholders and holders of CCDS in a resolution. See also "*The obligations of the Society under the Securities are unsecured and deeply subordinated, and the rights of the holders of CCDS will be further subordinated*" below.

As noted above, the Securities may be subject to write-down or conversion into CET1 instruments, and any CCDS could be written down, diluted or cancelled, on application of such powers (without requiring the consent of the holders thereof), which may result in the holders losing some or all of their investment. The "no creditor worse off" safeguard may not apply in relation to an application of such powers in circumstances where resolution powers are not also exercised. The exercise of such mandatory write-down and conversion power under the Banking Act could, therefore, materially adversely affect the rights of Securityholders or holders of CCDS, and such exercise (or the perception that such exercise may occur, whether or not it does actually occur) could materially adversely affect the price or value of their investment in the Securities and/or CCDS and/or the ability of the Society to satisfy its obligations under the Securities and/or CCDS, and/or may adversely affect liquidity and/or volatility in any market for the Securities and/or CCDS. As the threat or exercise of these SRR and other powers may affect trading behaviour, trading in the Securities and any CCDS is not necessarily expected to follow the trading behaviour associated with other types of securities that are not subject to such resolution powers.

Although the exercise of the capital write-down or conversion powers and bail-in resolution powers under the Banking Act is subject to certain pre-conditions, there remains uncertainty regarding the specific factors (including, but not limited to, factors outside the control of the Society or not directly related to the Society) which the UK resolution authorities would consider in deciding whether to exercise such power with respect to the Society and securities (including the Securities) issued by it. The no creditor worse off principle may not apply in relation to the exercise of capital write-down or conversion powers by the UK resolution authorities in circumstances where resolution powers are not also exercised, and there is therefore no guarantee that the UK resolution authorities would exercise their capital write-down or conversion powers in accordance with the creditor hierarchy, although the Banking Act does require the Bank of England to exercise those powers in a way that results in CET1 capital bearing first losses ahead of Additional Tier 1 Capital, tier 2 capital, other subordinated instruments and senior liabilities. Because of this inherent uncertainty and given that the relevant provisions of the Banking Act remain largely untested in practice, it will be difficult to predict when, if at all, the exercise of a loss absorption power may occur which would result in a principal write-off or conversion to the Securities or any other securities. Moreover, as the UK resolution authorities may have considerable discretion in relation to how and when they may exercise such power, holders of the Securities may not be able to refer to publicly available criteria in order to anticipate a potential exercise of such power and consequently its potential effect on the Society and the Securities. It is also possible that legislators or regulators may seek to amend the scope, extent or conditions to the exercise of, such powers, either generally or on an institution-specific basis (including in a crisis scenario), which may result in the write-down or conversion of securities (including the Securities) in a broader range of circumstances. The UK resolution authorities are also not required to provide any advance notice to holders of the Securities of its decision to exercise any capital write-down and conversion powers or resolution power. Therefore, Securityholders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Society and the Securities.

The exercise of any SRR powers in respect of the Society could impact the Society's financial condition and prospects and its ability to satisfy its obligations in respect of the Securities and/or any CCDS issued upon conversion of the Securities. For example, such exercise could result in the Society being required, or electing, to reduce or cancel interest payments in respect of the Securities and/or distributions on CCDS for a significant period of time, and may impact the Society's ability or willingness to exercise any right to repay the Securities available to it.

Pursuant to Condition 19 of the Securities, investors in the Securities will expressly acknowledge and accept that the Amounts Due arising under the Securities may be subject to the exercise of the Bail-in Power by the Resolution Authority, and will acknowledge, accept, consent and agree to be bound by the effects and consequences thereof.

As at the date of this Offering Circular, the UK authorities have not made an instrument or order under the Banking Act in respect of the Society and there has been no indication that any such instrument or order will be made, but there can be no assurance that this will not change and/or that the Securityholders and/or holders of any CCDS issued upon Conversion of the Securities or otherwise will not be adversely affected by any such instrument or order if made. While there is provision for compensation to be ordered in certain circumstances under the Banking Act, there can be no assurance that the Securityholders or holders of CCDS would be entitled to any compensation, or that any compensation, if awarded, would be available promptly or would be equal to any loss actually incurred by such holders. It should also be noted that any extraordinary public financial support provided to a relevant institution through any stabilisation action (such as temporary public ownership) would likely only be used by the UK authorities as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools and powers described above.

Furthermore, Securityholders may have no, or only very limited, rights to challenge and/or seek a suspension of any decision of the UK resolution authorities to exercise their resolution powers (including the bail-in tool) or to have that decision reviewed by a judicial or administrative process or otherwise. Further, the amendment of such recovery and resolution powers, and/or any implication or anticipation that they may be used, may have a significant adverse effect on the market price of the Securities, even if such powers are not used.

Accordingly, investors in the Securities and any CCDS will bear the risk that they may lose all or some (which may be substantially all) of their investment as a result of the (actual or anticipated) exercise by the Authorities of their powers under the SRR in respect of the Society, the Securities and/or the CCDS.

Factors which are material for the purpose of assessing the market risks associated with the Securities

Upon the occurrence of a Conversion Trigger, the Securityholders will lose all of their investment in the Securities and any CCDS they receive may not be of the same value as their original investment in the Securities

Investors should expect to lose all or part (which may be substantially all) of their investment in the Securities if either CET1 Ratio (as defined in the Conditions) falls below 7.00 per cent. (a "**Conversion Trigger**"), as further described in Condition 8. Upon the occurrence of a Conversion Trigger, the Society shall: (a) cancel any interest which has accrued and remains unpaid up to (and including) the relevant Conversion Date (whether or not such interest has become due for payment); (b) irrevocably (without the need for the consent of Securityholders) write down the Securities by reducing the nominal amount of each Security to zero; and (c) (subject as provided in Condition 8) issue to each Securityholder such number of CCDS as is equal to the aggregate nominal amount of that Securityholder's Securities divided by the prevailing Conversion Price.

A Conversion shall be deemed to be effective with effect from the relevant Conversion Date stated in the Conversion Notice to be given by the Society and without the requirement for any further formality. Once the nominal amount of a Security has been written down, the nominal amount of such Security will not be restored in any circumstances (including where the relevant Conversion Trigger ceases to continue), the Security will be cancelled and no further interest will accrue or be payable on such Security at any time thereafter. Any interest which is accrued and unpaid to the date of the relevant Conversion Trigger shall be immediately cancelled (whether or not such interest has become due for payment). A Securityholder will not be entitled to (i) receive, other than the relevant number of CCDS as is equal to the aggregate nominal amount of that holder's Securities divided by the prevailing Conversion Price (rounded down to the nearest whole number of CCDS), any shares or other participation rights in the Society or be entitled to any other participation in the upside potential of any equity or debt securities issued by the Society or any other member of the Group or (ii) any subsequent re-transfer or any other compensation in the event of any change in either CET1 Ratio.

Any CCDS received upon Conversion may have a market value significantly below the nominal amount of the Securities held by a Securityholder. The Conversion Price at the time the CCDS are issued may not reflect the market price (if any) of the CCDS, which could be significantly lower than the Conversion Price. Furthermore, upon Conversion, Securityholders will no longer have a debt claim in relation to principal and any accrued but unpaid interest on the Securities shall be cancelled and shall not become due and payable at any time. Securityholders will not be entitled to any form of compensation in the event of the Society's potential recovery or improvement in the CET1 Ratio.

In addition, the Conditions provide that, in certain circumstances, the Conversion feature of the Securities (or any replacement securities issued to Securityholders upon a transfer of the Society's business) may be replaced with a permanent write-down feature, such that if a Conversion Trigger were to occur the Securities (or such replacement securities) would be automatically written down to zero and cancelled without the delivery of CCDS or any other instrument to the Securityholders – see "*Risks related to succession and transfer of the Society's business, including the potential replacement of the Conversion feature of the Securities with a permanent write-down feature, and/or the issue to Securityholders of Bonds or Qualifying Parent Securities in place of the Securities*" below. In such case, if a Conversion Trigger were to occur, investors in the Securities would lose their entire investment.

The occurrence of a Conversion Trigger is inherently unpredictable and depends on a number of factors, which may be outside the control of the Society. Furthermore, a determination that a Conversion Trigger has occurred can be made on any information available to the Society, the Regulator or any agent appointed for such purpose by the Regulator, as the case may be, whether or not published or otherwise publicly disclosed. Accordingly, investors may be unable to predict if and when a Conversion Trigger may occur. See "*The circumstances surrounding or triggering a Conversion are unpredictable, and there are a number of factors that could affect either CET1 Ratio*" and "*The two CET1 Ratios may be affected by different factors*" below for further information.

Furthermore, the Conditions provide that, in determining whether or not a Conversion Trigger has occurred under the Conditions, each CET1 Ratio will be calculated in accordance with the then-prevailing Capital Regulations but without applying any transitional, phasing in or similar provisions if and to the extent the Regulator then requires them to be disregarded for the purpose of determining whether a Conversion Trigger has occurred. See "*For the purpose of determining whether a Conversion Trigger has occurred, the CET1 Ratios may be calculated without applying any relevant transitional, phasing in or similar provisions, which will result in lower calculated CET1 Ratios than if applying any applicable transitional, phasing in or other similar provisions*" below.

In addition, the Conditions provide that the Securityholders, and not the Society, shall be responsible for paying any taxes and capital, stamp, issue, registration and transfer taxes, charges and duties (or, where the same are payable by the Society under applicable law and regulation, an amount equal thereto) arising on Conversion as a consequence of any disposal or deemed disposal of their Securities (or any interest therein) and/or the issue and delivery to them of any CCDS (or any interest therein) upon Conversion. If a Securityholder fails to make payment of (or, as applicable, the amounts in respect of) all such taxes, duties and charges applicable to it by the date falling 12 years after the Conversion Date, the Securityholder shall forfeit its right to receive such CCDS, and shall not be entitled to any compensation or other amounts in respect thereof. In such event, the Society (in its sole discretion) may elect to cancel such CCDS, or to arrange for the sale of such CCDS, and any proceeds thereof shall revert to and be retained by the Society for its sole account (and, for the avoidance of doubt, the Securityholder shall have no subsequent claim against the Society or any other person for delivery of such CCDS to it or for any such proceeds or any other amounts).

In addition to Conversion of the Securities in accordance with Condition 8, the Securities may also be written off, written down, converted to CCDS or otherwise modified in a manner which is materially adverse to investors in circumstances where the Bank of England or other resolution authorities exercise their powers in respect of the Securities under the UK recovery and resolution regime applicable to the Society. See "*The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks and UK building societies which are considered to be at risk of failing. The*

exercise of any of these actions in relation to the Society or the Securities could materially adversely affect the value of the Securities and/or the rights of Securityholders" above. The creditor protections which should apply if the resolution powers were exercised would not apply if a Conversion occurs pursuant to the terms of the Securities.

Therefore, if a Conversion Trigger occurs, investors in the Securities should expect to lose all or some (which may be substantially all) of their investment.

As the Conversion Price is fixed at the time of issue of the Securities, Securityholders will bear the risk of fluctuations in either CET1 Ratio and the price of any CCDS in issue

The occurrence of the Conversion Trigger is inherently unpredictable and depends on a number of factors, many of which are outside of the Society's control. For example, the occurrence of one or more of the risks described under "*Factors that may affect the Society's ability to fulfil its obligations under the Securities*", or the deterioration of the financial condition of the Society in the circumstances described therein or otherwise, may substantially increase the likelihood of the occurrence of the Conversion Trigger.

Furthermore, the market price and liquidity of the Securities is expected to be affected by fluctuations in either CET1 Ratio and, where applicable, the market price of the CCDS in issue. Fluctuations in either CET1 Ratio may be caused by changes in the amount of Common Equity Tier 1 capital and/or Risk Weighted Assets, each calculated in accordance with prevailing Capital Regulations and otherwise as provided in the Conditions (whether as a result of changes in the amount or composition of the Society's own funds or risk weighted assets or as a result of changes in the manner in which such metrics are required to be calculated under the prevailing Capital Regulations). Any indication that either CET1 Ratio is moving towards the level of a Conversion Trigger may have an adverse effect on the market price of the Securities and any trading market for the Securities may be severely limited. In addition, the market price of the Securities may be more sensitive generally to adverse changes in the Society's and the Group's financial condition than the market prices of securities without a similar conversion or write-down feature, and may become increasingly volatile as either CET1 Ratio falls. The level of either CET1 Ratio may significantly affect the trading price and liquidity of any trading market in the Securities and also of the CCDS. In addition, any decline in the market price of the CCDS in issue may have an adverse effect on the market price of the Securities. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to more conventional investments. These adverse effects can be expected to become increasingly pronounced as either CET1 Ratio approaches or trends towards 7.00 per cent.

In addition, because a Conversion Trigger will only occur at a time when either CET1 Ratio has deteriorated significantly, a Conversion Trigger may be accompanied by a deterioration in the market price of the CCDS in issue, which may be expected to continue after the occurrence of the Conversion Trigger. Therefore, following a Conversion Trigger, the realisable value (if any) of the CCDS is likely to be significantly below the Conversion Price (and could be nil). The Conversion Price is fixed at the time of issue of the Securities at £100.00, and is subject to only limited anti-dilution adjustments, as described under "*Securityholders have limited anti-dilution protections with respect to the Conversion Price*" below. In addition, there may be a delay in a holder receiving its CCDS following a Conversion Trigger, during which time the market price of the CCDS may further decline.

As a result, the realisable value (if any) of the CCDS received upon a Conversion Trigger could be substantially lower than that implied by the price paid for the Securities at the time of their purchase (and could be nil).

The obligations of the Society under the Securities are unsecured and deeply subordinated, and the rights of the holders of CCDS will be further subordinated

The Securities constitute direct, unsecured and subordinated investments in the Society and, on a winding up or dissolution of the Society commencing prior to the Conversion Date (save as otherwise provided in an Excluded Dissolution), claims in respect of the Securities will subject to applicable insolvency law, rank junior to all other claims against the Society except for claims in respect of any Parity Obligations (which, as at the

date of this Offering Circular, comprises only other Additional Tier 1 capital instruments issued by the Society) and claims in respect of any Junior Obligations (which, as at the date of this Offering Circular, comprises only CCDS) and other claims over any residual surplus assets of the Society remaining after the repayment of all liabilities, all as further provided in Condition 4.2.

Subject to applicable law, no holder of any Security (or any interest therein) will be entitled to exercise, claim or plead any right of set-off (including, without limitation, compensation or retention), counterclaim or netting in respect of any amount owed to it by the Society in respect of, or arising under or in connection with, the Securities and each such holder shall, by virtue of its holding of any Security (or any interest therein), be deemed to have waived all such rights of set-off (including, without limitation, compensation or retention), counterclaim or netting.

The claims of the holders of the Securities in a winding up or dissolution of the Society (save as otherwise provided in an Excluded Dissolution) which commences prior to any Conversion Date determined in accordance with Condition 8, will be for the nominal amount of their Securities together with accrued but unpaid interest thereon (excluding interest which has been cancelled in accordance with the Conditions) and any damages awarded in respect thereof. However, such claims shall be amongst the most deeply subordinated obligations of the Society as provided above, and Securityholders will only be eligible to recover any amounts in respect of their claims if all claims in respect of more senior-ranking obligations of the Society (which is almost all other obligations of the Society) have first been paid in full. If, on a winding up or dissolution of the Society which commences prior to any Conversion Date, the assets of the Society are insufficient to enable the Society to repay the claims of more senior-ranking creditors in full, the Securityholders will lose their entire investment in the Securities. If there are sufficient assets to enable the Society to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of the Securities and all Parity Obligations in full, Securityholders will lose some (which may be substantially all) of their investment in the Securities.

For the avoidance of doubt, the holders of the Securities shall, in a winding up or dissolution of the Society which commences prior to any Conversion Date, have no claim in respect of the surplus assets (if any) of the Society remaining in any winding up or dissolution following payment of all amounts due in respect of the liabilities of the Society.

As described above under "*Upon the occurrence of a Conversion Trigger, the Securityholders will lose all of their investment in the Securities and any CCDS they receive may not be of the same value as their original investment in the Securities*", the Securities will, in certain circumstances, be irrevocably (without the need for the consent of Securityholders) written-down to zero and converted into CCDS. The claims of CCDS holders in a winding up or dissolution of the Society would be the most junior-ranking of all claims. Claims in respect of CCDS would not be for a fixed nominal amount, but rather would be limited to a proportionate and capped share of the surplus assets (if any) remaining following payment of all amounts due in respect of the liabilities of the Society. Therefore, if a winding up or dissolution of the Society occurs following the Conversion Date, the claims of the Securityholders will rank even more junior than their claims would have ranked in respect of Securities had the winding up or dissolution occurred prior to the Conversion Date, and further the Securityholders will not have a claim for a fixed amount in the winding up or dissolution and there is an even greater risk that holders will lose all or some (which may be substantially all) of their investment. Furthermore, the proportionate (or capped) share of surplus assets (if any) which a CCDS holder would be eligible to receive in a winding up or dissolution of the Society will depend upon a range of factors, including the number of CCDS in issue, the price at which such CCDS have been issued from time to time and the relative contribution to the common equity tier 1 capital of the Society deemed to have been made by the CCDS holders as a class at the relevant times for determining the rights of CCDS holders to share in any surplus assets. In particular, other issues of CCDS, whether issued before, simultaneously with, or after the CCDS issued upon conversion of the Securities, and whether issued by way of new investment in the Society or upon conversion of other securities, may have a significant dilutive impact on the proportion of surplus assets (if any) which an investor would be eligible to receive in a winding up or dissolution. If the Society's common equity tier 1 ratio or total tier 1 ratio are eroded over time, the Society may elect, or may be required, to raise further tier 1 capital through issues of CCDS or instruments which convert into CCDS in the same or similar circumstances in which the

Securities would convert. In addition, other liabilities of the Group may, in certain circumstances, become subject to bail-in by way of conversion to CCDS (see further "*The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK banks and UK building societies which are considered to be at risk of failing. The exercise of any of these actions in relation to the Society or the Securities could materially adversely affect the value of the Securities and/or the rights of Securityholders*" above). Given the possible variables, it is not possible to predict, as at the date of this Offering Circular, the share of surplus assets (if any) which would be attributable to each CCDS in the event of a winding up or dissolution of the Society in the future. See also "*Securityholders have limited anti-dilution protections with respect to the Conversion Price*" below.

Although the Securities may potentially (subject to cancellation of interest as provided herein) pay a higher rate of interest than other securities which are not subordinated and which do not permit or require the issuer thereof to reduce or cancel interest payments, prospective investors should consider that, in the event of an insolvent winding up or dissolution of the Society, it is likely that holders of Securities or CCDS at that time would lose their entire investment.

The rights of Securityholders will be limited between the occurrence of a Conversion Trigger and the Conversion Date

Although the Society currently expects that beneficial interests in the Securities may be transferrable for a limited time following the occurrence of a Conversion Trigger and prior to the Conversion Date, there is no guarantee that this will be the case, nor that an active trading market will exist for the Securities following the occurrence of a Conversion Trigger. Accordingly, the price received for any sale of beneficial interests in a Security, if capable of sale during this period, may not reflect the market price of such Security or the CCDS.

Furthermore, transfers of beneficial interests in the Securities may be restricted following the occurrence of a Conversion Trigger, for example if the clearance and settlement of transactions in the Securities is suspended by Euroclear and/or Clearstream, Luxembourg. In such a situation it may not be possible to transfer and settle beneficial interests in the Securities in such clearing system and trading in the Securities may cease through such clearing system. The Society expects that Euroclear and Clearstream, Luxembourg will each suspend all clearance and settlement of transactions in the Securities on a specific date (the "**Suspension Date**") to be notified to Securityholders in the Conversion Notice. In that case, holders of the Securities will not be able to settle the transfer of any Securities through Euroclear and/or Clearstream, Luxembourg following the Suspension Date, and any sale or other transfer of the Securities that a holder of the Securities may have initiated prior to the Suspension Date with respect to Euroclear or Clearstream, Luxembourg that is scheduled to match or settle after the Suspension Date will likely be rejected by such clearing system and will not be matched or settled through such clearing system.

The Securities will cease to be admitted to trading on the ISM after the Suspension Date.

Moreover, no holder will be able to transfer any CCDS until such time as they are finally delivered to such holder, whether in a securities account within Euroclear or Clearstream, Luxembourg or other settlement system, or, as the case may be, delivered to such holder in definitive certificated form.

Upon Conversion, it is the Society's current expectation that the CCDS will be delivered to the Nominee for and on behalf of Euroclear and Clearstream, Luxembourg, but this will not necessarily be the case

While the Securities and the CCDS are each represented by global certificates registered in the name of the Nominee, upon Conversion the aggregate number of CCDS to be issued pursuant to the Conditions are expected to be issued directly to the Nominee. However, upon Conversion, CCDS may, at the election of the Society, instead be issued and delivered into another clearing or settlement system or in definitive registered form. In the case where the CCDS are issued into Euroclear and/or Clearstream, Luxembourg, investors will receive beneficial interests in the CCDS through their securities accounts and will only be entitled to the rights in respect of such beneficial interests in CCDS as prescribed by the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be. Registration of book-entry interests in the CCDS would be effected through

the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants. There is no guarantee that such book-entry interests would be registered within any specific time period or that such method of issuance and delivery of CCDS will be adopted upon Conversion of the Securities.

Neither the Rules nor the terms of the Securities require the Society to issue CCDS into a Euroclear and/or Clearstream, Luxembourg, and the Society may instead, in its discretion, elect to issue the CCDS into an alternative clearance or settlement system (such as, for example, into the CREST system operated by Euroclear UK & International Limited) or in definitive certificated form. While the Society's CCDS currently in issue are, as at the date of this Offering Circular, cleared through Euroclear and Clearstream, Luxembourg, and the Society presently expects this to continue to be the case, this may change as a result of various factors, including (but not limited to) as a result of changes in applicable law or regulation (including, without limitation, United Kingdom tax law). The Society expects that any CCDS issued upon Conversion would be consolidated and form a single series with the CCDS outstanding at such time, and accordingly would be held in the same manner as other CCDS outstanding at the time of Conversion. Investors should note that different methods of delivering CCDS to holders could result in different UK tax treatment upon issue and subsequent transfers of CCDS. See "*Dealings in the CCDS may in certain circumstances be liable to UK stamp taxes*" below.

Interest payments may be cancelled on a discretionary or mandatory basis

Payment of interest on any Interest Payment Date or other due date for payment is at the sole discretion of the Society. The Society may elect not to pay interest, in whole or in part, on any Interest Payment Date or other due date for payment. The Society may make such election for any reason, and the making of such election and the non-payment of interest shall not constitute an event of default under the Conditions of the Securities or otherwise constitute a default by the Society for any purpose.

If the Society does not pay any interest payment (or any part thereof) on any scheduled payment date, such non-payment shall evidence the Society's exercise of discretion to cancel such interest payment (or the relevant part thereof), and such interest payment (or the cancelled part thereof) shall not become due and payable at any time and Securityholders will have no rights in respect of such cancelled interest payment (or the cancelled part thereof).

Additionally, the Regulator has the power to direct the Society to reduce or cancel payments of interest on the Securities, or may otherwise outline its expectations that the Society will take steps to reduce or cancel payments (with potential regulatory action should the Society operate outside such expectations). It is also possible that such powers may be used in respect of the UK banking sector more generally with a view to encouraging institutions to preserve cash and/or increase or continue lending in the event of significant shocks to the UK economy (such as, for example, the Covid-19 pandemic).

Any interest not paid will be cancelled, and Securityholders will have no right to receive such cancelled interest (or any amount in respect thereof) in any circumstances.

In addition, payment of interest on any date will be prohibited if and to the extent that (i) payment cannot be made in compliance with the Solvency Test, (ii) the Society has insufficient Distributable Items and the prevailing Capital Regulations require the Society to reduce or cancel interest payments on the Securities as a result, (iii) payment would result in a breach of any Maximum Distributable Amount then applicable to the Society and the prevailing Capital Regulations require the Society to reduce or cancel interest payments on the Securities as a result, and/or (iv) following the occurrence of a Conversion Trigger, each as further described below. The Society will also exercise its discretion, or otherwise may be required, to cancel interest payments (in whole or in part) on the Securities in any other circumstances in which the Capital Regulations or any other applicable laws or regulations in effect from time to time (or where its regulator or an applicable resolution authority acting pursuant to such Capital Regulations or other laws or regulations) require interest payments on securities such as the Securities to be so cancelled.

Solvency Test

The Conditions provide that no payment of principal, interest or any other amount in respect of the Securities shall become due and payable unless, and to the extent that, the Society is able to make such payment and still be solvent immediately thereafter (except in the winding up or dissolution of the Society) (the "**Solvency Test**"). For these purposes, the Society shall be considered to be solvent if (x) it is able to pay its debts which are Senior Obligations as they fall due and (y) its Assets exceed its Liabilities.

If and to the extent that, on any Interest Payment Date, the Society is unable to make an interest payment and still be solvent immediately thereafter, such interest payment shall not become due and will be cancelled.

Insufficient Distributable Items

To the extent required under then prevailing Capital Regulations, payments of interest due on any date will be prohibited and will not be paid if and to the extent that the amount of such interest payment (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable) otherwise due, together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current Financial Year (as defined in Condition 20) on the Securities and on other own funds items (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) shall, in aggregate, exceed the amount of Distributable Items (as defined in Condition 6.2(ii)) of the Society as at such payment date. See further "*The level of the Society's Distributable Items is affected by a number of factors and insufficient Distributable Items may restrict the Society's ability to make interest payments on the Securities*" below.

Maximum Distributable Amounts

To the extent required under then prevailing Capital Regulations, the Society shall not be permitted to pay any interest payment otherwise due on any date, and the relevant payment will be cancelled and will not be made, if and to the extent that the payment of such interest payment (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), when aggregated together with the amounts of any distributions of the kind referred to in rule 4.3(2) of Chapter 4 (*Capital Conservation Measures*) of the Part of the PRA Rulebook entitled "*Capital Buffers*" (as the same may be amended or replaced) and/or referred to in any other applicable provisions of the Capital Regulations which require a maximum distributable amount to be calculated if the Society is failing to meet any relevant requirement or any buffer relating to any such requirement (in each case to the extent then applicable to the Society), would cause any Maximum Distributable Amount (if any) then applicable to the Society to be exceeded.

Conversion Trigger

Upon the occurrence of a Conversion Trigger, the Society will cancel any interest which has accrued and remains unpaid up to (and including) the relevant Conversion Date, whether or not such interest has become due for payment. See further "*Upon the occurrence of a Conversion Trigger, the Securityholders will lose all of their investment in the Securities and any CCDS they receive may not be of the same value as their original investment in the Securities*" above.

Consequences of cancellation

Any interest payment (or part thereof) cancelled and not paid on any relevant Interest Payment Date or repayment date by reason of any of Conditions 4.4, 6 or 8 shall be cancelled and shall not accumulate or be payable at any time thereafter, and Securityholders will have no claim for any amount in respect of interest not paid in such circumstances and no right to receive any additional interest or compensation as a result of such non-payment. Non-payment of any interest payment (or part thereof) will not constitute an event of default by the Society under the Conditions of the Securities or a default by the Society for any other purpose, and the Securityholders shall have no right thereto whether in a winding up or dissolution of the Society or otherwise.

Thus, any interest payment not paid as a result of the Society's election to cancel interest or as a result of the mandatory restrictions described above will be lost and the Society will have no obligation to make payment of such interest or to pay interest thereon or any compensation or other amounts in respect thereof.

The Society's distribution policy in respect of its CCDS provides that in determining the interim or final distributions (if any) to be declared in respect of the CCDS in respect of any given financial year, the Society will have regard to all relevant factors which it considers to be appropriate, including the profitability of the Society, its resources available for distribution and the capital and liquidity position of the Society at the time of declaring the distribution. The Securities are senior in ranking to CCDS. It is the Society's current intention that, whenever exercising its discretion to declare distributions in respect of the CCDS, or its discretion to cancel interest on the Securities, the Society will take into account the relative ranking of these instruments in its capital structure. However, the Society may at any time depart from this policy at its sole discretion.

If the Society elects to cancel, or is prohibited from paying, interest on the Securities at any time, there is no restriction (other than any restriction imposed by any applicable law or regulation) on the Society from otherwise making distributions or any other payments to the holders of the CCDS in issue or any other securities of the Society, including securities ranking *pari passu* with or junior to the Securities.

If at any time the Securities are Converted in accordance with the Conditions, no interest shall accrue from that time on the Securities. Consequently, no interest will be payable after the Conversion of the Securities.

Any actual or anticipated cancellation or reduction of interest payments can be expected to have a significant adverse effect on the market price of the Securities and any trading market for the Securities could be severely restricted. In addition, as a result of the interest cancellation and reduction provisions of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation or reduction and may be more sensitive generally to adverse changes in the Society's financial condition.

In addition, prospective investors in the Securities should note that Securities may trade, and/or the prices for the Securities may appear, on any stock exchange or securities market and in other trading systems, with accrued interest. If this occurs, purchasers of Securities in the secondary market will pay a price that reflects such accrued interest upon purchase of the Securities. However, if the relevant payment of interest on the Securities is subsequently cancelled (in whole or in part) as described herein, purchasers of such Securities will not be entitled to that interest payment (or, as the case may be, the cancelled part thereof).

The level of the Society's Distributable Items is affected by a number of factors and insufficient Distributable Items may restrict the Society's ability to make interest payments on the Securities

The level of the Society's Distributable Items is affected by a number of factors. The Society's future Distributable Items, and therefore its ability to make interest payments under the Securities, are a function of its existing Distributable Items and its future profitability. In addition, the Society's Distributable Items may also be adversely affected by the servicing of more senior instruments.

The level of the Society's Distributable Items may be affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Society's Distributable Items in the future.

Further, the Society's Distributable Items, and therefore its ability to make interest payments under the Securities, may be affected by the performance of its business in general, factors affecting its financial position (including capital and leverage), acquisitions or disposals of businesses or assets, the economic environment in which the Group operates and other factors, many of which are outside of the Society's control. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items.

To the extent required under then prevailing Capital Regulations, the Society shall not make an interest payment on the Securities on any date (and such interest payment shall therefore be cancelled) if the level of Distributable Items is insufficient to fund that payment, as discussed in the risk factor "*Interest payments may be cancelled on a discretionary or mandatory basis*" above and as provided in Condition 6.2.

The Capital Regulations provide for capital requirements that are in addition to the minimum capital requirement. These additional capital requirements will restrict the Society from making interest payments on the Securities in certain circumstances, in which case interest payments may be required to be reduced or cancelled

As provided above under "*The Society is subject to regulatory capital and liquidity requirements which are subject to change and which could have an impact on its operations*", the Group is subject to regulatory capital requirements comprising a Pillar 1 requirement, a Pillar 2A requirement, and additional buffer requirements.

Under the Pillar 1 minimum capital requirement, the Society must hold a minimum total regulatory capital of 8 per cent. of risk weighted assets, a minimum Tier 1 capital of 6 per cent. of risk weighted assets and a minimum Common Equity tier 1 capital of 4.5 per cent. of risk weighted assets. The Pillar 2A requirement derives from the Society's total capital requirement, is a point in time and confidential assessment made by the PRA, and is designed to cover risks that the PRA believes are not covered or not sufficiently covered by the Pillar 1 requirements. The Pillar 2A requirement must be met with at least 56.25 per cent. Common Equity Tier 1 capital.

The capital buffers applicable to the Society as at the date of this Offering Circular comprise the capital conservation buffer ("**CCB**"), an institution-specific countercyclical buffer ("**CCyB**") and an institution-specific other systemically important institution ("**O-SII**") buffer. Accordingly, the "**combined buffer requirement**" applicable to the Society as at the date of this Offering Circular is the combination of its CCB, CCyB and O-SII buffer. The combined buffer requirement must be met with Common Equity Tier 1 capital, and the Common Equity Tier 1 capital used to satisfy the combined buffer requirement cannot also be used to satisfy the Pillar 1 requirement or Pillar 2A requirement, each of which must be met in full before Common Equity Tier 1 capital can be applied to meeting the combined buffer requirement.

As at the date of this Offering Circular:

(i) the capital conservation buffer is set at 2.5 per cent. of risk weighted assets;

(ii) the CCyB requirement is calculated based on the relevant exposures held in jurisdictions in which a buffer rate has been set. The Society's exposures are almost entirely based in the UK, and accordingly its applicable CCyB for all its exposures is set as the UK CCyB rate. As at the date of this Offering Circular, the UK CCyB rate set by the Financial Policy Committee ("**FPC**") is 2.0 per cent. of risk weighted assets. The FPC generally reviews this rate quarterly, and may elect to increase or decrease this rate at any time. Generally, any increase in the CCyB rate will take effect one year after the decision to increase it, in order to give institutions time to raise the necessary additional capital if required. A decrease may take effect immediately; and

(iii) the Society's O-SII buffer is set at 1.0 per cent. of risk weighted assets.

The Society may in the future become subject to other buffers or requirements that affect its ability to make discretionary payments, including (without limitation) restrictions based on the Society's leverage requirements or the minimum requirement for own funds and eligible liabilities ("**MREL**").

In line with the PRA Rulebook (or any equivalent or similar rule as may be applicable to the Society under the Capital Regulations in the future), the Society's ability to make certain 'discretionary payments' (which are defined broadly as payments relating to Common Equity Tier 1 capital instruments (such as CCDS), Additional Tier 1 instruments (including the Securities) and variable remuneration) will be restricted if it does not meet its combined buffer requirement in full at the relevant time; in such circumstances, the Society will be required

to calculate a maximum distributable amount which will restrict (potentially to nil) the amount of such 'discretionary payments' it can make while it continues to fail to meet its combined buffer requirement.

These restrictions on making discretionary payments will be scaled according to the extent of the breach of the combined buffer requirement and calculated by reference to the profits of the Society earned in each of the past four calendar quarters (subject to certain deductions). Such calculation will result in a "maximum distributable amount" ("**MDA**") in each relevant period. Scaling will be achieved by applying a scaling factor to the relevant distributable profits (such factor being 0 in the bottom quartile, 0.2 in the second quartile, 0.4 in the third quartile and 0.6 in the fourth quartile). As such, if the Society were to fail to meet the bottom quartile of its combined buffer requirement in full, no "discretionary distributions" will be permitted to be paid. As a consequence, in the event of breach by the Society of its combined buffer requirement, it may be necessary to reduce payments on the Securities through the cancellation of scheduled interest payments (in whole or in part).

As at 4 April 2024, the Society held Common Equity Tier 1 capital in excess of its combined buffer requirement equal to £7.7 billion, or 14.0 per cent. of risk weighted assets. The Society currently intends to maintain an internal management buffer comprising Common Equity Tier 1 capital over the combined buffer requirement. There can be no assurance, however, that the Society will continue to maintain such internal management buffer or that any such buffer would be sufficient to protect against a breach of the combined buffer requirement resulting in restrictions on payments on the Securities. See further "*The Society is subject to regulatory capital and liquidity requirements which are subject to change and which could have an impact on its operations*" and "*Interest payments may be cancelled on a discretionary or mandatory basis – Maximum Distributable Amount*" above. For further information, see also "*Risk Factors – Regulatory Risks – Capital and liquidity requirements*" in the Registration Document as incorporated by reference in this Offering Circular.

The Common Equity Tier 1 capital used to satisfy the combined buffer requirement cannot also be used to satisfy the Society's Pillar 1 requirement or Pillar 2A requirement, which must be met in full before Common Equity Tier 1 capital can be applied to meeting the combined buffer requirement. Accordingly, to the extent that any increases in the Society's Pillar 1 or Pillar 2A requirements are, or are required to be, met with Common Equity Tier 1 capital, the amount of Common Equity Tier 1 capital available to meet the combined buffer requirement may be reduced.

As reported in the Society's report and accounts for the year ended 4 April 2024, the Society's combined Pillar 1 requirement and Pillar 2A requirement as at 4 April 2024 was 13.1 per cent. of risk weighted assets, or £7.2 billion (4 April 2023: 12.5 per cent., or £6.5 billion).

In addition to the Pillar 1 requirement, the Pillar 2A requirement and the combined buffer requirement described above, the PRA also applies a "PRA buffer" (also known as Pillar 2B) which supplements the combined buffer requirement. The PRA buffer must be met fully with Common Equity Tier 1 capital. The PRA buffer is not publicly disclosed and is set for each institution individually. Like Pillar 2A, it is a point in time assessment that, in respect of UK firms, is made by the PRA and is expected to vary over time. A failure to satisfy the PRA buffer could result in the Society being required to prepare a capital restoration plan. This may, but would not automatically, provide for or result in restrictions on discretionary payments (such as interest payments on the Securities, or distributions on any CCDS) being made by the Society.

The Society's capital requirements and capital resources are subject to change as a result of a wide range of factors, including as a result of the performance of its business in general, changes in the size or mix of the Group's business and assets, major events affecting its earnings, acquisitions or disposals of businesses or assets (including, without limitation, the proposed Virgin Money Acquisition), regulatory changes and other factors, many of which are outside of the Society's control. Any such changes could reduce the amount of Common Equity Tier 1 capital available to meet the Society's combined buffer requirements, which could result in the application of a Maximum Distributable Amount which requires the Society to reduce or cancel interest payments on the Securities. For further information, see also "*Risk Factors – Regulatory Risks –*

Capital and liquidity requirements" in the Registration Document as incorporated by reference in this Offering Circular.

Furthermore, since the Regulator may increase or decrease the Society's Pillar 2A requirement at any time, and the Society must meet any increased requirement in full before it can apply its available Common Equity Tier 1 capital to meeting its combined buffer requirements, investors in the Securities may not be able to assess or predict accurately the proximity of the risk of interest payments being prohibited from time to time as a result of the application of an MDA restriction under the Capital Regulations.

In addition to any Maximum Distributable Amount imposed as a result of a failure to meet combined buffer requirements calculated on a risk-weighted asset basis, it is possible that Maximum Distributable Amount restrictions on payments of interest on Additional Tier 1 instruments (such as the Securities) could in the future be introduced if an institution fails to meet capital requirement on an alternative basis, such as a leverage or MREL basis.

Failure to meet the PRA buffer or leverage ratios or buffers will not automatically trigger restrictions on distributions but the PRA may then impose requirements which could have the effect of imposing such restrictions under its supervisory powers envisaged in the Capital Regulations and FSMA (as applicable). In addition, failure to meet the PRA buffer or leverage ratios or buffers could result in the preparation of a capital restoration plan. Such capital restoration plan may (but will not automatically) impose restrictions on discretionary payments, including under the Securities.

If such restrictions were to be introduced and were to apply to the Society, Condition 6.2(iii) would operate to require reduction or cancellation of interest payments on the Securities in applicable circumstances.

The Society's capital requirements are, by their nature, determined and calculated by reference to a number of factors, any one of which or combination of which may not be easily observable or capable of calculation by investors. As a result of the foregoing, the Society may become subject to an MDA restriction requiring it to reduce or cancel interest payments in respect of the Securities at any time, and investors in the Securities may not be able easily to observe or predict the circumstances in which such restrictions may arise. Any actual or anticipated restriction on the Society's ability to make interest payments on the Securities in full may materially adversely affect the market price (if any) for the Securities and/or may increase the volatility of any market price for the Securities.

All payments in respect of the Securities are conditional upon satisfaction of the Solvency Test

Condition 4.4 provides that no payment of principal, interest or any other amount in respect of the Securities shall become due and payable unless, and to the extent that, the Society is able to make such payment and still be solvent (as defined in Condition 4.4) immediately thereafter, in each case except in the winding up or dissolution of the Society.

Non-payment of any interest or principal as a result of the operation of the Solvency Test shall not constitute a default on the part of the Society for any purpose under the terms of the Securities, and holders of the Securities will not be entitled to accelerate the principal of the Securities or take any other enforcement as a result of any such non-payment.

Securityholders may be subject to disclosure obligations and/or may need approval from the Society's regulator under certain circumstances

As the holders of the Securities are (except in the circumstances provided in Condition 13.3) expected to receive CCDS if a Conversion Trigger occurs, an investment in the Securities may result in holders having to comply with certain disclosure and/or regulatory approval requirements pursuant to applicable laws and regulations, and/or under the terms of issue of the CCDS, following a Conversion. Non-compliance with such disclosure and/or approval requirements may lead to the incurrence of substantial fines or other criminal and/or civil penalties. Accordingly, each potential investor should consult its legal advisers as to the terms of the

Securities, in respect of its existing holding and the level of holding it would have if it receives CCDS following a Conversion Trigger.

Securityholders will bear the risk of changes in the market price of the Securities due to changes in either CET1 Ratio

The market price of the Securities is expected to be affected by changes in either CET1 Ratio. Changes in each CET1 Ratio may be caused by changes in the amount of Common Equity Tier 1 capital and/or Risk Weighted Assets (each of which shall be calculated in accordance with the then-prevailing Capital Regulations (but without applying any transitional, phasing in or similar provisions (if any) if and to the extent the Regulator then requires them to be disregarded for the purpose of determining whether a Conversion Trigger has occurred)) and such calculations shall be binding on the holders of the Securities. See "*The circumstances surrounding or triggering a Conversion are unpredictable, and there are a number of factors that could affect either CET1 Ratio*" and "*The two CET1 Ratios may be affected by different factors*" below.

The determination of whether a Conversion Trigger has occurred can be made at any time, and on the basis of any financial information (whether or not published or otherwise publicly disclosed) available to the Society, the Regulator or any agent appointed for such purpose by the Regulator, as the case may be. Therefore, there may be no prior warning of adverse changes in either or both CET1 Ratios. However, any indication that either CET1 Ratio is moving towards the level of a Conversion Trigger may have an adverse effect on the market price of the Securities. A decline or perceived decline in either CET1 Ratio may significantly affect the trading price of the Securities.

For the purpose of determining whether a Conversion Trigger has occurred, the CET1 Ratios may be calculated without applying any relevant transitional, phasing in or similar provisions, which will result in lower calculated CET1 Ratios than if applying any applicable transitional, phasing in or other similar provisions

The Conditions provide that, in determining whether or not a Conversion Trigger has occurred under the Conditions, each CET1 Ratio will be calculated in accordance with the then-prevailing Capital Regulations but without applying any transitional, phasing in or similar provisions if and to the extent the Regulator then requires them to be disregarded for the purpose of determining whether a Conversion Trigger has occurred.

Accordingly, the CET1 Ratios determined in accordance with the Conditions (and thus determining whether or not a Conversion Trigger has occurred) may be lower than the actual common equity tier 1 ratios reported by the Society, if such actual ratios benefit from any such transitional or phasing in provisions which the Society is required to disregard when calculating the CET1 Ratios under the Conditions.

In addition, it is possible that transitional provisions applied (or disregarded) in calculating the Society's reported common equity tier 1 ratios from time to time are applied (or disregarded) differently when calculating each CET1 Ratio under the Conditions (the latter being the relevant ratios for determining whether or not a Conversion Trigger has occurred).

The Society intends that, for so long as any Security remains outstanding, if it is aware that, as a result of these provisions, either CET1 Ratio calculated in accordance with the Conditions is (or would be) different from the equivalent common equity tier 1 ratio actually reported by the Society in its annual pillar 3 disclosures, the Society will also publish on its website, or otherwise make available to Securityholders for inspection, each such CET1 Ratio as determined in accordance with the Conditions. However, the Society is under no obligation to do so, and there is no assurance that the Society will do so or that it will be able to accurately ascertain any such divergence between the CET1 Ratios calculated in accordance with the Conditions and its actual reported common equity tier 1 ratios.

The circumstances surrounding or triggering a Conversion are unpredictable, and there are a number of factors that could affect either CET1 Ratio

The occurrence of a Conversion Trigger is inherently unpredictable and depends on a number of factors, many of which are outside the control of the Society. A Conversion Trigger could occur at any time, and on the basis of any information available to the Society, the Regulator or any agent appointed for such purpose by the Regulator, as the case may be, whether or not published.

Both of the CET1 Ratios can be expected to fluctuate on an ongoing basis. The calculation of such ratios could be affected by one or more factors, including, among other things, changes in the size or mix of the Group's business and assets, major events affecting its earnings, acquisitions or disposals of businesses or assets (including, without limitation, the Virgin Money Acquisition), distribution payments by the Society, regulatory changes (including changes to definitions and calculations of regulatory CET1 Ratios and their components, including Common Equity Tier 1 and Risk Weighted Assets, in each case on either an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation or any equivalent or similar law, rule or provision of the Capital Regulations, in each case to the extent then applicable to the Society) or a consolidated basis) and the Group's ability to manage Risk Weighted Assets in both its ongoing businesses and those which it may seek to exit. In addition, the Group may from time to time have capital resources and risk weighted assets denominated in foreign currencies, and changes in foreign exchange rates will result in changes in the pound sterling equivalent value of foreign currency denominated capital resources and risk weighted assets. As a result, the CET1 Ratios may be exposed to foreign currency movements.

The calculation of either CET1 Ratio may also be adversely affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as at the relevant calculation date, the PRA could require the Society to reflect such changes in any particular calculation of either of its CET1 Ratios.

In November 2022, the PRA published a consultation paper (CP16/22) on its implementation of the outstanding Basel III measures, referred to in the consultation paper as the "Basel 3.1 standards". The PRA consultation initially proposed that these changes would be effective from 1 January 2025, however on 27 September 2023 the PRA released a statement confirming that the implementation would be pushed back six months to 1 July 2025, and on 12 September 2024 the PRA announced a further postponement to 1 January 2026. The Basel 3.1 standards primarily relate to the measurement of risk weighted assets. The proposed changes affect existing approaches to calculation of risk weights and introduce new limits around the use of internal models ("**IMs**") to calculate risk weights, including an "output floor" limiting the benefit that IMs can provide in calculating risk weighted assets. The Basel 3.1 proposals, which are expected to be implemented on a gradual phase-in basis, with full implementation by 1 January 2030, may therefore lead to an increase in the amount of regulatory capital the Society is required to hold, and/or a reduction in its capital ratios (including the CET1 Ratio), as a result of changes to risk weighted asset calculations. The PRA published its second and last set of near-final Basel 3.1 rules on 12 September 2024.

Further, the Society has no obligation to increase its Common Equity Tier 1 capital, reduce its Risk Weighted Assets or otherwise operate its business in such a way or take mitigating actions in order to prevent either CET1 Ratio from falling below 7.00 per cent. or to maintain or increase either CET1 Ratio. See also "*Each CET1 Ratio will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the holders of the Securities*" below.

The trading behaviour of the Securities is not necessarily expected to follow the trading behaviour of other types of securities and it will be difficult to predict when, if at all, a Conversion Trigger and subsequent Conversion may occur. Any indication that a Conversion Trigger and subsequent Conversion may occur can be expected to have a material adverse effect on the market price of the Securities.

The two CET1 Ratios may be affected by different factors

The factors that influence the CET1 Ratio as calculated on an individual consolidated basis may not be the same as the factors that influence the CET1 Ratio as calculated on a consolidated basis. For example, an event that has a negative impact on any of the Society's subsidiaries may have a greater or lesser relative impact on the CET1 Ratio calculated on an individual consolidated basis than on the CET1 Ratio calculated on a consolidated basis, depending on whether or not that subsidiary is included for the purposes of calculating the CET1 Ratio on an individual consolidated basis as well as on a consolidated basis.

Since a Conversion Trigger will occur if either the CET1 Ratio calculated on an individual consolidated basis or the CET1 Ratio calculated on a consolidated basis falls below 7.00 per cent., regardless of whether or not the other CET1 Ratio also falls below that threshold, the additional uncertainties resulting from differences in the factors affecting the two CET1 Ratios may have an adverse impact on the market price or the liquidity of the Securities.

Each CET1 Ratio will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the holders of the Securities

As discussed in "*The circumstances surrounding or triggering a Conversion are unpredictable, and there are a number of factors that could affect either CET1 Ratio*" and "*The two CET1 Ratios may be affected by different factors*" above, either CET1 Ratio could be affected by a number of factors. Each CET1 Ratio will also depend on the Group's decisions relating to its businesses and operations, as well as the management of its capital position. The Group is required to consider the interests of its stakeholders as a whole when taking decisions, including strategic decisions, and the interests of other stakeholders may not aligned with the interests of the holders of the Securities in all circumstances. Such strategic decisions could cause holders of the Securities to lose all or part of the value of their investment in the Securities.

Securityholders have limited anti-dilution protections with respect to the Conversion Price

The number of CCDS to be issued and delivered on Conversion to a Securityholder in respect of its Securities will be calculated by dividing the nominal amount of such Securityholder's Securities by the prevailing Conversion Price and rounding the resulting figure down to the nearest whole number of CCDS. The initial Conversion Price is £100.00, subject to only limited adjustments in accordance with Condition 8.5. See Condition 8 for the complete provisions regarding the Conversion Price.

The Conversion Price will be adjusted in the event of rights issues (i.e. issues of CCDS in compliance with pre-emption rights afforded to CCDS holders under the terms of the CCDS) or grants of other subscription rights or certain other events which affect the CCDS, but only in the limited situations and to the extent provided in Condition 8.5. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the CCDS and the adjustment events that are included are less extensive than those often included in the terms of convertible securities.

Furthermore, the Conditions do not provide for certain undertakings from the Society which are sometimes included in securities that convert into the ordinary shares of an issuer to protect investors in situations where the relevant conversion price adjustment provisions do not operate to compensate for the dilutive effect of certain corporate events or actions on the economic value of the Conversion Price. For example, the Conditions contain neither an undertaking restricting the modification of rights attaching to the CCDS nor an undertaking restricting issues of new capital with preferential rights relative to the CCDS.

Accordingly, corporate events or actions in respect of which no adjustment to the Conversion Price is made may adversely affect the value of the CCDS and therefore the market price of the Securities.

In order to comply with increasing regulatory capital requirements imposed by applicable regulations, the Society may need to raise additional capital. Further capital raisings by the Society could result in the dilution of the interests of the Securityholders.

The Society is entitled, without the consent of the holders of the Securities, to issue further Securities and to incur further Senior Obligations and Parity Obligations at any time

The Society is entitled, without the consent or approval of Securityholders, to issue further Securities that are consolidated and form a single series with the Securities and/or to issue any other instruments and/or incur any other obligations ranking *pari passu* with, or in priority to, the Securities. An offering of such securities or the incurrence of such obligations may adversely affect the amounts (if any) which holders of the Securities may be eligible to receive on a winding up or dissolution of the Society, could increase the risk of interest payments on the Securities being reduced or cancelled, and could have an adverse effect on the market price of the Securities.

In addition, the terms of the Securities do not contain any prohibition on the Society issuing other securities or incurring other obligations which are intended to qualify as Additional Tier 1 capital but on terms that such securities or obligations would be (i) written down or converted to CCDS at a CET1 Ratio which is lower than either 7.00 per cent. CET1 Ratio at which the Securities are to be converted into CCDS, (ii) converted to CCDS at a conversion price which is lower than the Conversion Price in respect of the Securities and/or (iii) written down or converted to CCDS in part only. Whilst the Society does not currently intend to issue or incur any such Additional Tier 1 capital securities or obligations, the issue or incurrence of any such securities or obligations in the future may have a material adverse effect on the market price of the Securities, and could result in the Securities being converted into CCDS at a time when such other securities or obligations are not written down or converted (in whole or in part) and/or whilst such other securities or obligations are converted to CCDS at a more favourable conversion price.

The Securities are not protected liabilities of the Society and holders of the Securities will not benefit from a government compensation scheme

The FSCS established under the Financial Services and Markets Act 2000 is the statutory fund of last resort for customers of authorised financial services firms, such as the Society, paying compensation to customers if the Society is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together, "**Protected Liabilities**").

The Securities are not, however, Protected Liabilities of the Society and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the United Kingdom or any other jurisdiction.

Any change in English law or administrative practice that affects the Securities could be prejudicial to the interests of holders of the Securities

The Conditions are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact on the holders of the Securities of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

In particular, such changes could impact the definitions of Common Equity Tier 1 and Risk Weighted Assets, each calculated on either an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation or any equivalent or similar law, rule or provision of the Capital Regulations, in each case to the extent then applicable to the Society) or a consolidated basis, and therefore the calculation of each CET1 Ratio, as described in further detail above. Any change in law that affects the calculation of either CET1 Ratio would also affect the determination of whether a Conversion Trigger may occur. Any such change which impacts the calculation of any of the aforementioned capital measures (or the anticipation of any such change), or any amendments or changes to the provisions of the PRA Rulebook (including, without limitation, relating to capital buffers and the calculation of maximum distributable amounts) or Pillar 2A requirements (or any equivalent or similar law, rule or provision of the Capital Regulations, in each case to the extent then applicable to the Society) can be expected to have an adverse effect on the market value of the Securities or may affect the ability to make any interest payment. In addition, any change in law or regulation that would cause a Tax

Event or a Regulatory Event (each as defined in Condition 7) may entitle the Society, at its option, to repay all, but not some only, of the Securities.

Legislative and regulatory uncertainty could affect an investor's ability to accurately value the Securities and, therefore, affect the trading price of the Securities given the extent of any impact on the Securities that one or more regulatory or legislative changes, including those described above, could have.

The Securities are perpetual instruments and the Society has no obligation to repay the Securities. As a result, an investor in the Securities should be prepared to hold its Securities for an indefinite period of time. Conversely, the Society, in its sole discretion, may elect to repay the Securities at their nominal amount in certain circumstances, which may affect the market price of the Securities and holders may not be able to reinvest the amounts repaid to achieve a similar return

The Securities constitute permanent non-withdrawable deferred shares (as defined in the Act) in the Society and have no maturity date or fixed redemption date. The Society does not have an obligation to repay the Securities at any time and Securityholders do not have any right to require the Society to repay or purchase the Securities (but this is without prejudice to their rights to claim in a winding up or dissolution of the Society pursuant to, and in accordance with, Condition 4.3). The terms of the Securities do not provide for any events of default, and enforcement rights in respect of the Securities are limited (including as provided in Condition 4.6). The Society will have the option to repay the Securities in certain circumstances, as further described below, but any such repayment would be solely in the discretion of the Society, and subject to regulatory approval and compliance with applicable law and regulation at the relevant time. As a result, an investor in the Securities should be prepared to hold its Securities in perpetuity or, if it wishes to exit its investment, may be required to sell its Securities in the secondary market. There can be no assurance that an investor will be able to sell its Securities in the market, or, if so, that the price of such sale will be equal to or above its initial investment, and the price could be substantially less.

The Society has, subject to obtaining necessary consents and to compliance with the Capital Regulations (all as more particularly described in Condition 7.6):

(a) the option to purchase the Securities in the open market or otherwise at any price;

(b) the option, in its sole discretion, to repay the Securities on any day falling in the period commencing on (and including) 20 December 2030 and ending on (and including) the First Reset Date, or on any subsequent Reset Date, in each case at their nominal amount together with accrued but unpaid interest thereon up to (but excluding) the date of repayment (excluding interest which has been cancelled in accordance with the Conditions); and

(c) the option, in its sole discretion, to repay the Securities at any time if a Tax Event or a Regulatory Event (each as defined in Condition 7) has occurred and is continuing, in each case at their nominal amount together with accrued but unpaid interest thereon (excluding interest which has been cancelled in accordance with the Conditions).

If the Securities are repaid, there can be no assurance that Securityholders will be able to reinvest the amounts received upon repayment at a rate that will provide the same rate of return as their investment in the Securities. In addition, the repayment features of the Securities are likely to limit their market value. During any period when the Society has the right to elect to repay the Securities, or if there is a perception in the market that any such right has arisen or may arise, the market value of the Securities will generally not be expected to rise substantially above the price at which they can be repaid.

The Society may in certain circumstances, without the consent of the Securityholders, substitute the Securities for, or vary the terms of the Securities so that they remain or become, Compliant Securities

If a Regulatory Event or a Tax Event has occurred and is continuing, the Society may, in its sole discretion, subject to obtaining any relevant regulator consents and to compliance with the prevailing Capital Regulations,

elect to substitute all (but not some only) of the Securities for, or to vary the terms of the Securities so that they remain or, as appropriate, become, Compliant Securities, without any need for consent or approval by the Securityholders.

While Compliant Securities should have terms that are not materially less favourable to an investor than the terms of the Securities (as reasonably determined by the Society in consultation with an Independent Adviser), there can be no assurance that the terms of the Compliant Securities will be as favourable to Securityholders in all respects as the terms of the Securities, nor that there will be no tax or other implications for holders of the Securities arising out of or in connection with such substitution or variation or the holding of Compliant Securities.

Holders of the Securities have very limited rights in relation to the enforcement of payment of principal or interest on the Securities

Any interest payment (or part thereof) cancelled and not paid on any date shall not accumulate or be payable at any time thereafter. Non-payment of any interest payment (or part thereof) which is cancelled in accordance with the Conditions will not constitute an event of default by the Society for any purpose, and the Securityholders shall have no right thereto whether in a winding up or dissolution of the Society or otherwise. There is no right of acceleration in the case of such non-payment of interest on the Securities or in the performance of any of the Society's other obligations under the Securities.

Subject also to the subordination of the Securities (as described in "*The obligations of the Society under the Securities are unsecured and deeply subordinated, and the rights of the holders of CCDS will be further subordinated*" above), holders of the Securities shall, in a winding up or dissolution of the Society (save as otherwise provided in an Excluded Dissolution) which commences prior to any Conversion Date determined in accordance with Condition 8, be entitled to claim for the nominal amount of their Securities together with accrued but unpaid interest thereon (excluding interest which has been cancelled in accordance with the Conditions) and (if applicable) any damages awarded in respect thereof. Such claim shall be conditional upon all sums due in respect of claims in such winding up or dissolution in relation to Senior Obligations having first been paid in full. For the avoidance of doubt, on a winding up or dissolution of the Society which commences prior to the Conversion Date, the holders of the Securities shall have no claim in respect of the surplus assets (if any) of the Society remaining in any winding up or dissolution following payment of all amounts due in respect of Senior Obligations and Parity Obligations. The Conditions provide that references therein to "winding up or dissolution" shall, to the extent consistent with the classification of the Securities as deferred shares pursuant to section 119 of the Act and the Deferred Shares Order, include any similar procedure (including building society insolvency, or a building society administration involving a distribution to creditors, pursuant to the Banking Act 2009) which has the effect of a winding up or dissolution. For the avoidance of doubt, should any such similar procedure not be consistent with the classification of the Securities as deferred shares pursuant to section 119 of the Act and the Deferred Shares Order, the holders of the Securities would not have a claim in such procedure.

Investors in the Securities who hold beneficial interests in the Securities (and, upon Conversion, the CCDS) through an account in Euroclear and/or Clearstream, Luxembourg or an alternative clearance or settlement system will not be members of the Society and must rely on that system's procedures

The Securities will, upon issue, be represented by a Global Certificate that will be registered in the name of the Nominee for the common depositary for Euroclear and/or Clearstream, Luxembourg. Investors will hold beneficial interests in such Securities through an account with Euroclear and/or Clearstream, Luxembourg, as applicable. The Nominee shall be the sole holder for those Securities for the purposes of the Rules and the Conditions.

Accordingly, investors holding beneficial interests in the Securities through an account in Euroclear and/or Clearstream, Luxembourg and the persons shown in the records of Euroclear and/or Clearstream, Luxembourg will not be members of the Society by virtue of their investment in the Securities and will not directly benefit from the Rules, the Memorandum or the Act. Such investors shall be entitled to rights in respect of their

beneficial interest in the Securities, as prescribed by the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be, and must rely on the procedures of such relevant clearing systems to enforce its rights. The Society has no responsibility or liability for the records relating to beneficial interests in any Securities. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Securities are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

Upon Conversion, if the CCDS are delivered to Euroclear or Clearstream, Luxembourg or an alternative clearing or settlement system such investors would receive only beneficial interests in the CCDS through their account in the relevant system and will not, through their holding of CCDS, be members of the Society by virtue of their investment in the CCDS and will not directly benefit from the Rules, the Memorandum or the Act.

Holders have limited or, if holding their Securities through Euroclear or Clearstream, Luxembourg, no voting rights at general meetings of the members of the Society

In contrast to general meetings of shareholders of a limited company where shareholders may exercise voting rights proportionate to the number of shares they hold, at a general meeting of the members of the Society, each member is entitled to one vote regardless of the size of its investment or interest in the Society. Only a member of the Society is entitled to vote at general meetings.

For so long as any Securities are held by the Nominee for and on behalf of Euroclear and Clearstream, Luxembourg, the Nominee shall be the only member of the Society in respect of those Securities, and shall have one vote in total in respect of all Securities so held by it. Given the difficulty of casting its one vote attaching to all the Securities in a manner which reflects the view of all the investors holding Securities through Euroclear and Clearstream, Luxembourg and the relative insignificance of that vote in the context of all the votes which may be cast by members of the Society, the Nominee has informed the Society that it does not intend to exercise that vote.

Further, even if definitive Securities were to be issued in the limited circumstances described in "*Summary of Provisions Relating to the Securities while Represented by the Global Certificate*" under "*1. Exchange of the Global Certificate and Registration of Title*", each holder of definitive Securities would be entitled to exercise only one vote at a general meeting of the members of the Society (subject to qualifying as a voting member under the Society's rules), regardless of the amount of Securities held by such holder, and such single vote will be insignificant in the context of all the votes which may be cast by members of the Society.

Accountholders will not be entitled to Society Conversion Benefits arising on a demutualisation or other transfer of the Society's business to a company

As Accountholders will not be members of the Society (see "*Investors in the Securities who hold beneficial interests in the Securities (and, upon Conversion, the CCDS) through an account in Euroclear and/or Clearstream, Luxembourg or an alternative clearance or settlement system will not be members of the Society and must rely on that system's procedures*" above), they will also not be entitled to any Society Conversion Benefits (as defined in Condition 1.3) (including any rights to windfall payments) arising on a demutualisation or other transfer of the Society's business to a company. Any Society Conversion Benefits arising on any such transaction will belong instead to the Nominee, as the registered holder of the Securities in the Securities Register. The Nominee will, on or prior to the date of issue of the Securities, assign to the Charity Assignee any Society Conversion Benefits to which it would otherwise become entitled at any time before, or within two years after, its membership of the Society comes to an end.

Further, even if definitive Securities were to be issued in the limited circumstances described in "*Summary of Provisions Relating to the Securities while Represented by the Global Certificate*" under "*1. Exchange of the Global Certificate and Registration of Title*", each holder of definitive Securities would have no right to retain any Society Conversion Benefits and would be required to assign any Society Conversion Benefits to (or waive its right to receive any Society Conversion Benefits in favour of) the Charity Assignee.

No assurance of a market in the Securities; the market price of the Securities may fluctuate which could lead to investors losing some or all of their investment

The Securities represent a new security for which no secondary trading market currently exists. Although the Securities are intended to be admitted to trading on the ISM upon issue, there can be no assurance that a trading market in the Securities will develop. Following admission to trading of the Securities on the ISM, if a secondary trading market does develop for the Securities, the trading price of the Securities may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Securities. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market, including in circumstances where a significant proportion of the securities are held by one or a limited number of initial investors. There can be no assurance as to the liquidity of any trading market for the Securities or that an active market for the Securities will develop.

The Securities contain features which may not align directly to the investment criteria of fixed income investors or traditional equity investors, including investors that have previously invested in mutual regulatory capital. Accordingly, the market price of the Securities may prove to be highly volatile. If any market in the Securities does develop, it may become severely restricted, or may disappear, if the financial condition and/or either CET1 Ratio deteriorates such that there is an actual or perceived increased likelihood of the Society being unable, or electing not, to pay interest on the Securities in full, or of the Securities being Converted or otherwise subject to loss absorption under the Conditions or an applicable statutory loss absorption regime. In addition, the market price of the Securities may fluctuate significantly in response to a number of factors including, but not limited to, those set out below (some of which are beyond the Society's control):

- material decreases in the Society's CET1 Ratios or other capital ratios and/or any application of any Maximum Distributable Amount restrictions under the Capital Regulations, which could arise as a result of a number of factors including changes in regulation or losses incurred by the Society;
- material decreases in the amount of available Distributable Items of the Society;
- variations in operating results in the Group's reporting periods;
- any announcement or anticipation that the UK resolution authorities have elected or may elect to exercise their recovery and resolution powers under the Banking Act 2009 in respect of the Society, the Securities or any of the Society's other securities;
- any shortfall in revenue or net profit or any increase in losses from levels expected by the market;
- increases in capital expenditure compared with market expectations;
- any perception that the Group's strategy is or may be less effective than previously assumed or that the Group is not effectively implementing any significant projects;
- changes in financial estimates by securities analysts, or any changes in any credit ratings assigned to the Society or any of its securities, or any such credit ratings being put on review for possible downgrade;
- changes in market valuations of similar entities;
- announcements by the Group of significant mergers, acquisitions, asset or business disposals, strategic alliances, joint ventures, new initiatives, new services or new service ranges and any updates on the progress of any such transactions;

- regulatory matters, such as changes in regulatory regulations or PRA, UK Financial Policy Committee, FCA, HM Revenue & Customs or HM Treasury requirements;

- additions or departures of key personnel;

- future issues or sales of Securities or other securities; and

- events such as natural catastrophes, pandemic (such as the Covid-19 outbreak), man-made disasters, acts of terrorism or acts of war, and any pre-emptive or reactive measures designed to prevent or contain such events.

Any or all of these events could result in material fluctuations in the price of Securities which could lead to investors losing some or all of their investment.

The issue price of the Securities might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Securities at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Society and any subsidiary of the Society can (subject to regulatory approval and compliance with prevailing prudential requirements) purchase Securities, they have no obligation to do so and in any event will generally not be permitted to do so under the Capital Regulations before the fifth anniversary of the Issue Date (or, if any Further Securities are issued pursuant to Condition 16(a), the fifth anniversary of the issue date of the last such issue of Further Securities), except in exceptional circumstances. Purchases made by the Society or any member of the Group could affect the liquidity of the secondary market of the Securities and thus the price and the conditions under which investors can negotiate these Securities on the secondary market.

In addition, holders should be aware that there may be a lack of liquidity in the secondary market which could result in investors suffering losses on the Securities in secondary re-sales even if there were no decline in the performance or the assets of the Society.

Risks related to succession and transfer of the Society's business, including the potential replacement of the Conversion feature of the Securities with a permanent write-down feature, and/or the issue to Securityholders of Bonds or Qualifying Parent Securities in place of the Securities

Condition 13 contains provisions applicable to the Securities upon an amalgamation by the Society with another building society under section 93 of the Act, a transfer of all or substantially all of its engagements to another building society under section 94 of the Act or a transfer by the Society of the whole of its business in accordance with section 97 of the Act (including, where relevant, as amended pursuant to an order made under section 3 of the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (the "**Mutual Societies Transfers Act**") to a company (a "**Successor Entity**", which expression includes a subsidiary of a mutual society as referred to in the Mutual Societies Transfers Act).

Those provisions enable (in the context of such amalgamation or transfer only) certain amendments to be made to the terms of the Securities, or for the Securities to be replaced with Bonds issued by the Successor Entity or, in certain circumstances, Qualifying Parent Securities issued by a Qualifying Parent of the Successor Entity, in each case without the consent of the Securityholders. Any such amendments to, or replacement of, the Securities could be adverse to the interests of Securityholders. If (but only to the extent) so required in order for the Securities (or the replacement instruments) to continue to qualify as Tier 1 Capital of the Society or, as the case may be, the Successor Entity or the Qualifying Parent, the first optional repayment date under the terms of the Securities (or the replacement instruments) may be later than that provided for under Condition 7.2 as at the Issue Date.

Such provisions could also potentially result in amendments to the Conversion provisions of the Securities (or the replacement instruments), including the nature of the instrument into which the Securities would convert upon the occurrence of a Conversion Trigger. Furthermore, in circumstances where the Successor Entity or, where relevant, its parent does not have a viable instrument which could be delivered upon Conversion, the Conversion feature of the Securities (or the replacement Bonds or Qualifying Parent Securities) may be replaced with a permanent write-down feature. In those circumstances, upon the occurrence of such Conversion Trigger: the full nominal amount of such Securities (or replacement instruments) will automatically be written down to zero without the delivery of CCDS or any other instrument to the Securityholders; each Security (or replacement instrument) will be cancelled; the Securityholders will be automatically deemed to have irrevocably waived their right to receive, and will no longer have any rights against the Society (or the resulting society), the Successor Entity or, as the case may be, the Qualifying Parent with respect to repayment of the aggregate nominal amount of the Securities (or replacement instruments) so written down or delivery of any instrument as a result of such write-down; and all accrued but unpaid interest and any other amounts payable on each Security (or replacement instrument) will be cancelled, irrespective of whether such amounts have become due and payable prior to the occurrence of the Conversion Trigger.

Upon a demutualisation, the Society (or the Successor Entity) will, in certain circumstances, be able to elect whether Securityholders will receive, in place of their Securities, Bonds issued by the Successor Entity itself, or Qualifying Parent Securities issued by a Qualifying Parent of the Successor Entity. Whilst the provisions of Condition 13 provide that a Qualifying Parent must be incorporated in the United Kingdom or, in the case of a mutual society only, a Crown Dependency mutual society (as such term is defined in the Mutual Societies Transfers Act) and be a credit institution, a financial holding company or a mixed financial holding company within the meaning of the applicable prudential rules, and that such Bonds or Qualifying Parent Securities should, subject to Condition 13, be designed to qualify as tier 1 instruments and seek to preserve substantially the economic effect of the Securities, there can be no assurance that they will do so. If Securityholders receive Qualifying Parent Securities, they may (in addition to being deeply subordinated within the creditor hierarchy of the Qualifying Parent) be structurally subordinated to all creditors (if any) of the Successor Entity, and the Qualifying Parent may be reliant upon receiving dividends or other cashflows from the Successor Entity in order to be able to make payments on the Qualifying Parent Securities.

Furthermore, in the event of a demutualisation of the Society, there can be no assurance that the business model, risk approach or strategic ambition of the Successor Entity or, as the case may be, its Qualifying Parent will be similar to that of the Society, and there can be no assurance that the holding of capital securities in a Successor Entity or a Qualifying Parent of the Successor Entity will offer a similar risk profile or return on investment when compared with the Securities. Building societies are organised under the provisions of the Act. The Act imposes a number of restrictions on the operation of a building society as compared to a bank, including (i) defining the principal purpose of a building society as "*that of making loans which are secured on residential property and funded substantially by its members*"; (ii) restricting the ability of building societies to engage in certain wholesale banking activities (for example, acting as a market maker in securities, commodities or currencies, trading in commodities or currencies, entering into certain transactions involving derivatives and limiting the risks for which derivatives hedging may be used); (iii) specifying certain limitations on the amount of non-mortgage lending that a building society is able to write (a minimum of 75 per cent. of loan assets, excluding liquid assets and fixed assets, must be secured on residential property); and (iv) limiting the volume of wholesale funding a building society may raise (currently at least 50 per cent. of funding (calculated in accordance with the Act) is required to be raised from retail depositors). A Successor Entity or, as the case may be, a Qualifying Parent of the Successor Entity may not be constrained in these or similar respects under its governing legislation, and accordingly its business strategy could involve a greater degree of risk than that of the Society due to factors such as (but not limited to) increased risk appetite, a more aggressive approach to risk management, increased leverage, greater reliance on wholesale funding and/or unsecured lending and increased use of derivative investments or proprietary trading.

Risks related to the Securities generally

Set out below is a brief description of certain risks relating to the Securities generally:

The Securities have a fixed rate of interest which will reset on each Reset Date

The Securities will accrue interest at a fixed rate of interest, which will be reset on each Reset Date. Investment in fixed rate instruments involves the risk that if market interest rates subsequently increase above the rate paid on the Securities, this will adversely affect the value of the Securities.

Furthermore, the interest rate following any Reset Date may be less than the initial interest rate and/or the interest rate that applies immediately prior to such Reset Date, which would affect the amount of any interest payments under the Securities and so the market value of the Securities, and could have an impact on whether the Society decides to exercise its repayment rights.

Holdings of less than £200,000

The Securities are denominated in amounts of £200,000 and integral multiples of £1,000 in excess thereof. In the event that definitive Securities are required to be issued, a holder who holds a nominal amount which is less than £200,000 in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Securities at or in excess of £200,000 such that its holding amounts to at least £200,000. Further, a holder who, as a result of trading such amounts, holds an amount which is less than £200,000 in his account with the relevant clearing system at the relevant time would need to purchase a nominal amount of Securities such that its holding amounts to at least £200,000 before it may receive a definitive Security in respect of such holding. Except in circumstances set out in the Global Certificate, investors will not be entitled to receive definitive Securities.

Limitation on gross-up obligation under the Securities

The Society's obligation, if any, to pay Additional Amounts (as defined in Condition 10) in respect of any withholding or deduction in respect of taxes imposed by or on behalf of any Relevant Tax Jurisdiction under the terms of the Securities applies only to payments of interest due and payable under the Securities and not to payments of principal or any other amounts.

As such, the Society would not be required to pay any Additional Amounts under the terms of the Securities to the extent any withholding or deduction applied to payments of principal or other amounts which are not interest. Accordingly, if any such withholding or deduction were to apply to any payments of principal or other amounts which are not interest under the Securities, Securityholders will receive less than the full amount which would otherwise be due to them under the Securities, and the market value of the Securities may be adversely affected as a result.

A specified majority of holders may bind the minority; the approval of Securityholders is not required prior to a Conversion or to any change to the Rules of the Society

The Conditions of the Securities and the Agency Agreement contain provisions for calling meetings of holders of the Securities (which meetings need not be held at a physical place and instead may be by way of conference call, including by use of a videoconference platform) to consider matters affecting their interests generally. Resolutions may also be passed in writing or by way of electronic consents. These provisions permit defined majorities to bind all holders of the Securities, including holders who did not attend and vote at the relevant meeting or otherwise vote on the relevant resolution, as applicable, and holders who voted in a manner contrary to the majority. Such resolutions may include, amongst other things, the approval of variations to the Conditions, which could result in modifications to or the abrogation of Securityholders' rights in respect of their Securities.

The agreement or approval of the holders of the Securities shall not be required in the case of any Conversion in accordance with Condition 8 (as described in further detail above). Further, the Conditions do not limit the rights of members to change the Rules of the Society.

Dealings in the Securities could in certain circumstances become liable to UK stamp taxes

The Securities constitute "chargeable securities" for United Kingdom stamp duty reserve tax ("**SDRT**") purposes. The issue of the Securities into the Euroclear and/or Clearstream, Luxembourg should not be subject to a 1.5 per cent. SDRT charge. Transfers of Securities within Euroclear and/or Clearstream, Luxembourg should not be subject to SDRT provided that no election is or has been made under Section 97A of the Finance Act 1986 (a "**97A election**") by the relevant clearing system that applies to the Securities. It is currently expected that the Securities will be held within the Clearing Systems without a 97A election applying. If a 97A election were to apply to the Securities, transfers of the Securities within Euroclear and/or Clearstream, Luxembourg could, unless an exemption applies, be subject to SDRT at the rate of 0.5 per cent. of the consideration given under the agreement to transfer the Securities. Any such SDRT cost would not be borne by the Society and would generally be borne by the purchaser.

If definitive certificates in respect of the Securities were to be issued (in the limited circumstances provided in the Global Certificate), transfers of the Securities could, unless an exemption applies, be subject to stamp duty and/or SDRT also at the rate of 0.5 per cent. (rounded up to the nearest £5 in the case of stamp duty) of the consideration for the transfer. Any such stamp duty and/or SDRT cost would not be borne by the Society and would generally be borne by the purchaser.

The SDRT and stamp duty charges referred to above that may arise on transfers of the Securities whether within or outside of Euroclear and/or Clearstream, Luxembourg should not apply if the Securities are "hybrid capital instruments" taxable under the hybrid capital instruments tax regime in Chapter 12, Part 5 of the Corporation Tax Act 2009 (the "**HCI Rules**"). The Securities will be taxable under the HCI Rules if at the time of the transfer or agreement to transfer the Securities: (a) the Society has made an election within six months of the date on which the Securities are issued for the HCI Rules to apply to them (an "**Election**"), and (b) the Society has not issued the Securities in connection with any arrangements which have as their main purpose or one of their main purposes securing a tax advantage for the Society or for any other person (a "**Tax Advantage Scheme**"). The Society intends to make an Election on or around the date of issue of the Securities and the Society does not consider that the Securities are being issued as part of a Tax Advantage Scheme.

The Securities are complex financial instruments that involve a high degree of risk and may not be a suitable investment for all investors

The Securities are complex financial instruments that involve a high degree of risk. As a result, an investment in the Securities and the CCDS that may be issued upon a Conversion will involve certain increased risks. Each potential investor in the Securities must determine the suitability (either alone or with the help of such financial and other advisers it considers appropriate) of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities (including but not limited to, the effect or likelihood of cancellation of interest payments (in whole or in part) and of the occurrence of a Conversion Trigger for the Securities which results in loss absorption by investors), the merits and risks of investing in the Securities and any CCDS into which they may convert, and the information contained in this Offering Circular;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and any CCDS into which they may convert, and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities and any CCDS into which they may convert, including where such potential investor's financial

activities are principally denominated in a currency other than pounds sterling, and the possibility that interest payments (in whole or in part) could be cancelled, no distributions may be paid on any CCDS, and the entire amount of an investment in the Securities or any CCDS could be lost, including following the exercise by the UK resolution authorities of any recovery and resolution powers under the Banking Act 2009;

(iv) understand thoroughly the terms of the Securities and any CCDS into which they may convert, such as the provisions governing interest cancellation or non-payment of distributions, repayment and purchase rights, and Conversion (including, in particular, calculation of the CET1 Ratios, as well as under what circumstances a Conversion Trigger will occur), and be familiar with the behaviour of any relevant indices and financial markets, including the possibility that the Securities or any CCDS into which they may convert may become subject to write down or conversion by the UK resolution authorities in certain circumstances; and

(v) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Sophisticated investors generally do not purchase complex financial instruments that bear a high degree of risk as stand-alone investments. They purchase such financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A prospective investor should not invest in the Securities unless they have the knowledge and expertise (either alone or with such financial and other advisers as it considers appropriate) to evaluate how the Securities and any CCDS into which they may convert will perform under changing conditions, the resulting effects on the likelihood of interest cancellation, non-payment of distributions, or Conversion of Securities into CCDS and the value of the Securities and any CCDS, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular.

Legality of purchase

Neither the Society nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities (or any CCDS into which they may convert) by a prospective investor in the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Securities (and any CCDS into which they may convert) are legal investments for it, (ii) Securities (and any CCDS into which they may convert) can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Securities or CCDS. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities and CCDS under any applicable risk-based capital or similar rules.

Dealings in the CCDS may in certain circumstances be liable to UK stamp taxes

Based on UK tax law as at the date of this Offering Circular, the CCDS, if issued, are expected to constitute "chargeable securities" for United Kingdom SDRT purposes. The Society intends that, in the event of a Conversion of the Securities, it would apply for the CCDS to be cleared in the Clearing Systems, in which case the CCDS would be delivered to a nominee for and on behalf of the Clearing Systems. On the basis of applicable law as at the date of this Offering Circular, the issue of the CCDS into the Clearing Systems on Conversion should not be subject to a 1.5 per cent. SDRT charge. However, there can be no assurance that the applicable law or practice in effect at the time of any Conversion would enable the CCDS to be so issued and delivered without a charge to SDRT. If any SDRT cost were to arise on Conversion (including as a result of a change in law taking effect prior to Conversion), the cost will not be borne by the Society and in practice is likely to be borne by investors.

Further, on the basis of applicable law as at the date of this Offering Circular, transfers of CCDS within the Clearing Systems should not be subject to SDRT provided that no 97A election is or has been made by the relevant Clearing System that applies to the CCDS. It is currently expected that it should be possible for the CCDS to be held within the Clearing Systems without a 97A election applying, although this will depend on law, practice and the terms of any 97A election made by the Clearing Systems at the time when the CCDS are issued on Conversion. If a 97A election were to apply to the CCDS, transfers of the CCDS within the Clearing Systems could, unless an exemption applies, be subject to SDRT at the rate of 0.5 per cent. of the consideration given under the agreement to transfer the CCDS. Any such SDRT cost would not be borne by the Society and would generally be borne by the purchaser.

Notwithstanding the acceptance of similar securities for clearing by the Clearing Systems previously (including CCDS in issue as at the date of this Offering Circular), there can be no assurance that the Clearing Systems will accept the CCDS for clearing at the time of Conversion. If the CCDS are issued outside the Clearing Systems in definitive form, transfers of the CCDS could, unless an exemption applies, be subject to stamp duty and/or SDRT also at the rate of 0.5 per cent. (rounded up to the nearest £5 in the case of stamp duty) of the consideration for the transfer. Any such stamp duty and/or SDRT cost would not be borne by the Society and would generally be borne by the purchaser.

Furthermore, HMRC are currently consulting on modernising the UK stamp duty and stamp duty reserve tax rules as they apply to shares and securities. They may be replaced by a single tax on the transfer of securities. Any such tax may be charged on a different basis to that which is described above.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Exchange rate risks and exchange controls

The Society will pay principal and interest on the Securities in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a different currency or currency unit (the "**Investor's Currency**"). These include the risk that exchange rates may significantly change (including changes due to devaluation of the pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. A change in the value of the Investor's Currency relative to pounds sterling would affect (i) the Investor's Currency-equivalent yield on the Securities, (ii) the Investor's Currency-equivalent value of the principal payable on the Securities and (iii) the Investor's Currency-equivalent market value of the Securities.

Credit ratings may not reflect all risks

Each of S&P, Fitch and Moody's is expected to assign a credit rating to the Securities. Other credit rating agencies may also from time to time assign credit ratings to the Society and/or the Securities, whether on a solicited or unsolicited basis. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency without notice. Similar ratings on different types of securities do not necessarily mean the same thing, and ratings do not address the likelihood that the interest or principal on the Securities will be paid on any particular date. Ratings also do not address the marketability of the Securities or any market price. Any change in the credit ratings of the Securities or the Society (including changes in any unsolicited credit ratings) could adversely affect the price that a subsequent purchaser will be willing to pay for the Securities. The significance of any rating should be evaluated independently of any other rating. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of a rating agency rating the Society or the Securities changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Securities may have a different regulatory treatment, which may impact the value of the Securities and their liquidity in the secondary market.

RISKS RELATING TO HOLDING CCDS

Upon Conversion, Securityholders are presently expected to receive CCDS, which the Society expects would be consolidated and form a single series with any CCDS of the Society then outstanding. The conditions of issue of the Society's CCDS outstanding as at the date of this Offering Circular are set out in the section "*Conditions of Issue of the Core Capital Deferred Shares*" on pages 95-122 (inclusive) of the 2017 CCDS Prospectus, as incorporated by reference in this Offering Circular (see "*Documents Incorporated by Reference*" below). Prospective investors should note that, while the Society does not presently expect to make any changes to such conditions of issue of its CCDS, there can be no assurance that such conditions of issue will not change prior to any Conversion of the Securities.

The risks discussed under "*Factors that may affect the Society's ability to fulfil its obligations under the Securities*" above will also be relevant to the Society's ability to make payments and fulfil its other obligations under the CCDS.

In addition, a number of the risks under "*Factors which are material for the purpose of assessing the risks associated with the Securities*" above will also apply *mutatis mutandis* to the Society's ability to make payments under, or fulfil its other obligations in respect of, any CCDS issued upon Conversion of the Securities, including, without limitation:

- "*Risks relating to the Special Resolution Regime under the Banking Act*";
- "*The obligations of the Society under the Securities are unsecured and deeply subordinated, and the rights of the holders of CCDS will be further subordinated*";
- "*Upon Conversion, it is the Society's current expectation that the CCDS will be delivered to the Nominee for and on behalf of Euroclear and Clearstream, Luxembourg, but this will not necessarily be the case*";

- the risks under "*Interest payments may be cancelled on a discretionary or mandatory basis*" relating to the Society having insufficient Distributable Items to make interest payments or otherwise becoming subject to any applicable Maximum Distributable Amount (which restrictions will also limit the Society's ability to declare and pay distributions on CCDS), and the related risks under "*The level of the Society's Distributable Items is affected by a number of factors and insufficient Distributable Items may restrict the Society's ability to make interest payments on the Securities*" and "*The Capital Regulations provide for capital requirements that are in addition to the minimum capital requirement. These additional capital requirements will restrict the Society from making interest payments on the Securities in certain circumstances, in which case interest payments may be required to be reduced or cancelled*";

- "*Securityholders may be subject to disclosure obligations and/or may need approval from the Society's regulator under certain circumstances*";

- "*Investors in the Securities who hold beneficial interests in the Securities (and, upon Conversion, the CCDS) through an account in Euroclear and/or Clearstream, Luxembourg or an alternative clearance or settlement system will not be members of the Society and must rely on that system's procedures*";

- "*The Securities are complex financial instruments that involve a high degree of risk and may not be a suitable investment for all investors*";

- "*Legality of purchase*";

- "*Dealings in the CCDS may in certain circumstances be liable to UK stamp taxes*"; and

- "*Exchange rate risks and exchange controls*".

Certain other risks relating to an investment in CCDS are considered in the section "*Risks related to the CCDS*" on pages 55-65 (inclusive) of the 2017 CCDS Prospectus, as incorporated by reference in this Offering Circular (see "*Documents Incorporated by Reference*" below). Prospective investors are recommended to read these risk factors carefully.

In addition, the Society's CCDS presently in issue are admitted to the Official List of the FCA and admitted to trading on the London Stock Exchange plc's main market for listed securities. The Society presently expects that CCDS to be issued in the event of Conversion of the Securities would be consolidated and form a single class with the CCDS then in issue of the Society, and would be listed and admitted to trading on the same stock exchange as the existing class of CCDS then outstanding. However, there can be no assurance that this will be the case, or that there would not be a significant delay in the Society obtaining any such listing and admission to trading of CCDS issued upon Conversion.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with:

(i) the Memorandum and Rules of the Society;

(ii) the auditors' report and audited consolidated annual financial statements of the Society for the year ended 4 April 2024 (contained on pages 220 to 315 (inclusive) of the Society's 2024 Annual Report and Accounts) (available at *https://www.nationwide.co.uk/-/assets/nationwidecouk/documents/about/how-we-are-run/results-and-accounts/2023-2024/annual-report-and-accounts-2024.pdf*);

(iii) the auditors' report and audited consolidated annual financial statements of the Society for the year ended 4 April 2023 (contained on pages 219 to 317 (inclusive) of the Society's 2023 Annual Report and Accounts) (available at *https://www.nationwide.co.uk/-/assets/nationwidecouk/documents/about/how-we-are-run/results-and-account s/2022-2023/annual-report-and-accounts-2023.pdf*);

(iv) the auditors' report and audited consolidated annual financial statements of the Society for the year ended 4 April 2022 (contained on pages 218 to 316 (inclusive) of the Society's 2022 Annual Report and Accounts) (https://www.nationwide.co.uk/-/assets/nationwidecouk/documents/about/how-we-are-run/results-and-accounts/2021-2022/annual-report-and-accounts-2022.pdf);

(v) the Society's "*Pillar 3 Disclosure 2024*" report (available at *https://www.nationwide.co.uk/-/assets/nationwidecouk/documents/about/how-we-are-run/results-and-accounts/2023-2024/pillar-3-disclosures-2024.pdf?rev=69fa695787ab45f79c00ac490a381b59*);

(vi) the Society's Registration Document dated 21 June 2024 (the "**Registration Document**") (available at *https://www.nationwide.co.uk/-/assets/nationwidecouk/documents/investor-relations/emtn-programme/2024/entm-registration-document-21-06-24.pdf*);

(vii) the Society's announcement "*Recommended Cash Acquisition of Virgin Money UK PLC by Nationwide Building Society*" published on 21 March 2024 (the "**Acquisition Announcement**") (available at *https://www.londonstockexchange.com/news-article/NBS/recommended-cash-offer-for-virgin-money-uk-plc/16387686*); and

(viii) the following sections of the Prospectus dated 11 September 2017 and published by the Society in connection with its issue of CCDS at that time (the "**2017 CCDS Prospectus**") (available at *https://www.nationwide.co.uk/-/assets/nationwidecouk/documents/investor-relations/ccds/ccds-prospectus.pdf?rev=b89ecc4b972b4dfbb821766a7cdd7a2a&hash=391974D67D07E5752CB9FEBC5CE1950B*):

a. "*Conditions of Issue of the Core Capital Deferred Shares*" contained on pages 95-122 (inclusive); and

b. "*Risks related to the CCDS*" contained on pages 55-65 (inclusive), other than the following sections (which have been superseded and are covered elsewhere in this Offering Circular):

i. the risk factor therein entitled "*The Standard Listing of the CCDS will afford investors a lower level of regulatory protection than a Premium Listing*";

ii. the ninth and tenth paragraphs of the risk factor therein entitled "*The declaration of Distributions by the Board is wholly discretionary and therefore investors in the CCDS cannot be assured of a regular (or any) return on their investment. In addition,*

the amount of any Distribution paid on the CCDS is entirely within the discretion of the Board and subject to a cap and other limitations"; and

iii. the risk factor therein entitled "*Transfers of the CCDS with the Clearing Systems may become liable to UK stamp duty reserve tax*".

Such information shall be incorporated in, and form part of, this Offering Circular, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular (except for such documents as are expressly incorporated by reference in this Offering Circular as stated above in this section "*Documents Incorporated by Reference*").

Copies of documents incorporated by reference in this Offering Circular may be obtained from the Society's website at *www.nationwide.co.uk* and copies may be obtained (without charge) from the principal office of the Society. The content of the website referred to in this paragraph does not form part of this Offering Circular, save for the documents expressly incorporated by reference in this Offering Circular as described above.

In the event of any significant new factor, material mistake or material inaccuracy relating to the information included in this Offering Circular which is capable of affecting the assessment of any Securities arising between the date of this Offering Circular and the commencement of dealings in the Securities following their admission to trading on the ISM, the Society will prepare and publish a supplement to this Offering Circular.

OVERVIEW OF CERTAIN PROVISIONS OF THE RULES OF THE SOCIETY AND THE ACT RELATING TO THE SECURITIES

The rights and restrictions attaching to the Securities will be governed by the rules of the Society (the "**Rules**"), certain provisions of the Building Societies Act 1986 (the "**Act**") and the Conditions of Issue of the Securities (the "**Conditions**"). Set out below is an overview of the key provisions of the Rules and certain provisions of the Act insofar as they might affect the rights of the Securityholders, together with certain explanatory notes which are italicised. Terms defined in the Rules or the Conditions will, unless otherwise defined herein or the context otherwise requires, have the same meanings when used in this overview.

1. GENERAL

A person who has a share investment with the Society (including a deferred share investment) is an investing member of the Society for the purposes of the Rules. The Securities are a deferred share investment for the purposes of the Rules and therefore a person whose name is entered in the Securities Register (as defined below) as a Securityholder is an investing member of the Society.

Each Securityholder, and all persons claiming through it or on its behalf or under the Rules, shall be bound by the Rules, by the Memorandum of the Society and by the Act.

*The Securities will be held by investors through accounts with Euroclear and/or Clearstream, Luxembourg or any replacement or successor clearing system (together, the "**Clearing Systems**") and will be registered in the name of a nominee for the common depositary for the Clearing Systems (the "**Nominee**") who shall be the Securityholder for those Securities for the purposes of the Rules and the Conditions (and, therefore, the investing member for the purpose of the Rules). In such case, an investor holding beneficial interests in the Securities through a Clearing System will not be a member of the Society by virtue of its investment in the Securities and (without prejudice to any rights or obligations that such person may have as a member of the Society in some other capacity) will be only indirectly subject to the Rules, the Memorandum and the Act with respect to its holding of the Securities in the manner provided above. Investors holding beneficial interests in the Securities through a Clearing System shall be entitled to the rights in respect of their beneficial interests as prescribed by the rules of that Clearing System.*

Registration of title to the Securities in a name other than that of the Nominee will be permitted only if (i) all relevant Clearing Systems have closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do in fact do so and no successor Clearing System is available; or (ii) the Society has or will become subject to adverse tax consequences which would not be suffered were the Securities held in definitive form. For so long as the Securities remain held in accounts with a Clearing System, references in this overview to "Securityholders" and related expressions shall be read as references to the Nominee.

2. REGISTER

The Society shall maintain records constituting the register of members for the purposes of the holders of Securities (the "**Securities Register**"), in which shall be entered the name and address of each Securityholder. Each Securityholder shall notify the Society immediately of any change of name or address and shall produce such evidence of such change as the Society may require.

Transfers and other documents or instructions relating to or affecting the title to any Securities shall also be recorded in the Securities Register. No charge shall be made in respect of any entry in the Securities Register. The Securities Register shall be maintained at the specified office of the Registrar, or at such other place as the Board of Directors of the Society thinks fit.

The Society will appoint Citibank, N.A., London Branch at 6th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB as its registrar for the Securities.

3. MEETINGS OF THE MEMBERS OF THE SOCIETY

As an investing member of the Society, each Securityholder will, subject to the provisions of the Rules, enjoy various membership rights. In particular, Securityholders will, subject to the Rules, be entitled to receive notice of, to participate in a requisition for, to propose resolutions at, to attend, to be counted in a quorum at and to vote at any general meeting or in a postal ballot or electronic ballot of the Society.

Each Securityholder will be entitled to exercise one vote (irrespective of the nominal amount of Securities held by it or the size or amount of other relevant investments or interests (if any) conferring membership rights which it may have in the Society) on a resolution at any general meeting or in a postal ballot or electronic ballot (whether an ordinary resolution or special resolution or an investing members' resolution, but not a borrowing members' resolution) if that Securityholder held the Securities:

(a) at the end of the financial year before the voting date;

(b) on the voting qualification date; and

(c) on the voting date.

The members' rights attaching to any Security held through a Clearing System will be held by the Nominee. Such Nominee will be entered in the Securities Register as the holder of the Securities held in this manner, and will be entitled to exercise the voting and other members' rights attributable to all those Securities so held. Accordingly, the Nominee shall have one vote (regardless of the nominal amount of Securities held by it and regardless also of the size and amount of other relevant investments or interests (if any) conferring membership rights which the Nominee may have in the Society) on a resolution at any general meeting of the Society or in a postal ballot or electronic ballot.

Given the difficulty of casting the single vote in a manner which reflects the views of all investors holding Securities through the Clearing Systems and the relative insignificance of that vote in the context of all the votes which may be cast by members of the Society, the Nominee has informed the Society that it does not intend to exercise its vote insofar as such vote relates to its holding of the Securities.

The foregoing provisions relate to general meetings of the members of the Society. For provisions relating to the convening of separate meetings of the Securityholders only, see Condition 15 and "*Summary of Provisions Relating to the Securities while Represented by the Global Certificate – Meetings; Membership rights whilst the Securities are held through Euroclear and/or Clearstream, Luxembourg*".

4. WINDING UP OR DISSOLUTION

On the winding up or dissolution of the Society, any surplus remaining after the Society's creditors have been paid and all share investments (other than deferred share (core capital) investments unless and to the extent provided in their terms of issue) have been repaid (according to any order of priority under the terms of issue):

(a) shall be paid in accordance with the instrument of dissolution (if any), but otherwise

(b) shall be divided among those investing members of the Society who have held share investments (other than deferred share investments) of at least £100 continuously for two years at the relevant date in proportion to the amount of their share investments at that date and those investing members who hold deferred share investments at the relevant date subject to, and in proportion to the amount specified in, or calculated by reference to, their terms of issue. The relevant date is the earlier of either the date of notice of a winding up or dissolution resolution or the date of presentation of a winding up petition.

Holders of the Securities shall, in a winding up or dissolution of the Society (save as otherwise provided in an Excluded Dissolution (as defined in Condition 20)) which commences prior to any Conversion Date determined in accordance with Condition 8, be entitled to claim for the nominal amount of their Securities

together with accrued but unpaid interest thereon (excluding interest which has been cancelled in accordance with the Conditions) and, if applicable, any damages awarded in respect thereof. Such claim shall be conditional upon all sums due in respect of claims in such winding up or dissolution in relation to Senior Obligations (as defined in Condition 20) having first been paid in full.

For the avoidance of doubt, on a winding up or dissolution of the Society which commences prior to the Conversion Date, the holders of the Securities shall have no claim in respect of the surplus assets (if any) of the Society remaining in any winding up or dissolution following payment of all amounts due in respect of the liabilities of the Society.

5. DISPUTES AND LEGAL PROCEEDINGS

Subject to any overriding power under statute for the High Court to transfer particular proceedings to the County Court, section 85 of and Schedule 14 to the Act provide that, for a building society whose principal office is in England and Wales, no court other than the High Court in England shall have jurisdiction to hear and determine disputes between a building society and a member or a representative of a member in that capacity in respect of any rights or obligations arising from the rules of a building society (save for narrow exceptions where the rules may require arbitration for certain disputes relating to election addresses, requisitioned resolutions and requisitioned meetings) or the Act or any statutory instrument under the Act.

CONDITIONS OF ISSUE OF THE SECURITIES

The following (save for paragraphs in italics, which are for information only and do not form part of the conditions of issue) are the conditions of issue of the Securities as they apply to holders of the Securities and are in the form in which they will appear on the reverse of each Certificate:

The £750,000,000 Reset Perpetual Contingent Convertible Additional Tier 1 Capital Securities (the "**Securities**", which term shall, unless the context otherwise requires, include any Further Securities issued pursuant to Condition 16(a)) are issued under, and are subject to, the Rules (the "**Rules**") of Nationwide Building Society (subject as provided in Condition 1.3, the "**Society**") for the time being. Securityholders are entitled to the benefit of, are bound by and are deemed to have notice of, the Rules. The Securities are also issued subject to, and with the benefit of, these conditions of issue (the "**Conditions**", and references to a particularly numbered "**Condition**" shall be construed accordingly) and subject to an agency agreement (as amended from time to time, the "**Agency Agreement**") dated 16 September 2024 between the Society and Citibank, N.A., London Branch as registrar and transfer agent (in such capacities, the "**Registrar**") and principal paying agent (in such capacity, the "**Principal Paying Agent**"). In the event of inconsistency between the Rules, these Conditions and the Agency Agreement, the Rules will prevail and, subject thereto, in the event of inconsistency between these Conditions and the Agency Agreement, these Conditions will prevail. Securityholders are bound by and are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

*While Securities are held on behalf of investors through an account with Euroclear and/or Clearstream Luxembourg, Securities will be registered in the name of a nominee for the common depositary for such clearing systems (the "**Nominee**"). The Nominee shall be the Securityholder for all of the Securities for the purposes of the Conditions, and not the investors holding beneficial interests in the Securities through Euroclear and/or Clearstream, Luxembourg or the persons shown in the records of Euroclear and/or Clearstream, Luxembourg. The persons shown in the records of Euroclear and/or Clearstream, Luxembourg (other than Euroclear and/or Clearstream, Luxembourg) shall be entitled to the rights in respect of their beneficial interests as prescribed by the rules of Euroclear and/or Clearstream, Luxembourg, as the case may be.*

1 General

1.1 *Definitions*

Terms defined in the Rules will, unless otherwise defined herein or unless the context otherwise requires, have the same meanings when used in these Conditions. Other capitalised terms used in these Conditions shall have the meanings set out herein, including in Condition 20.

1.2 *Deferred shares*

The Securities:

(a) are deferred shares for the purposes of section 119 of the Act;

(b) are not protected deposits for the purpose of the Financial Services Compensation Scheme established under the FSMA;

(c) are not withdrawable; and

(d) are 'deferred share investments' (but not 'deferred share (core capital) investments') for the purposes of the Rules.

1.3 ***Society Conversion Benefits***

Rights to Society Conversion Benefits to which a Securityholder may become entitled by reason of its holding of Securities shall be required to be assigned to The Nationwide Foundation (or such other charity nominated by the Society from time to time pursuant to any scheme for charitable assignment established by the Society for the time being) (the "**Charity Assignee**").

As used herein, "**Society Conversion Benefits**" shall mean any benefits under the terms of any future transfer of the Society's business to a company (other than rights to receive Bonds issued by the Successor Entity or, as the case may be, Qualifying Parent Securities issued by a Qualifying Parent (following the assumption of the Subordinated Deposit) as provided in Condition 13) and, if the Society merges with any other building society, "**Society**" shall, after the date of such merger, extend to such other society.

1.4 ***Waiver of Society Conversion Benefits***

If a Securityholder fails to assign any Society Conversion Benefits as required pursuant to Condition 1.3, it acknowledges that it waives its entitlement to retain any Society Conversion Benefits received by it and covenants promptly to pay and deliver such Society Conversion Benefits to the Charity Assignee (or to the Society for payment and delivery to the Charity Assignee) and until such time as payment is made, will hold a sum equal to such amount on trust for the Charity Assignee.

As neither investors holding beneficial interests in Securities through Euroclear and/or Clearstream, Luxembourg accounts nor the persons shown in the records of Euroclear and/or Clearstream, Luxembourg will be members of the Society, they will not be entitled to any Society Conversion Benefits. Any Society Conversion Benefits will belong instead to the Nominee, as the registered holder of the Securities in the Securities Register. The Nominee will, on or prior to the Issue Date, irrevocably agree to assign to the Charity Assignee any Society Conversion Benefits.

2 Form, denomination, title and transfer

2.1 ***Form and denomination***

The Securities are in registered form and are available and transferable in accordance with the Rules in minimum nominal amounts of £200,000 and integral multiples of £1,000 in excess thereof.

2.2 ***Title and transfer***

Title to the Securities passes only by registration in the Securities Register. The holder of any Securities will (except as otherwise required by law) be treated as its absolute owner for all purposes (regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

No transfer of Securities shall be valid unless made in the form endorsed on the Certificate or in such other form as the Society may agree, which form shall be duly completed and signed (as appropriate) and presented to the Registrar. Title to the Securities will pass upon registration of such transfer in the Securities Register.

2.3 ***Certificates***

A certificate (each a "**Certificate**") will, if so requested in writing by such Securityholder and subject to Condition 3.3, be issued to each Securityholder in respect of its registered holding of Securities. Each Certificate will be numbered serially with an identifying number which will be

recorded on the relevant Certificate and in the Securities Register, and will specify the nominal amount of Securities registered in the name of such holder(s) as at the time of issue of such Certificate.

Each new Certificate to be issued following a transfer will be mailed by uninsured mail at the risk of the holder entitled to the Securities to the address specified in the form of transfer within 14 days of the date of registration of the transfer in the Securities Register (or, if later, within 14 days of the written request of the relevant Securityholder to be issued a Certificate).

Where some but not all of the Securities in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the nominal amount of Securities not so transferred will, within 14 days of receipt by the Registrar of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Securities not so transferred to the address of such holder appearing on the Securities Register or as specified in the form of transfer.

Except in the limited circumstances described in "Summary of Provisions Relating to the Securities While Represented by the Global Certificate – Exchange of the Global Certificate and Registration of Title", owners of interests in the Securities will not be entitled to receive physical delivery of Certificates.

2.4 ***Formalities free of charge***

Registration of transfer of Securities will be effected without charge by or on behalf of the Society or the Registrar but upon payment (or the giving of such indemnity as the Society or the Registrar may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

3 Securities Register

3.1 ***Registrar***

The Society has appointed the Registrar to act as registrar in respect of the Securities under the terms of the Agency Agreement.

3.2 ***Securities Register***

Pursuant to the Agency Agreement, the Society shall procure that the Registrar maintains the Securities Register, in which shall be entered the name and address of each Securityholder and the nominal amount of the Securities held by each such Securityholder. Each Securityholder shall notify the Registrar immediately of any change of name or address and shall produce such evidence of change of name or address as the Registrar may reasonably require.

3.3 ***Certificates***

A Securityholder must provide the Registrar with a written order containing such instructions and other information as the Society and the Registrar may reasonably require to complete, execute and deliver a Certificate to such Securityholder.

3.4 ***Entries free of charge***

Transfers and other documents or instructions relating to or affecting the title of any Securities shall be recorded in the Securities Register. Subject as provided in Condition 2.4, no charge shall be made in respect of any entry in the Securities Register or any change in relation to such entry. The Securities Register shall be maintained at the specified office of the Registrar or at such other place as the Society and the Registrar shall agree.

4 Status, subordination and rights on a winding up or dissolution

4.1 *Status*

The Securities constitute direct, unsecured and subordinated investments in the Society and, on a winding up or dissolution of the Society, rank *pari passu* and without any preference among themselves. The rights and claims of the Securityholders are subordinated as described in Conditions 4.2 and 4.3, and are subject to Conversion of the Securities as provided in Condition 8. No security or guarantee has been, or will at any time be, provided by the Society or any other person to the Securityholders in respect of their rights under the Securities.

4.2 *Subordination*

On a winding up or dissolution of the Society which commences prior to the Conversion Date (save as otherwise provided in an Excluded Dissolution), the rights and claims of Securityholders in respect of their Securities (including claims for any damages awarded in respect thereof) shall, subject to applicable insolvency law, rank:

(i) junior to:

(A) the claims of all creditors (including all subordinated creditors) and investing members (as regards the principal of and interest due on such investing members' share investments) of the Society including, without limitation, claims in respect of obligations of the Society which constitute Tier 2 Capital, but excluding claims in respect of deferred share investments which are Parity Obligations or Junior Obligations; and

(B) the claims of all investing members (as regards the principal of and interest due on such investing members' share investments) of the Society in respect of:

(1) (for so long as any of the same remain outstanding) the Existing PIBS; and

(2) any other deferred share investments in the Society except for deferred share investments which are (or the claims in respect of which are) Parity Obligations or Junior Obligations,

(claims preferred under this subparagraph (i) being, collectively, "**Senior Obligations**");

(ii) *pari passu* among themselves and with any other claims ranking, or expressed by their terms to rank, *pari passu* with claims in respect of the Securities ("**Parity Obligations**") (which shall include, for so long as any of the same remain outstanding, claims in respect of the Society's £600,000,000 Reset Perpetual Contingent Convertible Additional Tier 1 Capital Securities issued on 24 September 2019 (ISIN: XS2048709427) and its £750,000,000 Reset Perpetual Contingent Convertible Additional Tier 1 Capital Securities issued on 17 June 2020 (ISIN: XS2113658202); and

(iii) senior to all claims under any deferred share (core capital) investment in the Society (including the CCDS) and any other claims ranking, or expressed by their terms to rank, junior to the claims in respect of the Securities or any Parity Obligations ("**Junior Obligations**").

As used herein, "**investing members**", "**deferred share investment**", "**deferred share (core capital) investment**" and "**share investment**" have the respective meanings ascribed thereto in the Rules.

4.3 ***Rights on a winding up or dissolution of the Society***

Holders of the Securities shall, in a winding up or dissolution of the Society (save as otherwise provided in an Excluded Dissolution) which commences prior to the Conversion Date determined in accordance with Condition 8, be entitled to claim for the nominal amount of their Securities together with accrued but unpaid interest thereon (excluding interest which has been cancelled in accordance with these Conditions) and any damages awarded in respect thereof, *provided that* such claim shall be conditional upon all sums due in respect of claims in such winding up or dissolution in relation to Senior Obligations having first been paid in full.

For the avoidance of doubt, on a winding up or dissolution of the Society which commences prior to the Conversion Date, the holders of the Securities shall have no claim in respect of the surplus assets (if any) of the Society remaining in any winding up or dissolution following payment of all amounts due in respect of the liabilities of the Society.

On a winding up or dissolution of the Society which commences on or after the Conversion Date but before the relevant CCDS have been issued as provided in Condition 8, the Securityholders shall have only those rights as set out in Condition 8.3.

4.4 ***Solvency Test***

No payment of principal, interest or any other amount in respect of the Securities shall become due and payable unless, and to the extent that, the Society is able to make such payment and still be solvent immediately thereafter, in each case except in the winding up or dissolution of the Society (the "**Solvency Test**").

For this purpose, the Society shall be considered to be "**solvent**" if (x) it is able to pay its debts which are Senior Obligations as they fall due and (y) its Assets exceed its Liabilities. A report as to the solvency of the Society by two authorised signatories or, if the Society is in a winding up or dissolution, its liquidator or other analogous person or entity (as the case may be), shall, in the absence of manifest error, be treated and accepted by the Society and the Securityholders as correct and sufficient evidence thereof.

Any payment of interest not due on a scheduled payment date by virtue of the Solvency Test shall not be or become due and payable at any time and shall be cancelled, as further described in Condition 6.3.

4.5 ***Set-off, etc.***

Subject to applicable law, no holder of any Security (or any interest therein) may exercise, claim or plead any right of set-off (including, without limitation, compensation or retention), counterclaim or netting in respect of any amount owed to it by the Society in respect of, or arising under or in connection with, the Securities and each such holder shall, by virtue of its holding of any Security (or any interest therein), be deemed to have waived all such rights of set-off (including, without limitation, compensation or retention), counterclaim or netting. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of any Security (or any interest therein) by the Society in respect of, or arising under or in connection with, the Securities is discharged by set-off (including, without limitation, compensation or retention), counterclaim or netting, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Society (or, in the event of its winding up or dissolution, the liquidator, receiver or other relevant insolvency official with primary responsibility for the winding up or dissolution of the Society) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Society (or the liquidator, receiver or, as appropriate, such relevant insolvency official (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

Condition 4.5 shall not be construed as indicating or acknowledging that any rights of set-off (including compensation or retention), counterclaim or netting would, but for this Condition 4.5, otherwise be available to any Securityholder with respect to any Security.

4.6 *Enforcement*

A holder of any Securities may institute such steps, actions or proceedings against the Society as it may think fit to enforce any term or condition binding on the Society under the Securities (other than any payment obligation of the Society under or arising from the Securities, including, without limitation, payment of any principal or interest in respect of the Securities, and payment of any damages awarded for breach of any obligations or, as the case may be, for any Assumed Breach, by the Society in respect of the Securities), *provided that* (except in a winding up or dissolution of the Society, in which event the provisions of Condition 4.3 shall apply) in no event shall the Society, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to these Conditions.

Nothing in this Condition 4.6 shall prevent a holder of any Securities from exercising its rights to claim in respect of its Securities in a winding up or dissolution of the Society pursuant to, and in accordance with, Condition 4.3.

5 Interest

5.1 *Interest Rate*

The Securities bear interest on their outstanding nominal amount from (and including) the Issue Date at the applicable Interest Rate in accordance with the provisions of this Condition 5.

Subject to Conditions 4.4, 6 and 8, interest shall be payable on the Securities semi-annually in arrear in equal instalments on each Interest Payment Date as provided in this Condition 5, except that the first payment of interest, to be made on 20 December 2024, will be in respect of the period from (and including) the Issue Date to (but excluding) 20 December 2024.

Where it is necessary to compute an amount of interest in respect of any Security for a period which is less than a full Interest Period, the relevant day-count fraction (the "**Day-Count Fraction**") shall be determined on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the "**Accrual Date**") to (but excluding) the date on which it falls due (the "**Accrual Period**") divided by (b) (i) the actual number of days from (and including) the Accrual Date (or, if the Accrual Period falls within the short first Interest Period, 20 June 2024) to (but excluding) the next following Interest Payment Date multiplied by (ii) two.

5.2 *Interest accrual*

The Securities will cease to bear interest from (and including):

(i) in the case of repayment pursuant to Condition 7.2, 7.3 or 7.4, the date of repayment thereof unless, upon surrender of the relevant Certificate, payment of all amounts due in respect of such Securities is not properly and duly made, in which event interest shall continue to accrue on the Securities, both before and after judgment, and shall be payable, subject as provided in these Conditions, up to (but excluding) the Relevant Date;

(ii) in the case of substitution of the Securities for Compliant Securities under Condition 7.5, the date of such substitution (without prejudice to the accrual of interest under the Compliant Securities from (and including) such date); and

(iii) in the case of Conversion pursuant to Condition 8, the Conversion Date.

5.3 ***Calculation of interest amounts***

Interest in respect of any Security shall be calculated per Calculation Amount. The amount of interest payable (subject to Conditions 4.4, 6 and 8) in respect of a Security for a relevant period shall be calculated by (i) determining the product of the Calculation Amount, the relevant Interest Rate and the Day-Count Fraction (as described in Condition 5.1) for the relevant period, (ii) rounding the resultant figure to the nearest penny (half a penny being rounded upwards) and (iii) multiplying that rounded figure by a fraction the numerator of which is the nominal amount of such Security and the denominator of which is the Calculation Amount.

5.4 ***Initial Interest Rate and interest amounts***

For each Interest Period which commences prior to the First Reset Date, the Interest Rate shall be 7.500 per cent. per annum (the "**Initial Interest Rate**").

Provided the Securities are not Converted, and subject to Condition 4.4 and to the Society's discretion (which it may exercise at any time) or obligation to partially or fully cancel interest payments pursuant to Condition 6, the interest payment in relation to the short first Interest Period scheduled to be paid on 20 December 2024 will (if paid in full) amount to £19.467 per Calculation Amount and each subsequent semi-annual interest payment thereafter for each Interest Period which commences prior to the First Reset Date will (if paid in full) amount to £37.50 per Calculation Amount.

5.5 ***Reset Interest Rate***

For each Interest Period which commences on or after the First Reset Date, the Interest Rate shall be the Reset Interest Rate applicable to the Reset Period in which that Interest Period falls, as calculated by the Principal Paying Agent.

5.6 ***Determination of the Reset Interest Rate in relation to a Reset Period***

The Principal Paying Agent will, as soon as practicable after 11.00 a.m. (London time) on each Reset Determination Date in relation to a Reset Period, determine the Reset Interest Rate for such Reset Period and shall promptly notify the Society thereof. The Society shall cause notice of the relevant Reset Interest Rate and the amount of interest which, subject to Conditions 4.4, 6 and 8, will be payable per Calculation Amount to be given to the Securityholders in accordance with Condition 17 as soon as reasonably practicable after each relevant Reset Determination Date. Such determination of the relevant Reset Interest Rate shall (in the absence of manifest or proven error) be binding on the Society and the Securityholders.

6 Interest cancellation

6.1 ***Optional cancellation of interest***

The Society may, in its sole discretion but subject at all times to the requirements for mandatory cancellation of interest payments pursuant to Condition 4.4 or Condition 6.2, at any time elect to cancel any interest payment, in whole or in part, which is scheduled to be paid on any date.

Upon a decision by the Society to elect to cancel (in whole or in part) any interest payment under this Condition 6.1, the Society shall give notice of such election to the Securityholders in accordance with Condition 17 as soon as reasonably practicable on or prior to the relevant scheduled date for payment, *provided that* any delay in giving or failure to give such notice shall not affect the validity of the cancellation of any interest payment in whole or in part by the Society

and shall not constitute a default under the Securities or for any purpose. Such notice shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant interest payment that will be paid on the relevant payment date.

If the Society does not pay any interest payment (or any part thereof) on any scheduled payment date, such non-payment shall evidence the Society's exercise of discretion to cancel such interest payment (or the relevant part thereof) in accordance with this Condition 6.1 or (if applicable) the obligation of the Society to cancel such interest payment (or the relevant part thereof) in accordance with Condition 4.4, Condition 6.2 or Condition 8) and such interest payment (or the cancelled part thereof) shall not become due and payable at any time.

6.2 ***Mandatory cancellation of interest***

(i) *Cancellation at the direction of the Regulator*

The Society shall cancel any interest payment, in whole or in part, if so directed by the Regulator.

(ii) *Cancellation due to insufficient Distributable Items*

To the extent required under then prevailing Capital Regulations, the Society shall not pay any interest payment otherwise due on any date if and to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current Financial Year on the Securities and on other own funds items (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items), shall, in aggregate, exceed the amount of Distributable Items of the Society as at such payment date.

"**Distributable Items**" means, in respect of any interest payment, those profits and reserves (if any) of the Society which are available, in accordance with applicable law and regulation (including the then-prevailing Capital Regulations) for the time being, for the payment of such interest payment (on the basis that the Securities are intended to qualify as Additional Tier 1 Capital).

As at the date of this Offering Circular, Article 4(1)(128) of the Capital Requirements Regulation provides as follows: '"distributable items" means the amount of the profits at the end of the last financial year plus any profits brought forward and reserves available for that purpose, before distributions to holders of own funds instruments, less any losses brought forward, any profits which are non-distributable pursuant to national law or the institution's by-laws and any sums placed in non-distributable reserves in accordance with the law of the United Kingdom, or any part of it, or of a third country or the statutes of the institution, in each case with respect to the specific category of own funds instruments to which the law of the United Kingdom, or any part of it, or of a third country, institutions' by-laws, or statutes relate; such profits, losses and reserves being determined on the basis of the individual accounts of the institution and not on the basis of the consolidated accounts'

(iii) *Cancellation due to a Maximum Distributable Amount*

To the extent required under then prevailing Capital Regulations, the Society shall not pay any interest payment otherwise due on any date, and the relevant payment will be cancelled and will not be made, if and to the extent that payment of such interest payment (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), when

aggregated together with the amounts of any distributions of the kind referred to in rule 4.3(2) of Chapter 4 (*Capital Conservation Measures*) of the Part of the PRA Rulebook entitled "*Capital Buffers*" (as the same may be amended or replaced) and/or referred to in any other applicable provisions of the Capital Regulations which require a maximum distributable amount to be calculated if the Society is failing to meet any relevant requirement or any buffer relating to any such requirement (in each case to the extent then applicable to the Society), would cause any Maximum Distributable Amount (if any) then applicable to the Society to be exceeded.

"**Maximum Distributable Amount**" means any applicable maximum distributable amount relating to the Society required to be calculated in accordance with Chapter 4 (*Capital Conservation Measures*) of the Part of the PRA Rulebook entitled "*Capital Buffers*" (as the same may be amended or replaced) and/or in accordance with any other applicable provisions of the Capital Regulations which require a maximum distributable amount to be calculated if the Society is failing to meet any relevant requirement or any buffer relating to any such requirement.

(iv) Effect of cancellation

Upon the Society being prohibited from making any interest payment (in whole or in part) by virtue of the Solvency Test in Condition 4.4 or under this Condition 6.2, the Society shall as soon as reasonably practicable on or prior to the relevant scheduled payment date give notice of such non-payment and the reason therefor to the Securityholders in accordance with Condition 17, *provided that* any delay in giving or failure to give such notice shall not affect the cancellation of any interest payment in whole or in part by the Society and shall not constitute a default under the Securities or for any purpose.

6.3 *Interest non-cumulative; no default*

Any interest payment (or part thereof) not paid on any relevant payment date by reason of Condition 4.4, 6.1, 6.2 or 8 shall be cancelled and shall not accumulate and will not become due or payable at any time thereafter. Non-payment of any interest payment (or part thereof) in accordance with any of Condition 4.4, 6.1, 6.2 or 8 will not constitute an event of default by the Society for any purpose, and the Securityholders shall have no right thereto whether in a winding up or dissolution of the Society or otherwise. The Society may use such cancelled amounts of interest without restriction and the cancellation of such interest amounts will neither impose any restrictions on the Society nor prevent or restrict the Society from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

7 Repayment, substitution, variation and purchase

7.1 *No fixed maturity*

The Securities constitute permanent non-withdrawable deferred shares (as defined in the Act) in the Society and have no fixed repayment date. Securityholders do not have any right to require the Society to repay the Securities (but this is without prejudice to their rights to claim in a winding up or dissolution of the Society pursuant to, and in accordance with, Condition 4.3). The Securities will become repayable only as provided in this Condition 7 and in Condition 4.3.

7.2 *Society's option to repay*

The Society may in its sole discretion, subject to Condition 7.6 and having given not less than 15 nor more than 30 days' notice to the Securityholders in accordance with Condition 17 (which notice shall, subject to Condition 7.6, be irrevocable and shall specify the relevant repayment date), elect to repay all, but not some only, of the Securities then outstanding:

(i) on any day falling in the period commencing on (and including) 20 December 2030 and ending on (and including) the First Reset Date; or

(ii) on any Reset Date thereafter,

in each case at their nominal amount together with accrued but unpaid interest thereon up to (but excluding) the date of repayment (excluding interest which has been cancelled in accordance with these Conditions).

Upon the expiry of such notice, the Society shall, subject to Condition 7.6, repay the Securities accordingly.

7.3 ***Repayment for tax reasons***

If a Tax Event occurs and is continuing, the Society may in its sole discretion, at any time but subject to Condition 7.6 and having given not less than 15 nor more than 60 days' notice to the Securityholders in accordance with Condition 17 (which notice shall specify the intended date of repayment and shall, subject to Condition 7.6, be irrevocable), elect to repay all, but not some only, of the Securities then outstanding at their nominal amount together with accrued but unpaid interest thereon up to (but excluding) the date of repayment (excluding interest which has been cancelled in accordance with these Conditions).

Upon the expiry of such notice, the Society shall, subject to Condition 7.6, repay the Securities accordingly.

As used herein:

A "**Tax Event**" will occur if, as a result of a change in, or amendment to, the laws or regulations of any Relevant Tax Jurisdiction (as defined in Condition 10), including any treaty to which the Relevant Tax Jurisdiction is a party, or a change in the official application or interpretation of those laws or regulations, on or after the Reference Date, including a decision of any court or tribunal which becomes effective on or after the Reference Date (a "**Tax Law Change**"):

(i) in making any payments on the Securities, the Society has paid or will or would on the next payment date be required to pay Additional Amounts (as defined in Condition 10); or

(ii) the Society would not be entitled to claim a deduction in respect of any interest payable (or, if relevant, equivalent expense accruing) in respect of the Securities in computing its taxation liabilities or the amount of any such deduction would be materially reduced; or

(iii) the Society would have to bring into account a taxable credit in connection with a Conversion (or, in the circumstances contemplated in Condition 13.3, a permanent write-down) of the Securities; or

(iv) the Securities are or would be prevented from being treated as loan relationships for tax purposes in the Relevant Tax Jurisdiction; or

(v) the Securities or any part thereof are or would be treated as a derivative or an embedded derivative for tax purposes in the Relevant Tax Jurisdiction; or

(vi) the Society incurs or would incur any other taxation liability or liabilities as a consequence of changes in the value of the Securities for accounting purposes or any other relevant taxation purposes,

in each case provided that the consequences of such event cannot be avoided by the Society taking reasonable measures available to it.

The Society shall make available to the Principal Paying Agent, for inspection by Securityholders at its specified office, at the same time as giving a notice to repay under this Condition 7.3, a copy of an opinion of an independent nationally recognised law firm or other tax adviser in the relevant taxing jurisdiction experienced in such matters to the effect that the circumstances set out in one or more of limbs (i) to (vi) of the definition of Tax Event have occurred and are continuing (but such opinion need not comment on whether the consequences of such event can be avoided by the Society taking reasonable measures available to it).

7.4 ***Repayment for regulatory reasons***

If a Regulatory Event occurs and is continuing, the Society may in its sole discretion, at any time but subject to Condition 7.6 and having given not less than 15 nor more than 60 days' notice to the Securityholders in accordance with Condition 17 (which notice shall specify the intended date of repayment and shall, subject to Condition 7.6, be irrevocable), elect to repay all, but not some only, of the Securities then outstanding at their nominal amount together with accrued but unpaid interest thereon up to (but excluding) the date of repayment (excluding interest which has been cancelled in accordance with these Conditions).

Upon the expiry of such notice, the Society shall, subject to Condition 7.6, repay the Securities accordingly.

A "**Regulatory Event**" will occur if, as a result of a change (or pending change) in the regulatory classification of the Securities under the Capital Regulations, the entire nominal amount of the Securities or any part thereof ceases (or would cease) to be part of the Society's Tier 1 Capital (whether on an individual consolidated or a consolidated basis).

7.5 ***Substitution or variation***

If a Regulatory Event or a Tax Event has occurred and is continuing, then the Society may, in its sole discretion but subject to Condition 7.6, having given not less than 15 nor more than 60 days' notice to Securityholders in accordance with Condition 17 (which notice shall specify the date for substitution or variation, as the case may be, of the Securities and shall, subject to Condition 7.6 and as set out in this Condition 7.5, be irrevocable) and the Principal Paying Agent, at its option and without any requirement for the consent or approval of the Securityholders, at any time either substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or, as appropriate, become, Compliant Securities.

Upon the expiry of such notice, the Society shall, subject to Condition 7.6, either vary the terms of or substitute the Securities, as the case may be, in accordance with this Condition 7.5, *provided that* if, for any reason, the Society is unable to effect such substitution or variation, it may elect instead to repay the Securities pursuant to, and as provided in, Condition 7.3 or 7.4 (as appropriate).

The Principal Paying Agent has, in the Agency Agreement, undertaken to use its reasonable endeavours to assist the Society in the substitution or variation of the Securities pursuant to this Condition 7.5, subject to certain protections for the Principal Paying Agent.

Prior to the publication of any notice of substitution or variation pursuant to this Condition 7.5, the Society shall deliver to the Principal Paying Agent a certificate signed by two appropriately authorised signatories of the Society stating that the conditions precedent for substituting or, as the case may be, varying the terms of the Securities pursuant to this Condition 7.5 have been met and that the terms of the relevant Compliant Securities comply with the definition thereof in Condition 20. By its acquisition of any Security (or any interest therein) each Securityholder accepts and

acknowledges that such certificate shall (in the absence of manifest error) be sufficient evidence of the satisfaction of such conditions precedent and will be conclusive and binding on the Society, the Principal Paying Agent, the Securityholders and any other interested persons.

In respect of any notice of substitution or variation pursuant to this Condition 7.5 given on the basis that a Tax Event has occurred and is continuing, the Society shall make available to the Principal Paying Agent, for inspection by Securityholders at its specified office, at the same time as giving such notice, a copy of an opinion of an independent nationally recognised law firm or other tax adviser in the relevant taxing jurisdiction experienced in such matters to the effect that the circumstances set out in one or more of limbs (i) to (vi) of the definition of Tax Event have occurred and are continuing (but such opinion need not comment on whether the consequences of such event can be avoided by the Society taking reasonable measures available to it).

In connection with any substitution or variation in accordance with this Condition 7.5, the Society shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

7.6 ***Conditions to repayment, substitution, variation and purchase***

Any repayment, substitution, variation or purchase of the Securities pursuant to this Condition 7 is subject to:

(i) (A) the Society providing such notice to the Regulator and obtaining such approval, permission or consent from the Regulator as is required under the then prevailing Capital Regulations and (B) the Society obtaining such other approval, permission or consent (if any) as is then required under the laws and regulations applicable to deferred shares of the Society; and

(ii) in the case of any repayment or purchase, the Society having demonstrated to the satisfaction of the Regulator that either: (A) the Society has (or by no later than the time of settlement of such repayment or purchase will have) replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Society; or (B) the own funds and eligible liabilities of the Society would, following such repayment or purchase, exceed the minimum requirements (including any buffer requirements) applicable to the Society, as laid down under the Capital Regulations, by a margin that the Regulator considers necessary at such time; and

(iii) in respect of a repayment or purchase prior to the fifth anniversary of the Reference Date:

(A) in the case of repayment upon the occurrence of a Tax Event, the Society having demonstrated to the satisfaction of the Regulator that (1) the change in tax treatment is material and (2) the relevant Tax Law Change was not reasonably foreseeable as at the Reference Date; or

(B) in the case of repayment upon the occurrence of a Regulatory Event, the Society having demonstrated to the satisfaction of the Regulator that the change (or pending change) in the regulatory classification of the Securities is sufficiently certain and was not reasonably foreseeable as at the Reference Date; or

(C) otherwise, either (1) in the case of any repayment or purchase, the Society having demonstrated to the satisfaction of the Regulator that the Society has (or by no later than the time of settlement of such repayment or purchase will have) replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Society, and the Regulator having permitted such action on the basis of the determination that it would be beneficial from a

prudential point of view and justified by exceptional circumstances or (2) in respect of any purchase only (and subject to the Society or the relevant Subsidiary then being permitted to conduct market-making activity under the Act), the Society (or the relevant Subsidiary) having purchased the Securities for market-making purposes,

provided that if, at the time of such repayment, substitution, variation or purchase, the prevailing Capital Regulations and/or any other laws or regulations applicable to deferred shares of the Society permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out in paragraphs (i), (ii) and (iii) above (as applicable), the Society shall, in the alternative or in addition to the foregoing (as required by the Capital Regulations and/or, as the case may be, any other laws or regulations applicable to deferred shares of the Society), comply with such alternative and/or additional pre-condition(s).

Any refusal by the Regulator (or, as the case may be, any other person from whom any approval, permission or consent is sought) to give its approval, permission or consent for any repayment, substitution, variation or purchase of Securities pursuant to this Condition 7 shall not constitute a default under the Securities or for any other purpose.

In addition, notwithstanding any other provision of these Conditions:

(x) if the Society has elected to repay the Securities but the Solvency Test is not satisfied in respect of the relevant payment on the date scheduled for repayment, the relevant repayment notice shall be automatically rescinded and shall be of no force and effect and, accordingly, no repayment of the nominal amount of the Securities or any interest thereon will be due and payable on the scheduled repayment date, and the Securities will continue to remain outstanding on the same basis as if no repayment notice had been given; and

(y) if the Society or any of its Subsidiaries has entered into an agreement to purchase any Securities but the Solvency Test is not satisfied in respect of the relevant payment on the date scheduled for purchase, the Securityholder (by virtue of its holding of any Security) acknowledges and agrees that the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect and, accordingly, no purchase of the relevant Securities will be made by the Society or any of its Subsidiaries on the scheduled purchase date, and the relevant Securityholder will continue to hold such Securities.

Further, if the Society has elected to repay, substitute or vary the terms of the Securities or if the Society or any of its Subsidiaries has entered into an agreement to purchase any Securities but, prior to (as the case may be) the repayment of the nominal amount, the substitution of the Securities, the variation of the terms of the Securities or the settlement of the purchase of the Securities, a Conversion Trigger occurs, the relevant repayment, substitution or variation notice or, as the case may be (and as acknowledged and agreed by the relevant Securityholder by virtue of its holding of any Security), the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect, no repayment of the nominal amount of the Securities or any interest thereon will be due and payable on the scheduled repayment date, no substitution or variation will be effected and no purchase shall be made, as applicable, and, instead, a Conversion shall occur in respect of the Securities as described under Condition 8.

The Society shall not be entitled to give notice of any repayment, substitution or variation under this Condition 7 following the occurrence of a Conversion Trigger.

7.7 ***Purchases***

Subject to Condition 7.6 and the Capital Regulations, the Society or any of its Subsidiaries may at any time purchase or otherwise acquire Securities in any manner and at any price. Subject to

applicable law, such Securities may, at the election of the Society, be held, reissued, resold or surrendered to the Registrar for cancellation.

7.8 *Cancellation*

All Securities repaid, all Securities substituted pursuant to Condition 7.5, all Securities purchased (or otherwise acquired) by the Society or any of its Subsidiaries as aforesaid and surrendered for cancellation, and all Securities which are Converted, shall be cancelled forthwith and such Securities may not be reissued or resold.

8 Conversion

8.1 *Conversion on a Conversion Trigger*

If, at any time, the Society, the Regulator or any agent appointed for such purpose by the Regulator determines that either CET1 Ratio has fallen below 7.00 per cent. (the "**Conversion Trigger**"), the Society shall immediately notify the Regulator (unless the relevant determination was made by the Regulator or its agent) and promptly notify the Securityholders (in accordance with Condition 17) of the occurrence of the Conversion Trigger and, without delay and by no later than one month (or such shorter period as the Regulator may require) following the determination that the Conversion Trigger has occurred:

(a) cancel any interest which has accrued and remains unpaid up to (and including) the relevant Conversion Date (whether or not such interest has become due for payment);

(b) irrevocably (without the need for the consent of Securityholders) write down the Securities by reducing the nominal amount of each Security to zero; and

(c) (subject as provided in this Condition 8) issue to each Securityholder such number of CCDS as is equal to the aggregate nominal amount of that Securityholder's Securities divided by the prevailing Conversion Price (such write-down under Condition 8.1(b) above and issue of CCDS under this Condition 8.1(c) being referred to as a "**Conversion**", and "**Converted**" being construed accordingly).

Such cancellation of interest, write-down of the Securities and (subject as provided in these Conditions) issue of CCDS to Securityholders shall occur on the Conversion Date specified in the Conversion Notice (as defined below).

For the purposes of determining whether a Conversion Trigger has occurred, each CET1 Ratio may be calculated by the Society, the Regulator or any agent appointed for such purpose by the Regulator, as the case may be, at any time based on information (whether or not published) available to the management of the Society (and/or to the Regulator or its agent), including information internally reported within the Society pursuant to its procedures for monitoring each CET1 Ratio.

Fractions of CCDS will not be delivered in connection with any Conversion. Any fractional entitlement to a CCDS which a Securityholder would otherwise obtain as a result of a Conversion will be cancelled, no cash payment or other adjustment will be made in respect thereof and the Securityholder shall have no claim in respect thereof, whether on a winding up or dissolution of the Society or otherwise.

8.2 *Conversion Notice*

The Society shall, as soon as reasonably practicable following its determination (or following it being notified by the Regulator that the Regulator or its agent has determined) that a Conversion

Trigger has occurred, and in any event not less than 5 days prior to the Conversion Date (provided that any delay in giving or failure to give such notice shall not constitute a default under the Securities or for any other purpose or affect the Conversion of the Securities on the Conversion Date), give notice (which notice shall be irrevocable) to the Securityholders in accordance with Condition 17 (the "**Conversion Notice**") stating (i) that the Conversion Trigger has occurred, (ii) the Conversion Date, (iii) the prevailing Conversion Price and (iv) the procedures Securityholders will need to follow (if any) to receive CCDS pursuant to Condition 8.1(c) (including whether or not the CCDS will be delivered into a clearing system and/or a settlement system (and, if so, which clearing system(s) and/or settlement system(s)) and, if applicable, what will happen to any CCDS until any payment due pursuant to Condition 8.9 has been made).

Not later than the giving of the relevant Conversion Notice, the Society shall deliver to the Principal Paying Agent on behalf of the Securityholders a certificate signed by two authorised signatories of the Society confirming that the Conversion Trigger has occurred.

8.3 ***Consequences of a Conversion***

A write-down of the Securities under Condition 8.1(b) shall be deemed effective with effect from the relevant Conversion Date and without the requirement for any further formality. Upon such write-down, the Securities, and any accrued and unpaid interest in respect thereof (whether or not such interest has become due for payment), shall be immediately cancelled in accordance with Condition 8.1(a).

Such write-down and cancellation of the Securities and cancellation of interest shall be independent of the timing of the issue of CCDS to Securityholders under Condition 8.1(c) and, accordingly, shall be effective as of the Conversion Date whether or not the CCDS to be issued to Securityholders under Condition 8.1(c) are so issued on the Conversion Date. If the Society fails to issue such CCDS, or there is any delay in the issue or delivery of such CCDS to any Securityholder, a Securityholder's only right under the Securities against the Society for such failure will be to claim to have such CCDS so issued to it, and the Securityholders shall be deemed irrevocably to have waived any other rights in respect of their Securities.

The nominal amount by which the Securities are written down shall be applied, directly or indirectly, to paying up the CCDS to be issued to Securityholders under Condition 8.1(c), and the Securityholders shall be deemed irrevocably to have directed and authorised the Society to apply such amounts for such purpose on their behalf.

The paying up of the CCDS is expected to be reflected in the Society's accounts as credits to CCDS nominal and CCDS premium by an aggregate amount equal to the nominal amount by which the Securities are written down. It is anticipated that the paying up and issue of CCDS will be simultaneous with the write-down and cancellation of the Securities.

Once the nominal amount of a Security has been written down, the nominal amount will not be restored in any circumstances, including where the relevant Conversion Trigger ceases to continue.

The write-down and cancellation of the Securities and the cancellation of interest thereon in accordance with this Condition 8 will not constitute a default under the Securities or for any other purpose. Following the Securities being written down in accordance with this Condition 8, no amount shall at any time be or become due and payable to the Securityholders in respect of the Securities, and the liability of the Society to pay any amounts in respect of the Securities (including the nominal amount of, any interest in respect of and any other amounts in connection with the Securities) shall be automatically released (but this is without prejudice to the right of Securityholders to claim for the issue to them of CCDS pursuant to Condition 8.1(c), subject to and in accordance with this Condition 8).

The Securities are not convertible into CCDS at the option of the Securityholders at any time.

8.4 ***Conversion Price***

The "**Conversion Price**" is £100.00, subject to adjustment in accordance with Condition 8.5.

8.5 ***Conversion Price adjustments***

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows, in each case as determined by the Society or any Calculation Agent appointed by the Society for such purpose:

(a) If and whenever there shall be a consolidation, reclassification/redesignation or subdivision affecting the number of CCDS, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification/redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

"**A**" is the aggregate number of CCDS in issue immediately before such consolidation, reclassification/redesignation or subdivision, as the case may be; and

"**B**" is the aggregate number of CCDS in issue immediately after, and as a result of, such consolidation, reclassification/redesignation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification/redesignation or subdivision, as the case may be, takes effect.

(b) If and whenever the Society shall issue any CCDS credited as fully paid to the CCDS holders as a class by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve, if any), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

"**A**" is the aggregate number of CCDS in issue immediately before such issue; and

"**B**" is the aggregate number of CCDS in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such CCDS.

(c) If and whenever the Society shall issue CCDS to CCDS holders as a class by way of rights, or the Society or (at the direction or request or pursuant to any arrangements with the Society) any other company, person or entity shall issue or grant to CCDS holders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase or otherwise acquire any CCDS, or any securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, or the right to acquire, any CCDS (or shall grant any such rights in respect of existing securities so

issued), in each case at a price per CCDS which is less than 95% of the Current Market Price per CCDS on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

"**A**" is the number of CCDS in issue on the Effective Date;

"**B**" is the number of CCDS which the aggregate consideration (if any) receivable for the CCDS issued by way of rights, or for the securities issued by way of rights, or for the options or warrants or other rights issued or granted by way of rights and for the total number of CCDS deliverable on the exercise thereof, would purchase at such Current Market Price per CCDS on the Effective Date; and

"**C**" is the number of CCDS to be issued or, as the case may be, the maximum number of CCDS which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase or other rights of acquisition in respect thereof at the initial conversion, exchange, subscription, purchase or acquisition price or rate,

provided that if, on the Effective Date, such number of CCDS is to be determined by reference to the application of a formula or other variable feature or the occurrence of any event at some subsequent time, then for the purposes of this Condition 8.5(c), "**C**" shall be determined by the application of such formula or variable feature or as if the relevant event occurs or had occurred as at the Effective Date and as if such conversion, exchange, subscription, purchase or acquisition had taken place on the Effective Date.

Such adjustment shall become effective on the Effective Date.

As used herein:

"**Effective Date**" means, in respect of this Condition 8.5(c), the first date on which the CCDS are traded ex-rights, ex-options or ex-warrants or (to the extent it is not reasonably practicable to determine when the CCDS are traded ex-rights, ex-options or ex-warrants) the day following the expiry of the relevant options, warrants or rights; and

"**by way of rights**" means in compliance with the pre-emption rights (if any) afforded to CCDS holders at the relevant time under the terms of the outstanding CCDS of the Society, and related references to "**rights**" shall be construed accordingly.

(d) Notwithstanding paragraphs (a), (b) and (c) above, no adjustment to the Conversion Price will be made:

(i) as a result of the payment of any Distribution;

(ii) to the extent CCDS or other securities (including convertible or exchangeable securities, rights or options in relation to CCDS and other securities) are issued, offered or granted as consideration for the purchase of shares or assets of companies or other organisations (of whatever legal form);

(iii) if an increase in the Conversion Price would result from such adjustment (except an increase pursuant to paragraph (a) above); or

(iv) if it would result in the Conversion Price being reduced below the nominal value of a CCDS (which, as at the Issue Date, is £1).

(e) Notwithstanding the foregoing provisions:

(i) where the events or circumstances giving rise to any adjustment pursuant to this Condition 8.5 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Society, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall, subject to compliance with the prevailing Capital Regulations, be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to give the intended result; and

(ii) such modification shall, subject to compliance with the prevailing Capital Regulations, be made to the operation of these Conditions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once.

8.6 ***Decision of an Independent Adviser***

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price (including, without limitation, as to the determination of any Effective Date or Current Market Price), and following consultation between the Society and an Independent Adviser, a written determination of such Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error.

In the absence of bad faith or fraud, the Independent Adviser shall not be liable to the Principal Paying Agent, the Registrar, the Securityholders or any other person for any determination made by it pursuant to these Conditions.

Notwithstanding any other provision of these Conditions, if, in circumstances requiring any determination to be made by an Independent Adviser under this Condition 8, the Society is unable, having used reasonable endeavours, to appoint an Independent Adviser for such purpose, the Society itself, acting in a commercially reasonable manner, shall be entitled (but not obliged) to make the relevant determination. Such determination will be treated under these Conditions as if it were a determination made by an Independent Adviser, and the Society shall not be liable to the Principal Paying Agent, the Registrar, the Securityholders or any other person for any such determination made by it in good faith.

8.7 ***Option schemes and reinvestment plans***

No adjustment will be made to the Conversion Price where CCDS or other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Society or any associated

company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme (including, without limitation, bonus or incentive schemes) or pursuant to any dividend reinvestment plan or similar plan or scheme.

8.8 ***Rounding down and notice of adjustment to the Conversion Price***

On any adjustment, the resultant Conversion Price, if not an integral multiple of £0.001, shall be rounded down to the nearest whole multiple of £0.001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Society to Securityholders in accordance with Condition 17 promptly after the determination thereof.

8.9 ***Taxes etc.***

The Society shall not be liable for any taxes or capital, stamp, issue, registration or transfer taxes, charges or duties arising on Conversion or that may arise or be paid as a consequence of the delivery of CCDS upon Conversion. A Securityholder must pay any taxes and capital, stamp, issue, registration and transfer taxes, charges and duties arising on Conversion as a consequence of any disposal or deemed disposal of its Securities (or any interest therein) and/or the issue and delivery to it of any CCDS (or any interest therein).

Notwithstanding anything to the contrary in this Condition 8, if any taxes, charges or duties were to be payable by the Society (or by a clearance service or any other person entitled to reimbursement by the Society) as a consequence of delivery of the CCDS issued upon Conversion, then delivery shall, unless the Society in its sole discretion elects otherwise, be conditional upon either:

(i) the prior payment of any such taxes, charges or duties (or an amount equal thereto) by (or on behalf of) the relevant Securityholder either to the relevant tax authority, the relevant clearance service or to (or to the order of) the Society (as appropriate and as further set out in the Conversion Notice, if applicable); or

(ii) where such taxes, charges or duties do not arise until the issue and/or delivery of CCDS into clearing or to a Securityholder, payment of an amount equal thereto by (or on behalf of) the relevant Securityholder to the relevant clearance service or to (or to the order of) the Society (as appropriate and as further set out in the Conversion Notice, if applicable) to use for the sole purpose of paying (directly or indirectly) such taxes, charges or duties in full upon issue and delivery of the CCDS and incurrence of such taxes, charges or duties (all as further set out in the Conversion Notice).

Unless the Society in its sole discretion elects otherwise, no CCDS shall be delivered into clearing or to any Securityholder until such payment has been made in full by (or on behalf of) such Securityholder in accordance with applicable laws and regulations and this Condition 8 to the satisfaction of the Society, and the Society shall be entitled to require reasonable proof of payment from the relevant Securityholder to satisfy itself that such payment has been made.

The Society shall, pending the making of any such payment by or on behalf of a relevant Securityholder, be entitled to make such arrangements with respect to the CCDS issued upon Conversion and provisionally to be delivered to such Securityholder as it may consider appropriate. Such arrangements may (but need not necessarily) include arranging for such CCDS to be issued

to and/or held by a reputable financial institution, trust company or similar entity (which is independent of the Society) appointed by the Society as a conversion shares depository to hold such CCDS for the Securityholder (on terms providing that delivery of such CCDS to such Securityholder, and the exercise by the Securityholder of any rights thereunder, shall be conditional upon such Securityholder making the relevant payments contemplated by this Condition 8.9, and that the Securityholder shall forfeit its rights thereunder in the circumstances described in the immediately following paragraph). By virtue of its holding of any Securities (or any interest therein), each holder of a Securities (or any interest therein) irrevocably authorises and directs the Society to make any such arrangements as are contemplated in this paragraph and the immediately following paragraph.

If a Securityholder fails to make payment of (or, as applicable, the amounts in respect of) all such taxes, duties and charges applicable to it by the date falling 12 years after the Conversion Date, the Securityholder shall forfeit its right to receive such CCDS, and shall not be entitled to any compensation or other amounts in respect thereof. In such event, the Society (in its sole discretion) may elect to cancel such CCDS, or to arrange for the sale of such CCDS, and any proceeds thereof shall revert to and be retained by the Society for its sole account (and, for the avoidance of doubt, the Securityholder shall have no subsequent claim against the Society or any other person for delivery of such CCDS to it or for any such proceeds or any other amounts).

8.10 ***CCDS***

CCDS issued upon Conversion will be fully paid and will in all respects rank *pari passu* with the fully paid CCDS (if any) in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such CCDS will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments as of any applicable record date or other due date for the establishment of entitlement for which falls prior to the Conversion Date.

It is intended that any CCDS issued upon Conversion will, with effect from the Conversion Date or as soon as appropriate thereafter, be consolidated and form a single series with the CCDS of the Society then in issue (if any).

9 Payments

9.1 *Method of payment*

(i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of the Registrar if no further payment falls to be made in respect of the Securities represented by such Certificates) in the manner provided in paragraph (ii) below.

(ii) Interest on each Security shall be paid to the person shown on the Securities Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Security shall be made in Sterling by transfer to a Sterling account specified by the payee (or, if no such account has been specified by the payee, by cheque drawn on a bank and mailed to the Securityholder (or to the first named of joint Securityholders) of such Security at its address appearing in the Register).

Notwithstanding this Condition 9.1, all payments in respect of Securities held through Euroclear and/or Clearstream, Luxembourg accounts will be paid by or on behalf of the Society to or to the order of the Nominee (which will discharge the Society's payment obligation in respect thereof), and thereafter will be credited by Euroclear and/or Clearstream, Luxembourg (as applicable) to the cash accounts of the direct participants in Euroclear and/or Clearstream, Luxembourg in accordance with the relevant clearing system's rules and procedures.

9.2 ***Payments subject to applicable laws***

Payments in respect of the Securities are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction or other laws and regulations to which any of the Society, the Registrar or the Principal Paying Agent is subject, but without prejudice to the provisions of Condition 10, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

9.3 ***Payment initiation***

Where payment is to be made by transfer to a Sterling account, payment instructions (for value the due date, or if that is not a Business Day, for value the first following day which is a Business Day) will be initiated, and, where payment is to be made by cheque, the cheque will be mailed, on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

9.4 ***Delay in payment***

Securityholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Security if the due date is not a Business Day, if the Securityholder is late in surrendering or cannot surrender its Certificate (if required to do so) or if a cheque mailed in accordance with Condition 9.1(ii) arrives after the due date for payment.

9.5 ***Non-payment days***

If any date for payment in respect of any Security is not a payment day, the Securityholder shall not be entitled to payment until the next following payment day nor to any interest or other sum in respect of such postponed payment. In this Condition 9, "**payment day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and, where payment is to be made by transfer to a Sterling account, a day which is a Business Day.

10 Taxation

All payments by or on behalf of the Society in respect of the Securities shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Tax Jurisdiction, unless the withholding or deduction of the Taxes is required by law. If any such withholding or deduction for or on account of any Taxes is required by law, the Society will, in respect of payments of interest (but not of principal or any other amount), pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Securityholders after the withholding or deduction shall equal the amounts which would have been receivable in respect of the Securities in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in relation to any payment in respect of any Securities:

(a) held by or on behalf of a Securityholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Securities by reason of it having some connection with the Relevant Tax Jurisdiction other than the mere holding of the Securities;

(b) where (in the case of a payment of interest on repayment) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date, except to the extent that the Securityholder would have been entitled to such Additional Amounts on surrendering such Certificate for payment on the last day of such period of 30 days; or

(c) where the Securityholder is able to avoid such withholding or deduction by complying, or procuring that a third party complies with, any applicable statutory requirements or by making, or procuring that any third party makes, a declaration of non-residence or other similar claim for exemption to any tax authority.

Notwithstanding any other provision of these Conditions, in no event will Additional Amounts be payable by (or on behalf of) the Society under this Condition 10 or otherwise in respect of any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code or any regulations or agreements thereunder or any official interpretations thereof or any law implementing an intergovernmental approach thereto.

As used in these Conditions, "**Relevant Tax Jurisdiction**" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Society becomes subject in respect of payments made by it of principal of and interest on the Securities.

For a description of applicable United Kingdom taxation considerations, see "United Kingdom Taxation" in this Offering Circular.

11 Prescription

Any amounts payable in respect of the Securities in respect of which no cheque has been cashed and no payment claimed shall cease to be payable after 12 years from the appropriate Relevant Date and shall revert to the Society.

12 Replacement of Certificates

A Securityholder who has lost a Certificate shall immediately give notice in writing of such loss to the Society at its principal office and to the Registrar at its specified office. If a Certificate is damaged or alleged to have been lost, stolen or destroyed, a new Certificate representing the same Securities shall be issued by the Registrar, on behalf of the Society, to the Securityholder upon request, subject to delivery up of the old Certificate or (if alleged to have been lost, stolen or destroyed) subject to compliance with such conditions as to evidence and indemnity as the Society and the Registrar may think fit and to payment of any exceptional expenses of the Society and the Registrar incidental to its investigation of the evidence of such alleged loss, theft or destruction. The duplicate Certificate will be made available at the offices of the Registrar.

13 Succession and transfers

13.1 *Amalgamation or transfer of engagements under section 93 or 94 of the Act*

Upon an amalgamation by the Society with another building society under section 93 of the Act or a transfer of all or substantially all of its engagements to another building society under section 94 of the Act, the Securities shall become deferred shares in the amalgamated or transferee building society, as appropriate (the "**Resulting Society**", and references in these Conditions to the "**Society**" shall thereafter be construed accordingly), without any alteration in their terms except as follows.

Each Securityholder will be deemed automatically, by virtue of its holding of any Securities, to have irrevocably authorised and instructed that if the Society, in its sole discretion, considers that,

as a result of such amalgamation or transfer of engagements, it is necessary to amend the provisions of these Conditions relating to Conversion of the Securities pursuant to Condition 8 in order to give effect to or preserve substantially the economic effect of Conversion for the Securityholders, the Society may (subject to having obtained any necessary consent of the Regulator if then required by the Regulator or under the Capital Regulations), upon not less than 15 days' notice to Securityholders in accordance with Condition 17 but without the consent or approval of the Securityholders, make such amendments to Condition 8 (and/or any other provision of these Conditions relating to Conversion and any consequent changes) which, as determined by the Society in consultation with an Independent Adviser appointed by the Society for such purpose:

(a) give effect to and preserve substantially the economic effect of a Conversion of the Securities for the Securityholders under these Conditions (subject to Condition 13.3); and

(b) do not result in the terms of the Securities becoming materially less favourable to the Securityholders (but without prejudice to the provisions of Condition 13.3),

and provided that the following shall be preserved in all material respects:

(1) the ranking of the Securities;

(2) the nominal amount of the Securities, the Interest Rate on the Securities from time to time, the Interest Payment Dates and the provisions regarding discretionary and mandatory cancellation of interest;

(3) any existing rights under the Conditions to any accrued interest which has not been satisfied or cancelled in accordance with the Conditions (but subject always to the right of the Society subsequently to cancel such accrued interest in accordance with the terms of the Securities);

(4) the repayment rights and obligations of the Society (provided that the first optional repayment date may, if (but only to the extent) so required in order for the Securities to continue to qualify as Tier 1 Capital of the Society, be later than the first optional repayment date applicable to the Securities under Condition 7.2, in which case such later date shall be the earliest possible date permitted under the Capital Regulations for the Securities to continue to qualify as Tier 1 Capital of the Society);

(5) compliance with the prevailing Capital Regulations and requirements of the Regulator in relation to Tier 1 Capital (but, for the avoidance of doubt, not common equity tier 1 capital); and

(6) the Securities will continue to be "hybrid capital instruments" for the purposes of Part 5 of the Corporation Tax Act 2009 (or benefit from equivalent treatment under any replacement tax rules (if any) relevant to the entitlement of the Society to claim a deduction in computing its tax liabilities in respect of any payments made under, or funding costs recognised in its accounts in respect of, the Securities),

and provided further that a certificate to the effect of the foregoing shall have been signed by two authorised signatories of the Society and given to the Registrar on behalf of the Securityholders.

A brief summary of any key changes to the terms of the Securities will, not later than the time at which notice is given to members of resolutions to be proposed to approve the relevant amalgamation or transfer (or if no such resolutions will be proposed, as soon as reasonably practicable following the time at which notice is given to members of the proposed amalgamation or transfer), be available for inspection by the Securityholders at the principal office of the Society and the specified office of the Registrar.

It may be necessary, upon an amalgamation by the Society with another building society or a transfer of all or substantially all of its engagements to another building society as envisaged by Condition 13.1, for the terms of the Securities as regards Conversion to be amended in certain respects, for example if any CCDS then outstanding cease to exist or are themselves amended in any relevant respect as a result of, or in connection with, such amalgamation or transfer. The Society anticipates that, in particular, changes may be required if CCDS are no longer the appropriate instrument to deliver to Securityholders upon Conversion of the Securities, or if any adjustments to the Conversion Price (and/or the adjustment provisions relating thereto) are appropriate. With a view to minimising the financial impact of any such amendments on Securityholders, it is the intention of the Society that, if and to the extent that the Society has control over such matters, any such amendments to the Conditions of the Securities should be limited to the minimum necessary in order to ensure that the Conversion provisions remain appropriate in the context of the Resulting Society and preserve substantially the economic effect of Conversion for the Securityholders. Whilst the Society anticipates that any conversion of the Securities following such amalgamation or transfer would be a conversion into CCDS or instruments of the Resulting Society which are similar to the CCDS, there can be no assurance that this will be the case.

13.2 ***Transfer of business under section 97 of the Act***

Upon a transfer by the Society of the whole of its business in accordance with section 97 of the Act (including, where relevant, as amended pursuant to an order made under section 3 of the Mutual Societies Transfers Act) to a company (a "**Successor Entity**", which expression includes a subsidiary of a mutual society as referred to in the Mutual Societies Transfers Act) the Successor Entity will, in accordance with section 100(2)(a) of the Act, as from the vesting date, assume a liability to each holder of Securities and each Securityholder will be deemed automatically, by virtue of its holding of any Securities, to have irrevocably authorised and instructed that such liability shall be subordinated (a "**Subordinated Deposit**") and shall be applied on the vesting date (or as soon as reasonably practicable thereafter) in paying up undated subordinated bonds (the "**Bonds**") in a principal amount equivalent to the nominal amount of the Securities held by such Securityholder immediately prior to such transfer, and such Bonds shall, at the option of the Society (or the Successor Entity) in its sole discretion, be issued or transferred either:

(a) to (or to the order of) the relevant Securityholder; or

(b) (if the Successor Entity is part of a prudentially regulated group and is not the ultimate holding entity for the purposes of prudential consolidation of such group) to a Qualifying Parent in consideration for such Qualifying Parent issuing or transferring to (or to the order of) the relevant Securityholder a principal amount of Qualifying Parent Securities equivalent to the nominal amount of the Securities held by such Securityholder immediately prior to the business transfer.

If the Society (or the Successor Entity) elects option (b) above, each Securityholder will be deemed automatically, by virtue of its holding of any Security, to have (i) irrevocably authorised and instructed that the Bonds paid up out of the Subordinated Deposit assumed by the Successor Entity to such Securityholder shall be issued or transferred to the Qualifying Parent in consideration for the issue or transfer to (or to the order of) such Securityholder of the relevant principal amount of Qualifying Parent Securities, and (ii) waived and released all rights and claims against the Society and the Successor Entity it would otherwise have in respect of such Subordinated Deposit and the relevant Bonds paid up therefrom (but without prejudice to its right to have the relevant principal amount of Qualifying Parent Securities issued or delivered to (or to the order of) such Securityholder).

A brief summary of the key terms and conditions of (i) if the Society (or the Successor Entity) elects option (a) above, the Bonds or (ii) if the Society (or the Successor Entity) elects option (b)

above, the Qualifying Parent Securities, will, not later than the time at which notice is given to members of resolutions to be proposed to approve such transfer (or if no such resolutions will be proposed, as soon as reasonably practicable following the time at which notice is given to members of the proposed transfer), be available for inspection by the Securityholders at the principal office of the Society and the specified office of the Registrar at that time and, subject as provided above, will be determined by the Society in its absolute discretion.

The Bonds

If the Society (or the Successor Entity) elects option (b) above (such that Securityholders will be entitled to receive Qualifying Parent Securities), the terms of the Bonds shall be agreed between the Society (or the Successor Entity) and the Qualifying Parent.

If the Society or the Successor Entity elects option (a) above (such that Securityholders will be entitled to receive Bonds), the Bonds:

(1) may be issued directly or indirectly by the Successor Entity;

(2) shall rank junior to any subordinated deposit or subordinated bonds issued by the Successor Entity in respect of Senior Obligations of the Society and senior to any subordinated deposit, subordinated bonds and/or shares issued by the Successor Entity in respect of Junior Obligations of the Society;

(3) shall have the same principal amount as the nominal amount of the Securities, shall bear the same Interest Rate from time to time and Interest Payment Dates as the Securities and shall preserve the provisions regarding discretionary and mandatory cancellation of interest;

(4) shall have the same repayment rights and obligations as the Securities (provided that the first optional repayment date may, if (but only to the extent) so required in order for the Bonds to qualify as Tier 1 Capital of the Successor Entity, be later than the first optional repayment date applicable to the Securities under Condition 7.2, in which case such later date shall be the earliest possible date permitted under the Capital Regulations for the Bonds to qualify as Tier 1 Capital of the Successor Entity);

(5) shall preserve any existing rights under the Conditions to any accrued interest which has not been satisfied or cancelled in accordance with the Conditions (but subject always to the right of the Successor Entity subsequently to cancel such accrued interest in accordance with the terms of the Bonds); and

(6) shall be "hybrid capital instruments" for the purposes of Part 5 of the Corporation Tax Act 2009 (or benefit from equivalent treatment under any equivalent or replacement tax rules (if any) relevant to the entitlement of the Successor Entity to claim a deduction in computing its tax liabilities in respect of any payments made under, or funding costs recognised in its accounts in respect of, the Bonds).

Furthermore, if the Society or the Successor Entity elects option (a) above (such that Securityholders will be entitled to receive Bonds), the terms of the Bonds will, to the fullest extent permitted by applicable law and regulation:

(a) be such as to comply with the prevailing Capital Regulations and requirements of the Regulator (or, if different, the prevailing prudential and capital adequacy requirements and rules applicable to the Successor Entity) in relation to Tier 1 Capital (but, for the avoidance of doubt, not common equity tier 1 capital); and

(b) (subject to Condition 8.3 and Condition 13.3) include such changes and additional provisions as are deemed necessary by the Society (or the Successor Entity) to give effect to and preserve substantially the economic effect of Conversion of the Securities and are not materially less favourable to the Securityholders than the Conditions of the Securities (but without prejudice to the provisions of Condition 13.3),

all as determined by the Society (or the Successor Entity) in consultation with an Independent Adviser appointed by the Society (or the Successor Entity) for such purpose,

provided that a certificate to the effect of the foregoing shall have been signed by two authorised signatories of the Society (or the Successor Entity) and given to the Registrar on behalf of the Securityholders.

Qualifying Parent and Qualifying Parent Securities

As used herein:

"**Qualifying Parent**" means a company, mutual society or other entity incorporated in the United Kingdom or, in the case of a mutual society only, a Crown Dependency mutual society (as such term is defined in the Mutual Societies Transfers Act) which (a) holds, directly or indirectly, all or substantially all of the ordinary voting shares of the Successor Entity, (b) is a credit institution, a financial holding company or a mixed financial holding company (in each case, within the meaning of the Capital Regulations) and (c) is the ultimate holding entity (or an intermediate holding entity) representing the point of prudential consolidation for the prudential group (or a prudential sub-group) of which the Successor Entity forms part; and

"**Qualifying Parent Securities**" means securities which:

(1) are issued directly or indirectly by a Qualifying Parent and rank *pari passu* with other Additional Tier 1 Capital instruments (if any) of the Qualifying Parent then in issue;

(2) have the same principal amount as the nominal amount of the Securities, bear the same Interest Rate from time to time and Interest Payment Dates as the Securities and shall have the same (or substantially the same) provisions regarding discretionary and mandatory cancellation of interest;

(3) have the same (or substantially the same) repayment rights and obligations as the Securities (provided that the first optional repayment date may, if (but only to the extent) so required in order for the Qualifying Parent Securities to qualify as Tier 1 Capital of the Qualifying Parent (or its prudential group or sub-group), be later than the first optional repayment date applicable to the Securities under Condition 7.2, in which case such later date shall be the earliest possible date permitted under the Capital Regulations for the Qualifying Parent Securities to qualify as Tier 1 Capital of the Qualifying Parent (or its prudential group or sub-group));

(4) shall be issued upon terms which have the economic effect of preserving any existing rights under the Conditions to any accrued interest which has not been satisfied or cancelled in accordance with the Conditions (but subject always to the right of the Qualifying Parent subsequently to cancel such accrued interest in accordance with the terms of the Qualifying Parent Securities);

(5) shall be "hybrid capital instruments" for the purposes of Part 5 of the Corporation Tax Act 2009 (or benefit from equivalent treatment under any equivalent or replacement tax rules (if any) relevant to the entitlement of the Qualifying Parent to claim a deduction in computing its tax liabilities in respect of any payments made under, or funding costs recognised in its accounts in respect of, the Qualifying Parent Securities); and

(6) to the fullest extent permitted by applicable law and regulation:

(a) comply with the prevailing Capital Regulations and requirements of the Regulator (or, if different, the prevailing prudential and capital adequacy requirements and rules applicable to the Qualifying Parent) in relation to Tier 1 Capital (but, for the avoidance of doubt, not common equity tier 1 capital); and

(b) (subject to Condition 8.3 and Condition 13.3) include such changes and additional provisions as are deemed necessary by the Society, the Successor Entity or the Qualifying Parent (as the case may be) to give effect to and preserve substantially the economic effect of Conversion of the Securities and are not materially less favourable to the Securityholders than the Conditions of the Securities (but without prejudice to the provisions of Condition 13.3),

all as determined by the Society (or the Successor Entity or the Qualifying Parent, as the case may be) in consultation with an Independent Adviser appointed by the Society (or the Successor Entity or the Qualifying Parent) for such purpose; provided that a certificate to the effect of the foregoing shall have been signed by two authorised signatories of the Society, the Successor Entity or the Qualifying Parent and given to the Registrar on behalf of the Securityholders.

13.3 ***Successions and transfers where the resulting entity does not have a viable convert-to instrument***

Upon an amalgamation, transfer of engagements or transfer in accordance with Condition 13.1 or 13.2, the Society shall use reasonable commercial endeavours to procure that the Securities (or any instrument issued to Securityholders in replacement thereof as a result of a transfer in accordance with Condition 13.2) would, in the event of a Conversion Trigger (or a similar conversion trigger in any such replacement instrument, which, for the avoidance of doubt, may relate to the common equity tier 1 ratio of the Successor Entity or the Qualifying Parent or their respective group or sub-group, as the case may be, and references in this Condition 13.3 to the Conversion Trigger shall be construed accordingly) occurring immediately following such amalgamation or transfer, convert into a common equity tier 1 capital instrument (whether or not carrying voting rights at general meetings of the issuing entity) of the Resulting Society or, as the case may be, the Successor Entity or Qualifying Parent (or any parent thereof). If, immediately prior to such amalgamation or transfer, there are in issue any CCDS of the Society that are (with the consent or approval of the Society) listed or admitted to trading on any stock exchange or market, the Society (or, as the case may be, the Resulting Society, the Successor Entity or the Qualifying Parent) will use reasonable endeavours to procure that, as soon as is reasonably practicable in the circumstances, the class of common equity tier 1 capital instruments into which the Securities (or, as the case may be, the instruments issued to Securityholders in replacement thereof as a result of a transfer in accordance with Condition 13.2) will, upon the occurrence of a Conversion Trigger, convert (the "**Conversion Instrument**") is listed or admitted to trading on a regularly operating, regulated stock exchange or other market; *provided that* there shall be no obligation on the Society, the Resulting Society, the Successor Entity or the Qualifying Parent (as the case may be) to obtain any such listing or admission to trading if the applicable Conversion Instrument is not issued by the ultimate holding entity of the group resulting from the amalgamation or transfer, as the case may be.

If, however, notwithstanding such reasonable commercial endeavours, the Society is unable to procure that the Securities (or any instrument issued to Securityholders in replacement thereof as a result of a transfer in accordance with Condition 13.2) would, following a Conversion Trigger, convert into a Conversion Instrument, then (notwithstanding any provision of Condition 13.1 or 13.2) if a Conversion Trigger occurs on or after the effective date of such amalgamation or transfer, the outstanding Securities (or any replacement instrument as aforesaid) shall not be subject to Conversion but instead will be subject to permanent write-down. Accordingly, upon the occurrence of such Conversion Trigger, the full nominal amount of such Securities (or replacement instruments) will automatically be written down to zero, each Security (or replacement instrument) will be cancelled,

the Securityholders will be automatically deemed to have irrevocably waived their right to receive, and will no longer have any rights against the Society, the Resulting Society, the Successor Entity or the Qualifying Parent (as applicable) with respect to, repayment of the aggregate nominal amount of the Securities (or replacement instruments) so written down or delivery of any instrument as a result of such write-down, and all accrued but unpaid interest and any other amounts payable on each Security (or replacement instrument) will be cancelled, irrespective of whether such amounts have become due and payable prior to the occurrence of the Conversion Trigger.

13.4 ***Undertakings***

(a) The Society undertakes to use all reasonable endeavours to procure that any amalgamation, transfer of engagements or transfer referred to in Condition 13.1 or 13.2 will comply with the provisions of Condition 13.1 or, as the case may be, 13.2. The Society undertakes to use all reasonable endeavours to enter into such agreements, and to take such other reasonable steps, as are necessary to give effect to the provisions of this Condition 13 (including, but not limited to, the appointment, if applicable, of an Independent Adviser).

(b) In connection with any amalgamation by the Society with another building society under section 93 of the Act or a transfer of all or substantially all of its engagements to another building society under section 94 of the Act as provided in Condition 13.1, the Society:

(i) shall, and shall use all reasonable endeavours to procure that the Resulting Society shall, comply with the rules of any competent authority, stock exchange and/or quotation system by or on which the Securities are, for the time being, listed, traded and/or quoted with the consent or approval of the Society; and

(ii) shall pay, or shall use all reasonable endeavours to ensure that the Resulting Society pays, any taxes, stamp duty reserve taxes and capital, stamp, issue and registration duties payable in the United Kingdom arising on the issue and initial delivery of such deferred shares (if applicable), but will not pay (and each Securityholder as to itself will be required to pay) any other taxes, stamp duty reserve taxes and capital, stamp, issue and registration duties arising on or following the issue and initial delivery of such deferred shares (if applicable) pursuant to Condition 13.1.

(c) In connection with any transfer by the Society of the whole of its business in accordance with section 97 of the Act (including, where relevant, as amended pursuant to an order made under section 3 of the Mutual Societies Transfers Act) to a company as provided in Condition 13.2, the Society:

(i) shall, and shall use all reasonable endeavours to procure that the Successor Entity and/or the Qualifying Parent (as applicable) shall, comply with the rules of any competent authority, stock exchange and/or quotation system by or on which the Securities are, for the time being, listed, traded and/or quoted with the consent or approval of the Society;

(ii) shall use all reasonable endeavours to ensure that the terms upon which its business is transferred to the Successor Entity shall require the Successor Entity or the Qualifying Parent (as applicable) to pay (or, in the absence of any such term of transfer, shall itself pay), any stamp duties, stamp duty reserve taxes and similar capital, stamp, issue and registration duties payable in the United Kingdom arising on the issue and initial delivery of the Bonds or Qualifying Parent Securities (as the case may be), but will not pay (and each Securityholder as to itself will be required to pay) any other taxes, stamp duties, stamp duty reserve taxes and capital, stamp, issue and registration duties arising on or following the issue and initial delivery of the Bonds or Qualifying Parent Securities (as applicable) pursuant to Condition 13.2; and

(iii) shall use all reasonable endeavours to ensure that the terms upon which its business is transferred to the Successor Entity shall require the Successor Entity or Qualifying Parent to procure that the Bonds or, as the case may be, the Qualifying Parent Securities are (A) where the Securities were listed and/or admitted to trading immediately prior to the aforesaid transfer to the Successor Entity, listed and/or admitted to trading (as the case may be) on the same stock exchange (or, if this is wholly impracticable, admitted to trading on another internationally recognised stock exchange or securities market chosen by the Successor Entity or Qualifying Parent) and (B) admitted to, and traded in, the same clearing system or systems as the Securities or, if this is wholly impracticable, in such other clearing system(s) or settlement system(s) determined by the Successor Entity or Qualifying Parent, provided that this does not materially prejudice the holders of the Bonds or, as the case may be, the Qualifying Parent Securities.

14 Variations of the Conditions and the Rules

14.1 *Variation of the Conditions*

Subject as provided in Condition 7.5 and Condition 13, these Conditions may only be varied by the Society (a) with the consent in writing of the Securityholders in accordance with Condition 15.7 or with the sanction of a resolution passed at a separate meeting of the Securityholders held in accordance with Condition 15 and as further described in the Agency Agreement and (b) in compliance with prevailing Capital Regulations at such time (including, if then required, obtaining the prior consent of the Regulator).

14.2 *Variation of the Rules*

(a) These Conditions do not limit the rights of members of the Society to amend the Rules.

(b) The Society undertakes not to initiate any amendment to the Rules that is both (a) inconsistent with the provisions of these Conditions and (b) materially prejudicial to the interests of the Securityholders in that capacity.

(c) Any amendment to the Rules or any resolution of members of the Society (in either case whether such amendment or resolution is initiated by the Society or by one or more of its members) shall not:

(i) limit any rights of any Securityholder to bring an action against the Society for breach of contract in circumstances where the Society is in breach of these Conditions, and furthermore any Securityholder shall be entitled to bring an action against the Society as if there had been a breach of contract (such that a Securityholder may sue for a liquidated sum equal to its loss) in circumstances where an amendment has been made to the Rules or any resolution of members of the Society has been passed which is materially prejudicial to the holders of the Securities as a class and which would have been a breach of these Conditions had such amendment been instituted by the Society (an "**Assumed Breach**"); or

(ii) afford the Society any defence to any claim made in any action referred to under (i) above,

provided, however, that no Securityholder shall be entitled to bring an action against the Society under (i) above, and the Society shall have a valid defence to any such action under (ii) above, if holders of the Securities have at any time passed a resolution in accordance with Condition 15 (whether at a duly convened meeting of the Securityholders or by way of written resolution)

approving, ratifying and/or consenting to the relevant amendment to the Rules or the relevant member resolution, as the case may be.

15 Meetings of the Securityholders

15.1 *Convening the meeting, notice and quorum*

The Society alone may at any time convene a separate meeting of the Securityholders. Every meeting shall be held at such place (which need not be a physical place and instead may be by way of conference call, including by use of a videoconference platform, and all references to "place" and "present" in this Condition 15 shall be construed accordingly, so far as the context admits) as the Society may nominate.

At least 21 clear days' notice, specifying the hour, date and place of the meeting shall be given to the Securityholders entered in the Securities Register 35 days prior to the date specified for the meeting, such notice to be given in accordance with Condition 17. The notice shall specify generally the nature of the business to be transacted at the meeting and the terms of any resolution to be proposed to alter these Conditions.

Any person (who may, but need not, be a Securityholder) nominated in writing by the Society shall be entitled to take the chair at every meeting but if no nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting, the Securityholders present shall choose one of their number who is present to be chair.

At any meeting one or more persons present in person or by proxy and holding or representing in aggregate not less than one-third of the nominal amount of the Securities for the time being outstanding shall form a quorum for the transaction of business and no business (other than the choosing of a chair) shall be transacted at any meeting unless the requisite quorum shall be present at the commencement of business.

15.2 *Adjournment*

If within half an hour after the time appointed for any meeting a quorum is not present, the meeting shall stand adjourned for such period, being not less than 14 days nor more than 42 days and at such place as may be appointed by the chair and if at the adjourned meeting a quorum shall not be present within half an hour from the time appointed for the adjourned meeting, the Securityholders present in person or by proxy at the adjourned meeting shall be a quorum.

Notice of any adjourned meeting shall be given in the same manner as notice of an initial meeting but as if 10 were substituted for 21 in Condition 15.1.

The chair may with the consent of (and shall if directed by a resolution of) the meeting adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than business left unfinished or not reached at the meeting from which the adjournment took place.

15.3 *Conduct of business of the meeting*

Every resolution put to the meeting (other than the choosing of a chair which will be decided by a simple majority on a show of hands) shall be decided by a poll. On a poll, every Securityholder or proxy who is present shall have one vote in respect of each £1 in outstanding nominal amount of the Securities held or represented by him. Any such resolution shall be duly passed if not less than three-quarters of the votes cast thereon are cast in favour.

A poll shall be taken in such manner as the chair directs and the result of the poll shall be deemed to be the resolution of the meeting.

Any director or officer of the Society and its professional advisers may attend and speak at any meeting of the Securityholders. Save as provided above, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any such meeting unless it is a Securityholder or is a proxy thereof.

15.4 ***Proxies***

A Securityholder entitled to attend a meeting of the Securityholders:

(a) may appoint one person (whether or not a Securityholder) as its proxy to attend and, on a resolution, to vote at such meeting in its place; and

(b) may direct the proxy how to vote at the meeting.

A proxy shall be appointed in the manner provided in Schedule 3 to the Agency Agreement.

15.5 ***Effect of resolution***

Any resolution passed at a meeting duly convened and held in accordance with these provisions shall be binding upon all the Securityholders whether or not present at the meeting and whether or not voting in favour and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence of the circumstances justifying the passing of the resolution.

15.6 ***Other matters***

Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Society and any minutes purporting to be signed by the chair of the meeting at which resolutions were passed or proceedings had shall be conclusive evidence of the matters contained in the minutes and until the contrary is proved every meeting in respect of the proceedings of which minutes have been so made and signed shall be deemed to have been duly held and convened and all resolutions passed or proceedings had to have been duly passed or had.

The accidental omission to send notice of a separate meeting or to send any document required to be sent with the notice or otherwise before the meeting to, or the non-receipt of notice of a separate meeting or any such document as aforesaid by, any person entitled to receive notices or documents shall not invalidate the proceedings at that meeting.

15.7 ***Written resolution***

A resolution may also be passed, without the need for a meeting of Securityholders, by way of a resolution in writing signed by or on behalf of Securityholders holding in aggregate not less than three-quarters in nominal amount of the Securities then outstanding. Such written resolution may be contained in one document or several documents in like form each signed by or on behalf of one or more such Securityholders. Any written resolution passed shall be binding upon all the Securityholders whether or not signing the written resolution and each of them shall be bound to give effect to the resolution accordingly, and the passing of any resolution shall be conclusive evidence of the circumstances justifying the passing of the resolution.

15.8 ***Notice***

Notice of any resolution duly passed by the Securityholders, whether at a meeting of Securityholders or by written resolution, shall be given in accordance with Condition 17 by the Society within 14 days of the passing of the resolution, provided that the non-publication of the notice shall not invalidate the resolution.

16 Further issues

The Society shall be at liberty from time to time without the consent of the Securityholders to create and issue further deferred shares either:

(a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the Securities ("**Further Securities**") or with any other series of outstanding deferred shares of the Society; or

(b) upon such other special terms of issue as the Society may at the time of issue determine (having regard to Condition 4.2).

17 Notices

All notices regarding the Securities shall be valid if sent by post to the Securityholders at their respective addresses in the Securities Register. Any such notice shall be deemed to have been given on the second Business Day following the mailing of such notice. For so long as the Securities are listed or admitted to trading on any stock exchange, such notice shall also be made available in any other manner required by the rules of such stock exchange then in effect.

18 Governing law and rights of third parties

The Securities and any non-contractual obligations arising out of, or in connection with, the Securities are governed by, and shall be construed in accordance with, English law.

No person shall have any right to enforce any term or condition of the Securities under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that act.

Subject to any overriding power under statute for the High Court to transfer particular proceedings to the County Court, section 85 of and Schedule 14 to the Act provide that, for a building society whose principal office is in England and Wales, no court other than the High Court in England shall have jurisdiction to hear and determine disputes between a building society and a member or a representative of a member in that capacity in respect of any rights or obligations arising from the rules of a building society (save for narrow exceptions where the rules may require arbitration for certain disputes relating to election addresses, requisitioned resolutions and requisitioned meetings) or the Act or any statutory instrument under the Act.

19 Agreement and acknowledgement with respect to the exercise of Bail-in Power

19.1 ***Recognition of Bail-in***

Notwithstanding and to the exclusion of any other term of the Securities or any other agreements, arrangements, or understandings between the Society and any Securityholder (or any person holding any interest in any Security), by its acquisition of any Security (or any interest therein), each Securityholder, and each holder of a beneficial interest in any Security, acknowledges and accepts that the Amounts Due arising under the Securities may be subject to the exercise of the Bail-in Power by the Resolution Authority, and acknowledges, accepts, consents and agrees to be bound by:

(a) the effect of the exercise of the Bail-in Power by the Resolution Authority, that may include and result in (without limitation) any of the following, or some combination thereof:

(i) the reduction of all, or a portion, of the Amounts Due;

(ii) the conversion of all, or a portion, of the Amounts Due on the Securities into shares, deferred shares (including core capital deferred shares), other securities or other obligations of the Society or another person (and the issue to or conferral on the Securityholder of such shares, deferred shares (including core capital deferred shares), securities or obligations), including by means of an amendment, modification or variation of the terms of the Securities;

(iii) the cancellation of the Securities; and

(iv) the amendment or alteration of the term of the Securities or amendment of the amount of interest payable on the Securities and/or the date on which interest becomes payable, including by suspending payment for a temporary period; and

(b) the variation of the terms of the Securities, as deemed necessary by the Resolution Authority, to give effect to the exercise of the Bail-in Power by the Resolution Authority.

19.2 ***Payment of interest and other outstanding Amounts Due***

No repayment or payment of Amounts Due on the Securities will become due and payable or be paid after the exercise of any Bail-in Power by the Resolution Authority, if and to the extent such amounts have been reduced, converted, cancelled, suspended (for so long as such suspension or moratorium is outstanding), amended or altered as a result of such exercise.

19.3 ***No default***

Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Society or another person, as a result of the exercise of the Bail-in Power by the Resolution Authority with respect to the Society, nor the exercise of the Bail-in Power by the Resolution Authority with respect to the Securities will be an event of default under these Conditions or otherwise or constitute a default for any purpose.

19.4 ***Notice to Securityholders***

Upon the exercise of the Bail-in Power by the Resolution Authority with respect to the Securities, the Society shall notify the Principal Paying Agent in writing of such exercise and give notice of the same to Securityholders in accordance with Condition 17. Any delay or failure by the Society in delivering any notice referred to in this Condition 19.4 shall not constitute a default or event of default for any purpose, nor shall it affect the validity and enforceability of the Bail-in Power or the consequences thereof.

19.5 ***Definitions***

For the purposes of this Condition 19:

"**Amounts Due**" means the outstanding principal amount of, together with any accrued and unpaid interest (to the extent not already cancelled in accordance with these Conditions), due, or which may become due or payable, on the Securities. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of Bail-in Power by the Resolution Authority;

"**Bail-In Legislation**" means Part I of the Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, building societies, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings);

"**Bail-in Power**" means the powers under the Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank, building society or investment firm or affiliate of a bank, building society or investment firm, to cancel, reduce, transfer, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability; and

"**Resolution Authority**" means the Bank of England or any successor thereto or replacement thereof and/or such other and/or additional authority or authorities in the United Kingdom with the ability to exercise the Bail-in Power in relation to the Society and/or the Securities.

20 Definitions and Interpretation

Interpretation

All references in these Conditions to any statute or any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such modification or re-enactment.

For the purpose of these Conditions, references to "**winding up or dissolution**" shall, to the extent consistent with the classification of the Securities as deferred shares pursuant to section 119 of the Act and the Deferred Shares Order, include any similar procedure (including building society insolvency, or a building society administration involving a distribution to creditors, pursuant to the Banking Act 2009) which has the effect of a winding up or dissolution.

Definitions

For the purpose of these Conditions:

"**Accounting Currency**" means Sterling or such other primary currency used in the presentation of the Society's accounts from time to time;

"**Accrual Date**" has the meaning ascribed thereto in Condition 5.1;

"**Act**" means the Building Societies Act 1986;

"**Additional Amounts**" has the meaning ascribed thereto in Condition 10;

"**Additional Tier 1 Capital**" has the meaning given to it (or any successor term) in the Capital Regulations from time to time;

"**Assets**" means the unconsolidated gross assets of the Society as shown in its latest published audited balance sheet, but adjusted for subsequent events in such manner as the directors of the Society may determine;

"**Assumed Breach**" has the meaning ascribed thereto in Condition 14.2;

"**Benchmark Gilt Reset Reference Rate**" means, in relation to a Reset Period, the percentage rate (rounded up (if necessary) to four decimal places) determined on the basis of the bid and offered yields of the Benchmark Gilt quoted by the Reset Reference Banks at 11.00 a.m. (London time) on the Reset Determination Date in relation to such Reset Period on a dealing basis for settlement on the next following Benchmark Gilt Dealing Day. Such quotations shall be obtained by or on behalf of the Society and provided to the Principal Paying Agent. If at least four quotations are provided, the Benchmark Gilt Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the quotations

provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Reset Reference Rate will be determined by reference to the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Reset Reference Rate will be deemed to be equal to the Benchmark Gilt Reset Reference Rate determined for the immediately preceding Reset Period or, in the case of the first Reset Period, 3.743 per cent. For these purposes:

"**Benchmark Gilt**" means, in respect of a Reset Period, such United Kingdom government security customarily used in the pricing of new issues with a similar tenor having a maturity date on or about the last day of such Reset Period as the Society, with the advice of an investment bank or independent financial adviser of international repute, may determine to be appropriate (following any then-current guidance published by the International Capital Market Association at the relevant time, if applicable); and

"**Benchmark Gilt Dealing Day**" means a day on which the London Stock Exchange plc (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities;

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

"**Calculation Agent**" means any calculation agent which may be appointed by the Society from time to time to determine any adjustment or adjustments to the Conversion Price;

"**Calculation Amount**" means £1,000 in nominal amount of Securities;

"**Capital Regulations**" means, at any time, any requirement or provision contained in the laws and regulations of the United Kingdom or the requirements, guidelines and policies of the Regulator (whether or not having the force of law) then in effect in the United Kingdom relating to capital adequacy (whether on a risk-weighted, leverage or other basis) and prudential supervision (including as regards the requisite features of own funds instruments) and/or to the resolution of credit institutions (including as regards any minimum requirement for own funds and eligible liabilities) and, in each case, applicable to the Society (or, where the context admits in Condition 13, any rules, requirements, guidelines and policies relating to capital adequacy and prudential supervision and applicable to the Successor Entity or the Qualifying Parent, as the case may be, in its jurisdiction of incorporation);

"**Capital Requirements Regulation**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (and amending Regulation (EU) No 648/2012) dated 26 June 2013 as it forms part of the laws of the United Kingdom by virtue of the EUWA ;

"**CCDS**" means Core Capital Deferred Shares of the Society;

"**CCDS holder**" means a holder of a CCDS;

"**Certificate**" has the meaning ascribed thereto in Condition 2.3;

"**CET1 Ratio**" means, at any time, each of (a) the ratio of Common Equity Tier 1 of the Society as at such time to the Risk Weighted Assets of the Society as at the same time, in each case calculated by the Society (or by the Regulator or an agent appointed by it for such purpose) on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation or any equivalent or similar law, rule or provision of the Capital Regulations then applicable to the Society) and expressed as a percentage;

and (b) the ratio of Common Equity Tier 1 of the Society as at such time to the Risk Weighted Assets of the Society as at the same time, in each case calculated by the Society (or by the Regulator or an agent appointed by it for such purpose) on a consolidated basis and expressed as a percentage, in each case as calculated in accordance with the then-prevailing Capital Regulations but without applying any transitional, phasing in or similar provisions if and to the extent the Regulator then requires them to be disregarded for the purpose of determining whether a Conversion Trigger has occurred;

"**Charity Assignee**" has the meaning ascribed thereto in Condition 1.3;

"**Common Equity Tier 1**" means, as at any time, the sum, expressed in the Accounting Currency, of all amounts that constitute common equity tier 1 capital of the Society as at such time, less any deductions from common equity tier 1 capital required to be made as at such time, in each case as calculated by the Society (or by the Regulator or an agent appointed by it for such purpose) on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation or any equivalent or similar law, rule or provision of the Capital Regulations then applicable to the Society) or, as the context requires, a consolidated basis, in each case as calculated in accordance with the then-prevailing Capital Regulations but without applying any transitional, phasing in or similar provisions (if any) if and to the extent the Regulator then requires them to be disregarded for the purpose of determining whether a Conversion Trigger has occurred;

"**common equity tier 1 capital**" has the meaning given to it (or any successor term) in the Capital Regulations from time to time;

"**Compliant Securities**" means deferred shares (within the meaning of section 119 of the Act) or other securities issued by the Society that:

(i) have terms not materially less favourable to an investor than the terms of the Securities (as reasonably determined by the Society in consultation with an Independent Adviser, and provided that a certificate to such effect (including as to such consultation) of two authorised signatories of the Society shall have been delivered to the Principal Paying Agent prior to the relevant variation or substitution of the Securities taking effect);

(ii) subject to (i) above, (1) are eligible as Additional Tier 1 Capital; (2) have the same principal amount as the nominal amount of the Securities and provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Securities; (3) rank at least *pari passu* with the ranking of the Securities; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Society as to repayment of the Securities, including (without limitation) as to timing of, and amounts payable upon, such repayment; (5) contain terms providing for the conversion or write-down of the principal amount of such securities only if such terms are not materially less favourable to holders of the securities than the corresponding provisions of the Securities; (6) are "hybrid capital instruments" for the purposes of Part 5 of the Corporation Tax Act 2009 (or benefit from equivalent treatment under any equivalent or replacement tax rules (if any) relevant to the entitlement of the Society to claim a deduction in computing its tax liabilities in respect of any payments made under, or funding costs recognised in its accounts in respect of, such securities; and (7) preserve any existing rights under these Conditions to any accrued and unpaid interest or other amounts which have not been paid or cancelled in accordance with these Conditions (but without prejudice to the ability of the Society to cancel such amounts under terms thereof substantially the same as the cancellation rights under these Conditions);

(iii) are listed and/or admitted to trading on the same stock exchange as that on which the Securities are, immediately prior to the relevant substitution or variation, listed and/or admitted to trading, or are listed and/or admitted to trading on such other internationally recognised stock exchange as selected by the Society; and

(iv) where the Securities had a published rating solicited by the Society from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced, or otherwise confirmed in writing, by each such relevant Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the Securities immediately prior to their substitution or variation.

"**Conversion**" has the meaning ascribed thereto in Condition 8.1;

"**Conversion Date**" means the date specified as such in the relevant Conversion Notice, which shall be not later than one month (or such shorter period as the Regulator may require) from the occurrence of the Conversion Trigger;

"**Conversion Notice**" has the meaning ascribed thereto in Condition 8.2;

"**Conversion Price**" has the meaning ascribed thereto in Condition 8.4;

"**Conversion Trigger**" has the meaning ascribed thereto in Condition 8.1;

"**Converted**" has the meaning ascribed thereto in Condition 8.1;

"**Current Market Price**" means, in respect of a CCDS as at a particular date, the volume weighted average price of the CCDS observed over the 5 dealing days ending on the dealing day immediately preceding such date; provided that if the Society or, if applicable, its appointed Calculation Agent is not able to obtain sufficient information over such 5 dealing days from a relevant screen page on Bloomberg, Reuters or another information service of recognised standing in order to determine such volume weighted average price, it shall request at least four reference banks (selected by the Society or, if appointed, the Calculation Agent in consultation with the Society) to provide it with quotations for (or a best estimate of quotations for) prices of trades in a representative amount of CCDS for each of the 5 dealing days. If one or more of the reference banks provide such quotations, the Current Market Price shall be the arithmetic mean of such quotations as determined by the Society or, if appointed, the Calculation Agent; if no such reference bank provides such quotations, the Current Market Price shall be determined in good faith by an Independent Adviser in its sole discretion;

"**Day-Count Fraction**" has the meaning ascribed thereto in Condition 5.1;

"**Deferred Shares Order**" means The Building Societies (Deferred Shares) Order 1991;

"**dealing day**" means:

(i) (unless (ii) below applies) a day on which the London Stock Exchange plc is open for business and on which the CCDS may be dealt in (other than a day on which the London Stock Exchange plc is scheduled to or does close prior to its regular weekday closing time); or

(ii) if, at the relevant time, the CCDS are not admitted to the London Stock Exchange plc but are listed or admitted to trading on another stock exchange or market, a day on which such other stock exchange or market (or, if listed or admitted to trading on more than one stock exchange or market, the stock exchange or market which represents the primary listing or admission) is open for business and on which the CCDS may be dealt in (other than a day on which such stock exchange or market is scheduled to or does close prior to its regular weekday closing time);

"**Distributable Items**" has the meaning ascribed thereto in Condition 6.2;

"**Distribution**" means any distribution on, or repayment in part of the nominal amount of, a CCDS, in each such case, made by the Society in cash (whatever the currency);

"**EUWA**" means the European Union (Withdrawal) Act 2018;

"**Effective Date**" has the meaning ascribed thereto in Condition 8.5(c);

"**Excluded Dissolution**" means each of (i) a winding up or dissolution of the Society for the purpose of a reconstruction, union, transfer, merger or amalgamation or the substitution in place of the Society of a successor in business, the terms of which reconstruction, union, transfer, merger or amalgamation or the substitution (x) have previously been approved by the Securityholders in accordance with Condition 15 and (y) do not provide that the Securities shall thereby become repayable in accordance with these Conditions, and (ii) a dissolution of the Society by virtue of the amalgamation and transfer provisions set out in sections 93, 94 and 97 of the Act, or by virtue of a transfer pursuant to an order made under section 3 of the Mutual Societies Transfers Act;

"**Existing PIBS**" means those outstanding of the Society's (i) £400,000,000 5.769 per cent. Permanent Interest Bearing Shares (originally issued by the Society in 2004); (ii) £125,000,000 6.25 per cent. Permanent Interest Bearing Shares (originally issued by the Portman Building Society in 2003); (iii) £100,000,000 7.859 per cent. Permanent Interest Bearing Shares (originally issued by the Society in 2000); and (iv) £10,000,000 Floating Rate Permanent Interest Bearing Shares (originally issued by the Cheshire Building Society in 1994);

As at the Issue Date, approximately £170,717,000 in aggregate nominal amount of the Existing PIBS remains outstanding. On 23 August 2024, the Society gave notice exercising its right to redeem all of the remaining outstanding 6.25 per cent. Permanent Interest Bearing Shares (originally issued by Portman Building Society) on 22 October 2024. Following such redemption, approximately £126,951,000 in aggregate nominal amount of the Existing PIBS will remain outstanding.

"**Financial Year**" means the financial year of the Society (being the one-year period in respect of which it prepares annual audited financial statements) from time to time, which as at the Issue Date runs from (and including) 5 April in one calendar year to (but excluding) the same date in the immediately following calendar year;

"**First Reset Date**" means 20 June 2031;

"**FSMA**" means the Financial Services and Markets Act 2000;

"**Further Securities**" has the meaning ascribed thereto in Condition 16(a);

"**Independent Adviser**" means an independent financial institution or independent adviser (which, for the avoidance of doubt, may (but need not) be any appointed Calculation Agent) with appropriate expertise in the context of its appointment, appointed by the Society at its own expense;

"**Initial Interest Rate**" has the meaning ascribed thereto in Condition 5.4;

"**Interest Payment Date**" means 20 June and 20 December in each year, starting on (and including) 20 December 2024;

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the Initial Interest Rate and/or the applicable Reset Interest Rate, as the case may be;

"**Issue Date**" means 16 September 2024;

"**Junior Obligations**" has the meaning ascribed thereto in Condition 4.2;

"**Liabilities**" means the unconsolidated gross liabilities of the Society as shown in its latest published audited balance sheet, but adjusted for contingent liabilities and for subsequent events in such manner as the directors of the Society may determine;

"**Margin**" means 3.852 per cent. per annum;

"**Maximum Distributable Amount**" has the meaning ascribed thereto in Condition 6.2;

"**Mutual Societies Transfers Act**" means the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007;

"**Parity Obligations**" has the meaning ascribed thereto in Condition 4.2;

"**PRA Rulebook**" means the PRA Rulebook as it applies to CRR firms (as defined therein) maintained by the Regulator, as amended or replaced from time to time;

"**Principal Paying Agent**" means Citibank, N.A., London Branch or such other principal paying agent appointed by the Society from time to time in respect of the Securities;

"**Qualifying Parent**" has the meaning given in Condition 13.2;

"**Qualifying Parent Securities**" has the meaning given in Condition 13.2;

"**Rating Agency**" means any of Moody's Investors Service Limited, S&P Global Ratings UK Limited, Fitch Ratings Limited and each of their respective affiliates or successors;

"**Record Date**" has the meaning ascribed thereto in Condition 9.1(ii);

"**Reference Date**" means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Securities have been issued pursuant to Condition 16(a);

"**Registrar**" means Citibank, N.A., London Branch or such other registrar appointed by the Society from time to time in respect of the Securities;

"**Regulator**" means the UK Prudential Regulation Authority, the Bank of England and/or any successor or replacement thereto or such other authority or authorities in the United Kingdom or elsewhere having primary responsibility for the prudential oversight and supervision of, or resolution matters in relation to, the Society, as applicable;

"**Regulatory Event**" has the meaning ascribed thereto in Condition 7.4;

"**Relevant Date**" means whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received by the Registrar, the Principal Paying Agent or another registrar or agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Securityholders;

"**Relevant Tax Jurisdiction**" has the meaning ascribed thereto in Condition 10;

"**Reset Date**" means the First Reset Date and each date that falls five, or an integral multiple of five, years following the First Reset Date;

"**Reset Determination Date**" means, in relation to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

"**Reset Interest Rate**" means, in relation to a Reset Period, the sum of: (a) the Benchmark Gilt Reset Reference Rate in relation to that Reset Period; and (b) the Margin;

"**Reset Period**" means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date;

"**Reset Reference Banks**" means five leading gilt dealers in the principal interbank market relating to pounds sterling selected by the Society and notified in writing to the Principal Paying Agent;

"**Risk Weighted Assets**" means, as at any time, the aggregate amount, expressed in the Accounting Currency, of the risk weighted assets of the Society as at such time, as calculated by the Society (or by the Regulator or an agent appointed by it for such purpose) on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation or any equivalent or similar law, rule or provision of the Capital Regulations then applicable to the Society) or, as the context requires, a consolidated basis, in each case in accordance with the then-prevailing Capital Regulations but without applying any transitional, phasing in or similar provisions (if any) if and to the extent the Regulator then requires them to be disregarded for the purpose of determining whether a Conversion Trigger has occurred;

"**Securities**" has the meaning given in the preamble to these Conditions, and "**Security**" shall be construed accordingly;

"**Securityholder**" means a person whose name and address is entered in the Securities Register as the holder of Securities or, in the case of a joint holding of Securities, the first person whose name is entered in the Securities Register in respect of the joint holding of the Securities (and the term "**holder**" in respect of a Security shall be construed accordingly);

"**Securities Register**" means the records of the Society maintained by the Registrar for the purposes of the Securities;

"**Senior Obligations**" has the meaning ascribed thereto in Condition 4.2;

"**Society Conversion Benefits**" has the meaning ascribed thereto in Condition 1.3;

"**Solvency Test**" has the meaning ascribed thereto in Condition 4.4;

"**Sterling**" or "**£**" means British pounds sterling;

"**Subsidiary**" means each subsidiary undertaking (as defined under section 119 of the Act) for the time being of the Society;

"**Taxes**" has the meaning ascribed thereto in Condition 10;

"**Tax Event**" has the meaning ascribed thereto in Condition 7.3;

"**Tax Law Change**" has the meaning ascribed thereto in Condition 7.3;

"**Tier 1 Capital**" has the meaning given to it (or any successor term) in the Capital Regulations from time to time; and

"**Tier 2 Capital**" has the meaning given to it (or any successor term) in the Capital Regulations from time to time.

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE

The following is a summary of the provisions to be contained in the Agency Agreement and in the Global Certificate which will apply to, and in some cases modify the effect of, the Conditions while the Securities are represented by the Global Certificate:

1. EXCHANGE OF THE GLOBAL CERTIFICATE AND REGISTRATION OF TITLE

Registration of title to Securities in a name other than that of the Nominee will be permitted only if:

(i) both Euroclear and Clearstream, Luxembourg (or, if the Securities are then cleared in one or more other clearing systems, all of the clearing systems in which the Securities are then cleared) have closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or do in fact do so and no successor clearing system is available; or

(ii) the Society has or will become subject to adverse tax consequences which would not be suffered were the Securities represented by definitive Certificates.

If the circumstances in paragraph (i) above occur, the Nominee (acting on the instructions of one or more of the Accountholders (as defined below)) may give notice to the Society and the Registrar of its intention to exchange the Global Certificate for definitive Certificates on or after the Exchange Date (as defined below).

If the circumstances in paragraph (ii) above occur, the Society may give notice to the Nominee and the Registrar requiring exchange of the Global Certificate for definitive Certificates on or after the Exchange Date.

References herein to "**Accountholders**" are to each person (other than Euroclear and Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of Securities (in which regard any certificate or other document issued by that clearing system as to the nominal amount of Securities standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes).

On the Exchange Date, the Nominee shall surrender the Global Certificate to, or to the order of, the Registrar for exchange for definitive Certificates. Upon exchange of the Global Certificate, the Registrar will make appropriate entries in the Securities Register and will, as soon as reasonably practicable and in any event within 14 days following the Exchange Date, deliver, or procure the delivery of, definitive Certificates to (or to the order of) the Nominee in minimum nominal amounts of £200,000 and integral multiples of £1,000 in excess thereof printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of the Global Certificate, the Society will procure that it is cancelled and, if the Nominee so requests, returned to the Nominee together with the relevant definitive Certificates.

For these purposes, "**Exchange Date**" means a day specified in the relevant notice requiring exchange falling not less than 10 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Registrar is located.

Accountholders will have no right to require delivery of definitive Certificates representing their interests in any Securities or to be entered as a Securityholder on the Securities Register except in the circumstances described in this paragraph 1.

2. PAYMENTS

Payments due in respect of Securities represented by the Global Certificate shall be made by the Registrar or the Principal Paying Agent (or otherwise by or on behalf of the Society) to, or to the order of, the Nominee. A

record of each payment made in respect of Securities represented by the Global Certificate will be endorsed on the appropriate part of the schedule to the Global Certificate by or on behalf of the Registrar, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Securities.

Payment by the Registrar or the Principal Paying Agent (or otherwise by or on behalf of the Society) to or to the order of the Nominee as aforesaid will discharge the obligations of the Society in respect of the relevant payment under the Securities. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to or to the order of the Nominee.

3. TRANSFERS

Transfers of book-entry interests in the Securities will be effected through the records of Euroclear and Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants.

The Society shall have no responsibility or liability for any aspect of the records of any clearing system or for maintaining, supervising or reviewing any such records.

4. NOTICES

For so long as the Securities are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices may be given to the Securityholders by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant Accountholders in substitution for despatch and service as required by Condition 17. Such notice shall be deemed to have been given on the date of delivery of the notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for such communication.

5. MEETINGS; MEMBERSHIP RIGHTS WHILST THE SECURITIES ARE HELD THROUGH EUROCLEAR AND/OR CLEARSTREAM, LUXEMBOURG

Save as provided in paragraph 1 above, investors will hold their interests in the Securities directly or indirectly through Accountholders with Euroclear and Clearstream, Luxembourg and will not themselves be entered on the Securities Register as holder of the relevant Securities. Instead, the holder entered on the Securities Register for such Securities shall be the Nominee and the Accountholders' holdings of interests in such Securities will be recorded in the internal records of Euroclear and/or Clearstream, Luxembourg, as the case may be.

This means that Accountholders (and persons holding interests in the Securities via an Accountholder) will not themselves be members of the Society and, accordingly, will not be entitled to vote at any general meeting of the members of the Society or in a postal ballot or to any other similar membership rights. Instead, the members' rights attaching to the Securities held through Euroclear and Clearstream, Luxembourg will be held solely by the Nominee. Such Nominee will be entered in the Securities Register as the holder of such Securities, and will be entitled to exercise the voting and other members' rights attributable to such Securities. Each member of the Society has one vote at any general meeting of the members of the Society. Accordingly, the Nominee will be entitled to exercise one vote at any such meeting, regardless of the nominal amount of Securities held by it (and regardless also of the size and number of other relevant investments or interests (if any) conferring membership rights which the Nominee may have in the Society).

Given the difficulty of casting the single vote at a general meeting of the members of the Society in a manner which reflects the views of all Accountholders and the insignificance of that vote in the context of all the votes which may be cast by members of the Society, the Nominee has informed the Society that it does not intend to exercise its vote insofar as it relates to its holding of Securities.

At a separate meeting of Securityholders only, the Nominee will have one vote per £1 in nominal amount of Securities outstanding and will act on the instructions of one or more Accountholders received by it through Euroclear or Clearstream, Luxembourg, as the case may be. The Agency Agreement contains provisions

relating to the convening and conduct of such meetings of Securityholders. Those provisions include arrangements pursuant to which an Accountholder (or a person holding interests in Securities via an Accountholder) will be able (i) to attend any such meeting and cast the votes attributable to its Securities, or (ii) otherwise to direct (including by way of electronic consents) how the votes attributable to its Securities shall be cast at such meeting. For these purposes, notwithstanding the provisions of Condition 15.4(a), the Nominee shall be entitled to appoint one or more persons as its proxy or proxies to attend, speak and, on a resolution, vote at a meeting of Securityholders. Each proxy shall be appointed in respect of such nominal amount of Securities specified by the Nominee (provided that no two proxies can be appointed in respect of the same Securities).

The Agency Agreement also contains provisions for the passing of resolutions, without the need for a meeting of Securityholders, by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) by or on behalf of Securityholders holding in aggregate not less than three-quarters of the aggregate nominal amount of Securities for the time being outstanding.

As Accountholders (and persons holding interests in Securities via an Accountholder) will not be members of the Society, they will also not be entitled to any Society Conversion Benefits (including any rights to windfall payments) arising on a demutualisation or merger of the Society. Any Society Conversion Benefits arising on a demutualisation or merger of the Society will belong instead to the Nominee, as the registered holder of the Securities in the Securities Register. The Nominee will, on or prior to the issue date of the Securities, irrevocably agree to assign to The Nationwide Foundation (or such other charity nominated by the Society from time to time pursuant to any scheme for charitable assignment established by the Society for the time being) any Society Conversion Benefits.

6. CONVERSION

Any Conversion of Securities held in Euroclear or Clearstream, Luxembourg will be effected in accordance with the procedures set out in the Conversion Notice referred to in Condition 8.2 and otherwise in accordance with the relevant procedures of Euroclear and Clearstream, Luxembourg.

7. SUBSTITUTION OF THE SECURITIES FOR COMPLIANT SECURITIES

Any substitution of the Securities for Compliant Securities under Condition 7.5 will be effected in accordance with the procedures set out in the notice of substitution given by the Society to the Securityholders under that Condition and otherwise in accordance with the relevant procedures of Euroclear and Clearstream, Luxembourg.

8. PRESCRIPTION

Claims against the Society in respect of any amounts payable in respect of the Securities represented by the Global Certificate will be prescribed after 12 years from the due date and shall revert to the Society.

9. PURCHASE AND CANCELLATION

Cancellation of any Securities purchased and surrendered for cancellation in accordance with Condition 7 will be effected by a corresponding reduction in the nominal amount of Securities represented by the Global Certificate and upon the Registrar making appropriate entries in the Securities Register.

10. RECORD DATE

For so long as all Securities are held in Euroclear and Clearstream, Luxembourg, the Record Date shall be determined in accordance with Condition 9, provided that the words "fifteenth day" shall be deemed to be replaced with "ICSD Business Day" (where "**ICSD Business Day**" means a day on which Euroclear and Clearstream, Luxembourg are open for business).

11. DIRECT RIGHTS

Subject as follows, upon a breach of contract by the Society (which shall, for the purposes of this paragraph "*Direct Rights*", include a Securityholder becoming entitled to bring any action against the Society as contemplated by Condition 14.2) or upon a winding up or dissolution of the Society, each Accountholder at the time of such breach or (as the case may be) at commencement of such winding up or dissolution (each a "**Relevant Person**") shall (for the purpose only of bringing an action for such breach of contract or, as the case may be, claiming in the winding up or dissolution of the Society in accordance with Condition 4) acquire against the Society all those rights ("**Direct Rights**") which such Relevant Person would have had if, at the time of the relevant breach of contract or (as the case may be) at commencement of such winding up or dissolution, such Relevant Person had been identified in the Securities Register as the registered holder of such nominal amount of Securities (the "**Underlying Securities**") as is equal to the nominal amount of Securities which are credited to such Relevant Person's securities account with Euroclear or Clearstream, Luxembourg at such time.

The Relevant Persons will acquire such Direct Rights only in the circumstances and for the purposes described in the preceding paragraph and for no other purpose. Such Direct Rights will be acquired in lieu and to the exclusion of the corresponding rights of the Nominee in respect of the relevant Securities. Direct Rights will be acquired automatically at the time of the relevant breach of contract or (as the case may be) at commencement of the winding up or dissolution, without the need for any further action on behalf of any person. The Global Certificate will be executed by the Society as a deed, which shall take effect as a deed poll for the benefit of the Relevant Persons to enable them to exercise their Direct Rights as described herein. The Society's obligations to Relevant Persons as described herein shall be a separate and independent obligation to each Relevant Person by reference to each Underlying Security of such Relevant Person, and the Society agrees that a Relevant Person may assign such Direct Rights in whole or in part.

The records of Euroclear and Clearstream, Luxembourg shall be conclusive evidence of the identity of the Relevant Persons and the nominal amount of Underlying Securities credited to the securities account of each Relevant Person. For these purposes, a statement issued by Euroclear and/or Clearstream, Luxembourg (as applicable) stating the name of the Relevant Person to which the statement is issued and the nominal amount of Underlying Securities credited to the securities account of such Relevant Person as at the opening of business on the first business day following the time of the relevant breach of contract or (as the case may be) at commencement of the winding up or dissolution, shall be conclusive evidence of the records of the relevant clearing system at the time of the relevant breach of contract or (as the case may be) at commencement of the winding up or dissolution.

12. EUROCLEAR AND CLEARSTREAM, LUXEMBOURG

References in the Global Certificate and this summary to Euroclear and Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved for the purposes of the Securities by the Registrar.

13. SUCCESSION AND TRANSFERS

Upon a transfer by the Society of the whole of its business to a Successor Entity in accordance with Condition 13.2, the Nominee will (unless otherwise agreed as part of the terms of the transfer at the relevant time) direct that the Bonds or, as the case may be, Qualifying Parent Securities to be delivered to it shall instead be delivered directly to (or to the order of) the Accountholders as if those Accountholders had, at the vesting date, held in definitive form the nominal amount of Securities corresponding to their book-entry interests in the Securities held in Euroclear and Clearstream, Luxembourg at that time.

CERTAIN PROVISIONS OF THE ACT AND REQUIREMENTS OF THE SUPERVISORY AUTHORITY

1. AMALGAMATION

Section 93 of the Act permits a building society to amalgamate with one or more building societies by establishing a building society as their successor. Amalgamation requires a shareholding members' resolution passed by the shareholding members of each amalgamating society and a borrowing members' resolution (each as defined in Schedule 2 to the Act) of the borrowing members of each amalgamating society, as well as confirmation of amalgamation by the PRA or its successor (the "**Supervisory Authority**"). The Act provides that on the date specified by the Supervisory Authority all of the property, rights and liabilities (which, in the case of the Society, would include the Securities) of each of the societies shall by virtue of the Act be transferred to and vested in the successor, whether or not otherwise capable of being transferred or assigned. In the event of such an amalgamation by the Society with another building society or societies, the Securities would, pursuant to their terms, become deferred shares in the successor building society without any alteration of their terms, except as set out in Condition 13.1 and Condition 13.3.

2. TRANSFER OF ENGAGEMENTS

Section 94 of the Act permits a building society to "transfer its engagements to any extent" to another building society which undertakes to fulfil such engagements. A transfer requires approval by a shareholding members' resolution and a borrowing members' resolution of each of the transferor society and the transferee society. However, the resolutions of the transferee society are not required if the Supervisory Authority consents to the transfer proceeding by a resolution of its board of directors only. The Supervisory Authority may also direct the transfer by a resolution of the board of directors of the transferee society only in certain circumstances. The transfer must be confirmed by the Supervisory Authority. The Act provides that on the date specified by the Supervisory Authority and to the extent provided in the instrument of transfer, the property, rights and liabilities of the transferor society shall by virtue of the Act be transferred to and vested in the transferee society, whether or not otherwise capable of being transferred or assigned. In the event of a transfer of all or substantially all of the Society's engagements (including the Securities) of the Society, the Securities would, pursuant to their terms, become deferred shares in the transferee without any alteration of their terms, except as set out in Condition 13.1 and Condition 13.3.

3. TRANSFER OF BUSINESS

Sections 97 to 102D of the Act permit a building society to transfer the whole of its business to a company which has been specially formed by the society wholly or partly for the purpose of assuming and conducting the society's business in its place or is an existing company which is to assume and conduct the society's business in its place. In addition, the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007 (the "**Mutual Societies Transfers Act**") permits a building society to transfer the whole of its business to a company that is a subsidiary of a mutual society (as defined in the Mutual Societies Transfers Act) and in such cases sections 97 to 102D of the Act are amended pursuant to orders made under section 3 of the Mutual Societies Transfers Act to reflect that the relevant company is a subsidiary of a mutual society.

The transfer must be approved by a requisite shareholding members' resolution, in accordance with Schedule 2, paragraph 30(2)-(5) of the Act, passed by shareholding members and by a borrowing members' resolution passed by borrowing members, unless in certain circumstances the Supervisory Authority directs the transfer to proceed by a resolution of the transferor society's board of directors only. The society must also obtain the confirmation of the Supervisory Authority to the transfer and its terms. If the Supervisory Authority confirms the transfer, then the Act provides that on the vesting date (as defined in the Act) all of the property, rights and liabilities (which would include the Securities) of the transferor society, whether or not capable of being transferred or assigned, shall by virtue of the Act and in accordance with the transfer regulations (then in force) be transferred to and vested in the successor. Pursuant to section 100(2)(a) of the Act, the Securities would be converted into deposits with the successor. Condition 13.2 provides that the deposits will be subordinated and

will be applied in the subscription of perpetual subordinated bonds of the successor, subject as provided therein.

Where, in connection with any transfer, rights are to be conferred on members of the Society to acquire shares in priority to other subscribers, the right is restricted to shareholding members of the Society who have held their shares throughout the period of two years expiring on a qualifying day specified by the Society in the transfer agreement. Also, all shareholding members' shares are converted into deposits with the successor. On any such transfer, shareholding members of the Society who were members on the qualifying date but not entitled to vote on the transfer resolution will receive a cash bonus equal to their notional share (if any) of the reserves of the Society. If the transfer is to an existing company, any distribution of funds (apart from the statutory cash bonus referred to above) may only be made to certain shareholding members of the Society who have held their shares for at least two years expiring on a qualifying day specified by the Society in the transfer agreement.

In the case of a transfer to a subsidiary of a mutual society, then pursuant to sections 97 to 102D of the Act as amended pursuant to orders made under section 3 of the Mutual Societies Transfers Act, qualifying members and persons who after the transfer become customers of the relevant successor company are entitled to receive membership in the mutual society (or if relevant a parent undertaking) which must be on no less favourable terms than those enjoyed by existing members of that mutual society (or if relevant that parent undertaking). There is no requirement for qualifying members to have at least two years standing to receive such membership. Qualifying members may also be granted rights in relation to shares in the relevant successor company and/or a distribution of funds and there is no requirement for qualifying members to have at least two years standing to receive such a distribution of funds.

4. DIRECTED TRANSFERS

The Act confers power on the Supervisory Authority, if it considers it expedient to do so in order to protect the investments of shareholders or depositors, to direct a building society to transfer all of its engagements to one or more other building societies or to transfer its business to an existing company. The Financial Services Act 2012 also amended the Act to extend this power of direction to a transfer of a building society's business to an existing or specially formed company that is a subsidiary of another mutual society (as defined in section 3 of the Mutual Societies Transfers Act). Where any such direction is made, the Supervisory Authority may also, if it considers it expedient to do so in order to protect the investments of shareholders or depositors, direct that such transfer may proceed on the basis of a resolution of the board of directors of the building society, without the need for member approval.

In the case of a directed transfer, the Securities would be treated in the same way as on a transfer of engagements, transfer of business to a company or transfer to the subsidiary of another mutual as applicable for the purposes of Conditions 13.1 and 13.2.

5. GENERAL

The Society may, as a result of an amalgamation, transfer of engagements or transfer of business as described above, be replaced as the principal debtor, under all or some of the Securities, by an entity substantially different in nature from the Society at present or with a substantially different capital position. In all cases, the confirmation of the Supervisory Authority is required before any such change can take place.

USE OF PROCEEDS

The net proceeds of the issue of the Securities will be used by the Society to strengthen its regulatory capital base and for general business purposes consistent with the Society's principal purpose as a UK building society. The Society may also use a portion of the net proceeds of the issue of the Securities to acquire companies or assets that are complementary to its business.

DESCRIPTION OF THE SOCIETY

For information regarding the Society and its business, please see the following sections of the Registration Document, as incorporated by reference in this Offering Circular:

Recent Developments

Update on the Virgin Money Acquisition

On 21 March 2024, the Society published the Acquisition Announcement (as defined and incorporated by reference in this Offering Circular) announcing the terms of the recommended cash acquisition of the entire issued and to be issued share capital of Virgin Money by Nationwide (the "**Virgin Money Acquisition**" or the "**Acquisition**"). Defined terms used and not defined in this section have the meanings given in the Acquisition Announcement.

The Acquisition is to be implemented by means of a scheme of arrangement between Virgin Money and its shareholders under Part 26 of the Companies Act (the "**Scheme**") and is subject to the terms and conditions set out in the scheme document relating to the Acquisition (the "**Scheme Document**").

The Acquisition was approved by Virgin Money Shareholders at the Shareholder Meetings held on 22 May 2024, and it was announced on 19 July 2024 that the UK CMA had given its approval of the Acquisition.

On 6 September 2024, the Society announced that on 6 September 2024 the FCA and the PRA each gave written notice to Nationwide approving each acquisition of control in respect of a UK authorised person contemplated by the Acquisition. As all relevant regulatory approvals have now been received, Virgin Money will proceed to seek the sanction of the Scheme by the Court.

The Acquisition will not require any immediate changes to the capital structure of the Virgin Money Group or the Combined Group as a whole. The PRA has confirmed that it intends to apply sub-consolidated prudential requirements to Virgin Money until 31 December 2028, which means that the outstanding externally held own funds issued by Virgin Money will, subject to applicable deductions, be eligible to meet the consolidated capital requirements applicable to the Combined Group. The Bank of England has also confirmed that it intends to exercise its discretion to treat the outstanding externally held eligible liabilities, additional tier 1 and tier 2 instruments issued by Virgin Money as eligible to meet the consolidated MREL requirements applicable to the Combined Group until 31 December 2028. Nationwide and Virgin Money intend to simplify and align their capital structures over time as part of broader integration planning.

Muir Mathieson was appointed Chief Financial Officer and executive director of Nationwide with effect from 6 September 2024. Chris Rhodes stood down from the Nationwide board with immediate effect on that same date, and will spend the period until Completion preparing to become the Chief Executive Officer of Virgin Money (such appointment taking effect on the Effective Date).

The Scheme remains subject to certain other conditions including sanction by the Court at the Court Hearing (expected to take place on 27 September 2024) and the delivery of a copy of the Court Order to the Registrar of Companies. Subject to the Scheme receiving the sanction of the Court on the expected date and the delivery of a copy of the Court Order to the Registrar of Companies and the satisfaction or (if capable of waiver) the waiver of the remaining Conditions to the Scheme (as set out in the Scheme Document) the Scheme is expected to become Effective on 1 October 2024.

TAXATION

UNITED KINGDOM TAXATION

The following is a summary of the Society's understanding of current United Kingdom law as applied in England and Wales and published HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs) relating to certain aspects of the United Kingdom taxation of the Securities. The summary relates only to certain limited aspects of the United Kingdom taxation treatment of the Securities and of the CCDS which are potentially applicable to all prospective Securityholders. Some aspects do not apply to certain classes of taxpayer (such as dealers and persons connected with the Society). The statements below assume that there will be no substitution of the Society and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the Conditions). The United Kingdom tax treatment of prospective Securityholders depends on their individual circumstances and may be subject to change in the future. Prospective Securityholders who are in any doubt as to their tax position should seek their own professional advice.

1. INTEREST ON THE SECURITIES

Payments of interest on the Securities may be made without deduction of or withholding on account of United Kingdom income tax provided that the Securities are and continue to be Quoted Eurobonds within the meaning of section 987 of the Income Tax Act 2007 (the "**ITA 2007**"). The Securities will be "**Quoted Eurobonds**" as long as they are and continue to be admitted to trading on a multilateral trading facility operated by a recognised stock exchange that is regulated in the United Kingdom within the meaning of section 987 of the ITA 2007. The ISM is a "multilateral trading facility" for this purpose. It is operated by the London Stock Exchange which is recognised stock exchange regulated in the United Kingdom. In all other cases, interest on securities which are listed or capable of being listed on a recognised stock exchange at the time the interest or other distribution became payable will generally be paid by the Society under deduction of United Kingdom income tax at the basic rate, subject to the availability of other reliefs or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

Interest on the Securities constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding. However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not generally be chargeable to United Kingdom tax in the hands of a Securityholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Securityholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch, agency or permanent establishment in connection with which the interest is received or to which the Securities are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency, or permanent establishment. In addition, there are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Securityholders.

2. DISTRIBUTIONS ON THE CCDS

The Society will not be required to withhold UK tax at source from distributions paid on the CCDS.

3. STAMP DUTY AND STAMP DUTY RESERVE TAX

No United Kingdom stamp duty or stamp duty reserve tax ("**SDRT**") should be payable in the UK on the issue of the Securities into Euroclear and Clearstream, Luxembourg or on the write down of the Securities on a Conversion. Provided no election that applies to the Securities is or has been made under section 97A of the Finance Act 1986 (a "**97A election**") by Euroclear or Clearstream, Luxembourg, no stamp duty or SDRT should be payable on their transfer within that Clearing System, without an instrument of transfer. However, if a 97A election were to apply to the Securities in the future, transfers of the Securities within the Clearing

Systems could, unless an exemption applies, be subject to SDRT, generally at the rate of 0.5 per cent. of the consideration given under the agreement to transfer the Securities.

If definitive Certificates are issued in respect of the Securities, stamp duty and/or SDRT may be payable on a transfer of, or an agreement to transfer Securities, generally at the rate of 0.5 per cent. of the consideration given under the agreement to transfer Securities (or 0.5 per cent. of the consideration for the transfer rounded up to the nearest £5 in the case of stamp duty). Any such charge to SDRT would be discharged if stamp duty is duly paid on the instrument transferring Securities in definitive form, within six years of the date of the agreement.

The SDRT and stamp duty charges referred to above that may arise on transfers of the Securities whether within or outside the Clearing Systems should not apply if the Securities are "hybrid capital instruments" taxable under the hybrid capital instruments tax regime in Chapter 12, Part 5 of the Corporation Tax Act 2009 (the "**HCI Rules**"). The Securities will be taxable under the HCI Rules if at the time of the transfer of or agreement to transfer the Securities: (a) the Society has made an election within six months of the date on which the Securities are issued for the HCI Rules to apply to them (an "**Election**"), and (b) the Society has not issued the Securities in connection with any arrangements which have as their main purpose or one of their main purposes securing a tax advantage for the Society or for any other person (a "**Tax Advantage Scheme**"). The Society intends to make an Election on or around the date of issue of the Securities and the Society does not consider that the Securities are being issued as part of a Tax Advantage Scheme.

No stamp duty or SDRT should be payable in the UK on the issue of CCDS into the Clearing Systems on a Conversion. Provided no 97A election is or has been made by a Clearing System that applies to CCDS, no stamp duty or SDRT should be payable in the UK on the transfer of CCDS within that Clearing System, without an instrument of transfer. However, if a 97A election were to apply to CCDS in the future, transfers of CCDS within the Clearing Systems could, unless an exemption applies, be subject to SDRT at the rate of 0.5 per cent. of the consideration given under the agreement to transfer CCDS. If definitive CCDS certificates are issued, stamp duty and/or SDRT may be payable on a transfer of, or an agreement to transfer CCDS, generally at the rate of 0.5 per cent. of the consideration given under the agreement to transfer CCDS (or 0.5 per cent. of the consideration for the transfer rounded up to the nearest £5 in the case of stamp duty). Any such charge to SDRT would be discharged if stamp duty is duly paid on the instrument transferring CCDS in definitive form, within six years of the date of the agreement.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting or related requirements. The Society is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Securities.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated 12 September 2024 and entered into between the Society (as issuer of the Securities) and Barclays Bank PLC, Citigroup Global Markets Limited, J.P. Morgan Securities plc, NatWest Markets Plc and UBS AG London Branch (together, the "**Joint Bookrunners**"), the Joint Bookrunners have agreed with the Society, subject to the satisfaction of certain conditions, jointly and severally to subscribe for, or procure subscribers for, the Securities at the issue price of 100.000 per cent. of their nominal amount. The Society has agreed to pay the Joint Bookrunners a commission if the Securities are issued. The Society has also agreed to pay certain of the Joint Bookrunners' expenses.

The Joint Bookrunners are entitled to terminate the Subscription Agreement in certain circumstances prior to payment to the Society. The Society has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the issue and offering of the Securities.

The Joint Bookrunners and their affiliates may have engaged, and may in future engage, in investment banking and/or commercial banking transactions with, and may perform services to members of the Group and their respective affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. The Joint Bookrunners and their affiliates may have positions, deal or make markets in the Securities, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Society, other members of the Group and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities the Joint Bookrunners and/or their affiliates may make or hold a broad array of investments and actively trade securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Society or its affiliates. Joint Bookrunners or their affiliates that have a lending relationship with the Society routinely hedge their credit exposure to the Society consistent with their customary risk management policies. Typically, such persons would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities. Any such short positions could adversely affect future trading prices of the Securities. The Joint Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United States

The Securities and the CCDS into which they may convert have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Bookrunner has represented and agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all of the Securities, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act, and it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Securities are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA retail investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Securities to any retail investor in the European Economic Area. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(ii) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or

(iii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Offering Circular to any retail investor in the United Kingdom. For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Each Joint Bookrunner has further represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA would not, if the Society was not an authorised person, apply to the Society; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

Canada

Each Joint Bookrunner has represented and agreed that the Securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a

misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Republic of Italy

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Securities to any investor in Italy.

Singapore

Each Joint Bookrunner has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4(A) of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

General

No representation has been made that any action has been or will be taken by the Society or any of the Joint Bookrunners that would permit a public offer of the Securities, or possession or distribution of this Offering Circular (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Securities may not be, directly or indirectly, offered or sold in any country or jurisdiction where action for that purpose is required. Accordingly, the Securities may not, directly or indirectly, be offered or sold, and neither this Offering Circular nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or from, or published in, any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Neither the Society nor any of the Joint Bookrunners represents that the Securities may at any time lawfully be sold in or from any jurisdiction (other than in or from the United Kingdom) in compliance with any applicable registration requirements or pursuant to an exception available thereunder or assumes any responsibility for facilitating such sales.

GENERAL INFORMATION

1. Authorisation

The issue of the Securities was duly authorised by resolutions of the Board of Directors of the Society passed on 22 May 2024.

2. Approval, listing and admission to trading

It is expected that admission of the Securities to trading on the ISM will be granted on or around 16 September 2024 subject only to their issue, and that such admission will become effective, and that dealings in the Securities on the ISM will commence, on or about 17 September 2024.

Securities so admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Offering Circular.

3. Clearing Systems

The Global Certificate has been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Securities is XS2896922312 and the Common Code is 289692231. The CFI and the FISN for the Securities will be set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN for the Securities.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210, Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

4. No significant or material adverse change

There has been no significant change in the financial or trading position of the Society or the Group since 4 April 2024 (being the date to which the Group's last published financial information was prepared).

There has been no material adverse change in the prospects of the Society or the Group since 4 April 2024 (being the date to which its last published audited financial information was prepared).

5. Litigation

There have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Society is aware during the 12 months preceding the date of this Offering Circular which may have, or have had in the recent past, significant effects on the Society's ability to meet its obligations to holders of the Securities.

6. Auditors

The accounts of the Group for the years ended 4 April 2024, 4 April 2023 and 4 April 2022 have been audited by Ernst & Young LLP ("**EY**"), Chartered Accountants and Independent Auditors, without qualification, and in accordance with International Standards on Auditing (UK) as issued by the Financial Reporting Council in the United Kingdom. EY has no material interest in the Group.

7. Documents available for inspection

Copies of the following documents may be inspected at the principal office of the Society during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) during the

period from the date of this Offering Circular up to and including the date on which no Security remains outstanding:

(i) the Memorandum and Rules of the Society;

(ii) the published audited consolidated and non-consolidated annual financial statements of the Society for the years ended 4 April 2024, 4 April 2023 and 4 April 2022;

(iii) the Society's "*Pillar 3 Disclosure 2024*" report;

(iv) the Registration Document;

(v) the 2017 CCDS Prospectus;

(vi) the most recent published audited consolidated and non-consolidated annual financial statements and unaudited interim consolidated financial statements of the Society; and

(vii) the Agency Agreement, which includes the form of the Global Certificate.

PRINCIPAL OFFICE OF THE SOCIETY

Nationwide Building Society
Nationwide House
Pipers Way
Swindon SN38 1NW
United Kingdom

REGISTRAR, PRINCIPAL PAYING AGENT, TRANSFER AGENT AND CALCULATION AGENT

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

JOINT BOOKRUNNERS

Barclays Bank PLC
1 Churchill Place
London E14 5HP
United Kingdom

Citigroup Global Markets Limited
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

NatWest Markets Plc
250 Bishopsgate
London EC2M 4AA
United Kingdom

UBS AG London Branch
5 Broadgate
London EC2M 2QS
United Kingdom

LEGAL ADVISERS

To the Society

Allen Overy Shearman Sterling LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Joint Bookrunners

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

INDEPENDENT AUDITORS OF THE SOCIETY

Ernst & Young LLP
1 More London Place
London SE1 2AF
United Kingdom