

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes 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 European Economic Area (**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 Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), 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 (as amended, the **EU PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes 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 United Kingdom (**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 European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (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 Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. 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 Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK 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 Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (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 Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

FINAL TERMS

10 July 2023

PRINCIPALITY BUILDING SOCIETY

(Legal Entity Identifier (LEI): 2138003CSNVJEPFZ3U52)

Issue of

£300,000,000

8.625 per cent. Senior Non-Preferred Notes due July 2028

under the

£1,000,000,000 (Excluding Deposit Notes)

Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 26 April 2023 which constitutes a base prospectus (the **Prospectus**) for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **UK Prospectus Regulation**). This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Prospectus in order to obtain all the relevant information. The Prospectus has been published on the website of the London Stock Exchange through a regulatory information service (<https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).

1 Issuer: Principality Building Society

Type of Notes

2 Status of the Notes: Senior Non-Preferred

Description of the Notes

- 3 (i) Series Number: 11
- (ii) Tranche Number: 1
- (iii) Date on which the Notes will be consolidated and form a single Series: Not Applicable
- 4 Specified Currency or Currencies: Pounds Sterling (£)
- 5 Aggregate Nominal Amount of Notes admitted to Trading:
- (i) Series: £300,000,000
- (ii) Tranche: £300,000,000

6	Issue Price:	99.872 per cent. of the Aggregate Nominal Amount
7	(i) Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to (and including) £199,000. No Notes in definitive form will be issued with a denomination above £199,000
	(ii) Calculation Amount:	£1,000
8	(i) Issue Date:	12 July 2023
	(ii) Interest Commencement Date:	Issue Date
9	Maturity Date:	12 July 2028
10	Interest Basis:	8.625 per cent. Fixed Rate (further particulars specified below)
11	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100.00 per cent. of their nominal amount
12	Change of Interest Basis:	Not Applicable
13	Put/Call Options:	Loss Absorption Disqualification Event Call (further particulars specified below)
14	Date Board approval for issuance of Notes obtained:	22 June 2023

Provisions Relating to Interest (if any) Payable

15	Fixed Rate Note Provisions	Applicable
	(i) Rate of interest:	8.625 per cent. per annum payable semi-annually in arrear on each Interest Payment Date
	(ii) Interest Payment Dates:	12 January and 12 July in each year from (and including) 12 January 2024 up to (and including) the Maturity Date
	(iii) Fixed Coupon Amount:	£43.125 per Calculation Amount. The Fixed Coupon Amount applies only in respect of payments of interest on an Interest Payment Date in respect of the full Interest Period ending on (but excluding) such Interest Payment Date
	(iv) Broken Amount:	Not Applicable
	(v) Day Count Fraction:	Actual/Actual - ICMA
	(vi) Determination Dates:	12 January and 12 July in each year

16	Resettable Note Provisions	Not Applicable
17	Floating Rate Note Provisions	Not Applicable
18	Zero Coupon Note Provisions	Not Applicable

Provisions Relating to Redemption

19	Notice periods for Condition 6(c):	Minimum period: 15 days Maximum period: 30 days
20	Call Option	Not Applicable
21	Regulatory Event (Subordinated Notes only):	Not Applicable
22	Senior Non-Preferred Notes only:	
	(i) Senior Non-Preferred Notes: Loss Absorption Disqualification Event Redemption:	Applicable
	(ii) Loss Absorption Disqualification Event:	Full or Partial Exclusion
	(iii) Loss Absorption Disqualification Event Redemption Price:	£1,000 per Calculation Amount
	(iv) Senior Non-Preferred Notes: Substitution and Variation:	Applicable
23	Put Option	Not Applicable
24	Final Redemption Amount:	£1,000 per Calculation Amount
25	Early Redemption Amount payable on redemption for taxation or regulatory reasons or an event of default or other early redemption:	£1,000 per Calculation Amount

General Provisions Applicable to the Notes

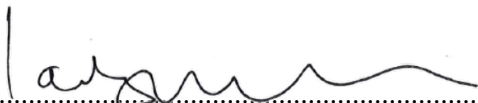
26	Form of Notes:	
	(i) Form	Bearer Notes Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note

- | | | |
|----|---|-----------------|
| | (ii) New Global Note/ New Safekeeping Structure: | New Global Note |
| 27 | Financial Centre(s) or other special provisions relating to payment dates: | London |
| 28 | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | No |

THIRD PARTY INFORMATION

The indicative rating descriptions set out in Part B of these Final Terms have been extracted from the respective websites of Moody's Investors Service Limited (**Moody's**) and Fitch Ratings Limited (**Fitch**). The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by each credit rating agency, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of **Principality Building Society**:

By: 
Duly authorised

PART B — OTHER INFORMATION

1 LISTING

- (i) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange’s main market and to listing on the Official List of the FCA with effect from on or around the Issue Date.
- (ii) Estimate of total expenses related to admission to trading: £5,500 + VAT

2 RATINGS

Ratings: The Notes to be issued are expected to be rated:
Moody’s: Baa3
Fitch: BBB+

A 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.

The rating agencies above have published the following high-level descriptions of such ratings:

- A rating of ‘Baa’ by Moody’s is described by it as follows: “*Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics*”. The modifier ‘3’ is described by Moody’s as follows: “*the modifier 3 indicates a ranking in the lower end of that generic rating category*”

(Source:

<https://ratings.moodys.com/rating-definitions>)

- A rating of ‘BBB’ by Fitch is described by it as follows: “*‘BBB’ ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.*” Fitch describes the modifier “+” in the following context: “*an additional +/- for AA through CCC levels indicating relative differences of probability of default or recovery for issues*”.

(Source:

<https://www.fitchratings.com/products/rating-definitions#about-rating-definitions>)

The above descriptions have been extracted from the website of the relevant rating agency. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the relevant rating agency, no parts have been omitted which would render the reproduced information inaccurate or misleading.

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in “*Subscription and Sale*” and for the fees payable to the Joint Lead Managers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

4 REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- | | |
|------------------------------|---|
| (i) Reasons for the offer: | General corporate purposes including the refinancing of existing debt (including pursuant to the Issuer’s tender offer announced on 3 July 2023 in respect of its outstanding GBP 300,000,000 2.375 per cent. Notes due 23 November 2023, (ISIN: XS1722899165)) |
| (ii) Estimated Net Proceeds: | £299,171,000 |

5 YIELD

- | | |
|----------------------|---|
| Indication of yield: | 8.657 per cent. (semi-annual) |
| | The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |

6 OPERATIONAL INFORMATION

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|--|---|
| (i) ISIN: | XS2640862210 |
| (ii) Common Code: | 264086221 |
| (iii) CFI: | See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN |
| (iv) FISN: | See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN |
| (v) Any clearing system(s) other than Euroclear Bank SA/NV and | Not Applicable |

Clearstream Banking S.A. and the relevant identification number(s):

- | | |
|---|---|
| (vi) Delivery: | Delivery against payment |
| (vii) Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| (viii) Intended to be held in a manner which would allow Eurosystem eligibility | No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the International Central Securities Depositories (ICSDs) as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met. |
| (ix) Relevant Benchmarks: | Not Applicable |

7 **DISTRIBUTION**

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|---|--------------------------------------|
| (i) Prohibition of Sales to EEA Retail Investors: | Applicable |
| (ii) Prohibition of Sales to UK Retail Investors: | Applicable |
| (iii) U.S. Selling Restrictions: | Reg S Compliance Category 2: TEFRA D |

UKO2: 2006454465.5