

NOTICE OF MEETING

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF PIBS HOLDERS.

If PIBS Holders are in any doubt as to the action they should take, they should seek their own financial and legal advice, including in respect of any tax consequences, immediately from their broker, solicitor, accountant or other independent financial, tax or legal adviser.

FURTHER INFORMATION REGARDING THE MATTERS REFERRED TO IN THIS NOTICE IS AVAILABLE IN THE OFFER MEMORANDUM REFERRED TO HEREIN. ELIGIBLE HOLDERS (AS DEFINED BELOW) ARE ENCOURAGED TO REQUEST A COPY OF THAT DOCUMENT AS PROVIDED HEREIN (IF THEY HAVE NOT ALREADY RECEIVED ONE) AND TO READ THIS NOTICE TOGETHER WITH THE SAME.

PIBS HOLDERS MAY ALSO CONTACT BONDINVEST CAPITAL LIMITED AT THE CONTACT DETAILS PROVIDED HEREIN FOR FURTHER INFORMATION REGARDING THE RESOLUTIONS PROPOSED IN THIS NOTICE

Nationwide Building Society

(incorporated in England and Wales under the UK Building Societies Act 1986, as amended)

(“Nationwide”)

NOTICE OF MEETING

to all holders of its outstanding

£10,000,000 Floating Rate Permanent Interest Bearing Shares

(originally issued by Cheshire Building Society)

(ISIN: GB0001918076)

(the “PIBS”)



NOTICE IS HEREBY GIVEN that a meeting (the “**Meeting**”) of the holders of the PIBS (the “**PIBS Holders**”) is being convened by Nationwide at One Bishops Square, London E1 6AD, United Kingdom at 1.00 p.m. (UK time) on 7 July 2021 for the purpose of considering and, if thought fit, passing the two resolutions set out below (the “**Resolutions**” and each a “**Resolution**”). The implementation of each Resolution (if passed) will be at the discretion of Nationwide and subject to satisfaction of the Eligibility Condition set out in each Resolution. The Resolutions are being proposed in accordance with the Special Conditions of Issue of the PIBS (the “**Conditions**”, and references to a numbered “**Condition**” should be read accordingly).

In light of the ongoing developments in relation to Covid-19, and current guidance issued by the UK government, it may be impossible or inadvisable for PIBS Holders to attend the Meeting at the above physical location, including if the Meeting venue is unable to admit entry to all PIBS Holders who wish to participate at the physical location due to ongoing Covid-19 restrictions. Nationwide is therefore also arranging for PIBS Holders to be able to attend the Meeting by way of a video conference. Further information is provided below under “*Voting and Quorum*”.

In connection with the proposals being put to the PIBS Holders at the Meeting, Nationwide is also conducting a cash tender offer (the “**Tender Offer**”) in respect of the PIBS, which is open to all PIBS Holders (subject to offer restrictions under applicable laws). Further details of the Tender Offer and these proposals are set out in an Offer Memorandum dated 3 June 2021 (the “**Offer Memorandum**”) which is available to Eligible Holders as further provided below.

Unless the context otherwise requires, capitalised terms used but not defined in this Notice shall have the meaning given in the Conditions, the Resolutions and (if applicable) the Offer Memorandum.

None of Nationwide, Equiniti Limited (“**Equiniti**”), Bondinvest Capital Limited (“**BondCap**”) or Lloyds Bank Corporate Markets plc and Nomura International plc (the “**Dealer Managers**”) or any of their respective affiliates expresses any opinion on, nor do they make any recommendation or representations as to the merits of, the Tender Offer or the Resolutions and the variations to the Conditions proposed herein (the “**Proposed Variations**”).

BACKGROUND

Pursuant to Condition 7, the Conditions may be varied by Nationwide with the sanction of a resolution passed at a meeting of PIBS Holders held in accordance with Condition 8. Nationwide is proposing two Resolutions which seek the consent of PIBS Holders to make certain variations to the Conditions.

Two Resolutions are being put to the vote of the PIBS Holders at the Meeting, as follows:

- (1) “**Resolution 1**”: a proposal to change the way in which interest on the PIBS is calculated after the interest payment date falling in September 2021, from a LIBOR-based rate to a SONIA-based rate (together with fallback provisions should SONIA be discontinued in the future); and
- (2) “**Resolution 2**”: a proposal to give Nationwide the right to redeem and repay all outstanding PIBS on the interest payment date falling in September 2030 or any interest payment date afterwards, at a price equal to £1,000 for each £1,000 in nominal amount of the PIBS. In conjunction with granting Nationwide the option to redeem the PIBS in the future, Resolution 2, if passed, will also result in the interest rate on the PIBS being increased by an additional margin of 1.50 per cent. per annum for all interest accrued after the September 2021 interest payment date.

As more fully described in the Offer Memorandum, the reason for seeking the redemption right under Resolution 2 is that the PIBS will, after 2021, no longer qualify as regulatory capital instruments due to changes in the prudential rules since they were issued in 1994. The redemption price under Resolution 2 above compares with the Tender Offer price of £1,040 for each £1,000 in nominal amount of the PIBS.

For reference, the quoted mid-market prices for the PIBS on the London Stock Exchange plc as at close of business on 27 May 2021 (the latest practicable date before finalisation of this Notice) and on the first dealing day on each of the prior six months were as follows:

1 December 2020	85.000% (£850.00 for each £1,000 in nominal amount of the PIBS)
4 January 2021	85.250% (£852.50 for each £1,000 in nominal amount of the PIBS)
1 February 2021	86.875% (£868.75 for each £1,000 in nominal amount of the PIBS)
1 March 2021	88.625% (£886.25 for each £1,000 in nominal amount of the PIBS)
1 April 2021	89.000% (£890.00 for each £1,000 in nominal amount of the PIBS)
4 May 2021	89.500% (£895.00 for each £1,000 in nominal amount of the PIBS)
27 May 2021	89.500% (£895.00 for each £1,000 in nominal amount of the PIBS)

The above are the quoted mid-prices of the bid and offered prices on the London Stock Exchange plc on the relevant dates. It should be noted that, given limited trading volumes in the PIBS, these prices may not be reliable indicators of prices at which a PIBS Holder would have been able to sell their PIBS in the market on the relevant dates, and should not be taken as an indication of the price at which a PIBS Holder may be able to sell their PIBS in the market on any future date.

The Annex to this Notice sets out the Proposed Variations.

Further information (including risk factors and other considerations) on each of these Resolutions, including additional information on why Nationwide is proposing them and information on certain differences between LIBOR and SONIA, can be found in the Offer Memorandum. PIBS Holders who are Retail Investors (as defined below) may also contact BondCap at the contact details provided below if they have questions about the Resolutions and the Proposed Variations. PIBS Holders who are Institutional Investors (as defined below) may also contact the Dealer Managers at the contact details provided below if they have questions about the Resolutions and the Proposed Variations.

OFFER MEMORANDUM

Nationwide is also conducting a Tender Offer concurrently with the proposals described in this Notice. Eligible Holders (as defined below) may elect to participate in the Tender Offer on the terms set out in the Offer Memorandum.

PIBS Holders may have received a copy of the Offer Memorandum by mail. In addition, Eligible Holders may obtain an electronic copy of the Offer Memorandum as provided in the section headed “Further Information” below.

PIBS Holders who elect to tender their PIBS in the Tender Offer will also automatically appoint the Chairperson of the Meeting (or their nominee) to cast the votes attached to those tendered PIBS in favour of both Resolutions. **Such PIBS Holders should take no other action in connection with the Meeting or the Resolutions.**

ELIGIBLE HOLDERS AND ELIGIBILITY CONDITIONS

An “**Eligible Holder**” is a person who is (a) located and resident outside the United States, is not a U.S. person and is not acting for the account or benefit of a U.S. person (in each case, as defined in Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”)), and (b) otherwise a person to whom the offers set out in the Offer Memorandum can be lawfully made and that may lawfully participate in those offers. Any PIBS Holder that is not an Eligible Holder will be an “**Ineligible Holder**”.

The passing of the Resolutions is also subject to the Eligibility Condition set out in each Resolution.

The reasons for making a distinction between Eligible Holders and Ineligible Holders, and for the Eligibility Condition in each Resolution, are discussed in the Offer Memorandum and relate to compliance with securities laws. PIBS Holders who are Retail Investors may also contact BondCap if they have any questions in this regard. PIBS Holders who are Institutional Investors may contact the Dealer Managers.

However, PIBS Holders should note that they will be entitled to vote on the Resolutions irrespective of whether they are an Eligible Holder or an Ineligible Holder.

PIBS Holders who hold their PIBS in certificated form and who submit (or arrange to have submitted on their behalf) Voting Only Instructions (as defined below) will be required to specify on their Paper Instruction Form (as defined below), in the box provided, if they are an Ineligible Holder. If they do not mark the box provided for that purpose, they will be deemed to represent and agree that they are an Eligible Holder.

If a Registered Holder (as defined below) completes a Voting Only Instruction on behalf of multiple beneficial owners, and if some of those beneficial owners are Eligible Holders and some are Ineligible Holders, such Registered Holder should indicate this on the relevant Paper Instruction Form. If selecting Option 2 on the Paper Instruction Form, the Registered Holder must specify the amount of PIBS voted in favour of, and against, each Resolution which have been cast by Eligible Holders and Ineligible Holders, respectively. If selecting Option 3 on the Paper Instruction Form, the Registered Holder must specify the amount of PIBS to be voted at the Meeting which are held by Eligible Holders and Ineligible Holders, respectively.

Where a CREST Participant (being a person who is a system-participant in CREST) completes a Voting Only Instruction on behalf of multiple beneficial owners, and if some of those beneficial owners are Eligible Holders and some are Ineligible Holders, such CREST Participant should indicate this on the relevant Paper Instruction Form. If selecting Option 2 on the Paper Instruction Form, the CREST Participant must specify the amount of PIBS voted in favour of, and against, each Resolution which have been cast by Eligible Holders and Ineligible Holders, respectively. If selecting Option 3 on the Paper Instruction Form, the CREST Participant must specify the amount of PIBS to be voted at the Meeting which are held by Eligible Holders and Ineligible Holders, respectively.

PROPOSALS

Pursuant to this Notice, Nationwide is convening the Meeting to request that the PIBS Holders consider and agree to the matters contained in Resolution 1 and Resolution 2 below. Each of Resolution 1 and Resolution 2 is proposed separately, and accordingly PIBS Holders should vote on each of Resolution 1 and Resolution 2 separately.

If a Resolution is passed by the PIBS Holders and implemented by Nationwide, the relevant Resolution and the related variations to the Conditions will be binding on all PIBS Holders, whether or not attending or represented at the Meeting and whether or not voting in favour.

If Resolution 1 is passed in accordance with its terms, Nationwide currently expects to implement the variations to the Conditions approved under Resolution 1, whether or not Resolution 2 also passes. However, if Resolution 1 does not pass in accordance with its terms, Nationwide will not implement Resolution 2 even if it passes.

The terms of each Resolution are set out below.

RESOLUTION 1

“THAT this Meeting of the holders (the “**PIBS Holders**”) of the outstanding £10,000,000 Floating Rate Permanent Interest Bearing Shares (the “**PIBS**”) of Nationwide Building Society (“**Nationwide**”), governed by the Special Conditions of Issue of the PIBS (the “**Conditions**”, and references to a numbered “**Condition**” shall be construed accordingly):

1. assents to and authorises Nationwide to vary Condition 3 in accordance with the proposed variations thereto shown in the Annex to the Notice of Meeting, other than inclusion of the references therein to the Additional Margin (which will only be included if Resolution 2 is also passed and implemented);
2. assents to and authorises Nationwide to make any further variations of the Conditions which are incidental to, or reasonably necessary to implement and/or give effect to, the variations assented to under paragraph 1 above;

3. declares that the implementation of this Resolution 1 shall be conditional on:
 - (a) the passing of this Resolution 1; and
 - (b) the quorum required for, and the requisite majority of votes cast on this Resolution 1 at, this Meeting being satisfied by Eligible Holders only, irrespective of any participation at this Meeting by Ineligible Holders (the “**Eligibility Condition**”), and further resolves that, if this Resolution 1 is passed at this Meeting but the Eligibility Condition is not satisfied, the Chairperson of this Meeting is hereby authorised, directed, requested and empowered to adjourn this Meeting until such date, not less than 14 days nor more than 42 days later, and time and place as may be appointed by the Chairperson of this Meeting, for the purpose of reconsidering the matters proposed in this Resolution 1 with the exception of this paragraph 3(b), and in place of the foregoing provisions of this paragraph 3(b) the relevant condition will be satisfied if the quorum required for, and the requisite majority of votes cast at, the adjourned Meeting are satisfied by Eligible Holders only, irrespective of any participation at the adjourned Meeting by Ineligible Holders;
4. acknowledges that the following terms, as used in this Resolution 1, shall have the meanings given below:

“**Eligible Holder**” means each PIBS Holder who is (a) located and resident outside the United States, is not a U.S. person and is not acting for the account or benefit of a U.S. person (in each case, as defined in Regulation S under the United States Securities Act of 1933, as amended), and (b) otherwise a person to whom the offers set out in Nationwide’s Offer Memorandum dated 3 June 2021 can be lawfully made and that may lawfully participate in those offers;

“**Ineligible Holder**” means each PIBS Holder who is not an Eligible Holder;

“**Notice of Meeting**” means the notice given by Nationwide to PIBS Holders on 3 June 2021; and

“**Resolution 2**” has the meaning given in the Notice of Meeting;
5. (subject to paragraph 3 of this Resolution 1) discharges and exonerates Nationwide from all liability for which it may have become or may become responsible under the Conditions or any document related thereto in respect of any act or omission in connection with the passing of this Resolution 1 or the executing of any deeds, agreements, documents or instructions, the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Notice of Meeting or this Resolution 1;
6. sanctions and consents to every variation in respect of the rights of the PIBS Holders appertaining to the PIBS against Nationwide involved in or resulting from or to be effected by the variations referred to in paragraphs 1 and 2 above and the implementation thereof; and
7. resolves that this Resolution 1 shall take effect as a sanction by resolution pursuant to Condition 8, and Nationwide shall at its discretion be entitled (but not obliged) to make the variations hereby assented to.”

RESOLUTION 2

“THAT this Meeting of the holders (the “**PIBS Holders**”) of the outstanding £10,000,000 Floating Rate Permanent Interest Bearing Shares (the “**PIBS**”) of Nationwide Building Society (“**Nationwide**”), governed by the Special Conditions of Issue of the PIBS (the “**Conditions**”, and references to a numbered “**Condition**” shall be construed accordingly):

1. assents to and authorises Nationwide to:
 - (a) vary Condition 3 by the inclusion of references to the ‘Additional Margin’ in accordance with the proposed changes shown in the Annex to the Notice of Meeting; and
 - (b) vary Condition 4 in accordance with the proposed variations thereto shown in the Annex to the Notice of Meeting;
2. assents to and authorises Nationwide to make any further variations of the Conditions which are incidental to, or reasonably necessary to implement and/or give effect to, the variations assented to under paragraph 1 above;
3. declares that the implementation of this Resolution 2 shall be conditional on:
 - (a) the passing of this Resolution 2; and
 - (b) the quorum required for, and the requisite majority of votes cast on this Resolution 2 at, this Meeting being satisfied by Eligible Holders only, irrespective of any participation at this Meeting by Ineligible Holders (the “**Eligibility Condition**”), and further resolves that, if this Resolution 2 is passed at this Meeting but the Eligibility Condition is not satisfied, the Chairperson of this Meeting is hereby authorised, directed, requested and empowered to adjourn this Meeting until such date, not less than 14 days nor more than 42 days later, and time and place as may be appointed by the Chairperson of this Meeting, for the purpose of reconsidering the matters proposed in this Resolution 2 with the exception of this paragraph 3(b), and in place of the foregoing provisions of this paragraph 3(b) the relevant condition will be satisfied if the quorum required for, and the requisite majority of votes cast at, the adjourned Meeting are satisfied by Eligible Holders only, irrespective of any participation at the adjourned Meeting by Ineligible Holders;
4. acknowledges that the following terms, as used in this Resolution 2, shall have the meanings given below:

“**Eligible Holder**” means each PIBS Holder who is (a) located and resident outside the United States, is not a U.S. person and is not acting for the account or benefit of a U.S. person (in each case, as defined in Regulation S under the United States Securities Act of 1933, as amended), and (b) otherwise a person to whom the offers set out in Nationwide’s Offer Memorandum dated 3 June 2021 can be lawfully made and that may lawfully participate in those offers;

“**Ineligible Holder**” means each PIBS Holder who is not an Eligible Holder; and

“**Notice of Meeting**” means the notice given by Nationwide to PIBS Holders on 3 June 2021;

5. (subject to paragraph 3 of this Resolution 2) discharges and exonerates Nationwide from all liability for which it may have become or may become responsible under Conditions or any document related thereto in respect of any act or omission in connection with the passing of this Resolution 2 or the executing of any deeds, agreements, documents or instructions, the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Notice of Meeting or this Resolution 2;
6. sanctions and consents to every variation in respect of the rights of the PIBS Holders appertaining to the PIBS against Nationwide involved in or resulting from or to be effected by the variations referred to in paragraphs 1 and 2 above and the implementation thereof; and
7. resolves that this Resolution 2 shall take effect as a sanction by resolution pursuant to Condition 8, and Nationwide shall at its discretion be entitled (but not obliged) to make the variations hereby assented to.”

REQUIREMENTS OF UNITED STATES SECURITIES LAWS

In the event that the Resolutions or either of them are passed and implemented, sales of the PIBS may not be made in the United States or to U.S. persons (unless made outside the United States pursuant to Rules 903 and 904 of Regulation S under the Securities Act) until the expiry of the period of 40 days after the date on which the Conditions are amended.

GENERAL

A copy of the current Conditions of the PIBS are available on Nationwide’s website (<https://www.nationwide.co.uk/-/media/MainSite/documents/about/investor-relations/pibs/10mfrnpibs.pdf>).

The attention of PIBS Holders is particularly drawn to the procedures for voting, quorum and other requirements for the passing of the Resolutions at the Meeting (including at any adjourned Meeting), which are set out under “Voting and Quorum” below.

VOTING AND QUORUM

*A PIBS Holder who, by no later than 1.00 p.m. (UK time) on 5 July 2021 (the “**Participation Deadline**”), submits (or arranges to have submitted on its behalf) a valid Tender Instruction in the Tender Offer (and does not revoke that Tender Instruction in the limited circumstances in which revocation is permitted) will, as part of such Tender Instruction, have given instructions for the appointment of the Chairperson of the Meeting (or their nominee) as such PIBS Holder’s proxy to vote the PIBS which are the subject of such PIBS Holder’s Tender Instruction in favour of each of the Resolutions. **Such PIBS Holder will not be entitled to attend or vote those PIBS at the Meeting itself, and accordingly should not take any further action in relation to such PIBS with respect to the Meeting or the Resolutions.***

1. A PIBS Holder who would like to attend the Meeting or appoint a proxy to do so on their behalf must be the legal owner of the relevant PIBS, with full authority to exercise the votes attaching to its PIBS, at 1.00 p.m. (UK time) on 5 July 2021 (the “**Voting Deadline**” and “**PIBS Record Time**”) and at the time of the Meeting.

As used in this Notice, an “**Instruction**” shall mean either:

- (i) a valid Tender Instruction which is validly submitted (and not revoked) in the Tender Offer (as further described in the Offer Memorandum); or
- (ii) a Voting Only Instruction which is validly submitted (and not revoked).

A “**Voting Only Instruction**” is an instruction delivered by or on behalf of a PIBS Holder:

- (a) appointing the Chairperson of the Meeting (or their nominee) as a proxy to attend the Meeting (including any adjourned such Meeting) on such PIBS Holder’s behalf and to cast the votes attaching to the PIBS which are the subject of such Voting Only Instruction in the manner directed by the PIBS Holder in such Voting Only Instruction; or
- (b) confirming their intention to attend the Meeting in person, or to appoint a person other than the Chairperson of the Meeting as a proxy to attend the Meeting on their behalf, and to cast the votes attaching to the PIBS at the Meeting.

A PIBS Holder who wishes to tender their PIBS in the Tender Offer should follow the procedures for tendering PIBS set out in the Offer Memorandum.

A PIBS Holder who does not wish to tender their PIBS but who wishes to vote on the Resolutions should submit a Voting Only Instruction. PIBS Holders wishing to submit a Voting Only Instruction should contact Equiniti to obtain (if they have not already received one) a copy of the relevant form (the “**Paper Instruction Form**”) for completion. The PIBS Holder should (a) complete **Option 2** on the Paper Instruction Form if they would like to appoint the Chairperson of the Meeting (or their nominee) as their proxy to vote in accordance with such PIBS Holder’s instructions on the Paper Instruction Form, or (b) complete **Option 3** on the Paper Instruction Form if they would like to attend and vote at the Meeting themselves or appoint a different person as their proxy to do so on their behalf. A PIBS Holder specifying Option 3 (or their proxy) will attend the Meeting virtually and will not attend the physical location unless they specify otherwise in their Paper Instruction Form.

In each case, the PIBS Holder should send their completed Paper Instruction Form to Equiniti, which must be received by no later than the Voting Deadline.

Only Registered Holders of PIBS or CREST Participants are able to submit Instructions. If a PIBS Holder is a beneficial owner holding its PIBS through a broker, dealer, bank, custodian, trust company or other nominee or intermediary (each an “**Intermediary**”), the PIBS Holder should contact such Intermediary as a matter of priority to determine what instructions such Intermediary will require from such PIBS Holder, and by when, in order for an Instruction to be validly submitted on behalf of such PIBS Holder not later than the deadlines specified above. **Such Intermediary may need instructions from such PIBS Holder significantly in advance of those deadlines.**

PIBS held in certificated form

With respect to PIBS held in certificated form (outside CREST), only a Registered Holder of the relevant PIBS is able to submit Instructions. A “**Registered Holder**” means a holder recorded on the register maintained by Equiniti as the PIBS registrar as being a holder of legal title to PIBS. A PIBS Holder who is a beneficial owner (i.e. holding beneficial interests in PIBS) but who is not itself a Registered Holder should contact the Registered Holder or other Intermediary through which it holds its PIBS so that the Registered Holder can arrange for an Instruction to be submitted on behalf of such beneficial owner.

PIBS held in CREST

With respect to PIBS held in CREST, only a CREST Participant is able to submit Instructions. A PIBS Holder who is a beneficial owner but not a CREST Participant should contact the relevant CREST Participant or other Intermediary through which it holds its PIBS so that the CREST Participant can arrange for an Instruction to be submitted on behalf of such beneficial owner.

General

A PIBS Holder who makes arrangements to attend, or to appoint a proxy to attend, the Meeting will be required to undertake not to transfer or dispose of its PIBS prior to conclusion of the Meeting (including any adjourned such Meeting), unless the Instruction is validly revoked.

PIBS Holders should note that all Instructions shall (unless validly revoked) remain valid for any adjourned Meeting.

Covid-19 restrictions and attendance at the Meeting

In light of the ongoing developments in relation to Covid-19, and current guidance issued by the UK government, it may be impossible or inadvisable for PIBS Holders to attend the Meeting at the physical location mentioned at the start of this Notice, including if the Meeting venue is unable to admit entry to all PIBS Holders who wish to participate at the physical location due to ongoing Covid-19 restrictions.

Nationwide is therefore arranging for PIBS Holders to be able to attend the Meeting by way of a video conference. **Given the ongoing risks associated with Covid-19, PIBS Holders who wish to vote without tendering their PIBS are urged to consider selecting Option 2 for their PIBS on the Paper Instruction Form, appointing the Chairperson of the Meeting (or their nominee) as proxy to cast their votes. If, however, they select Option 3 on the Paper Instruction Form and wish to attend the Meeting, they are urged to do so via the video conference facility, as there is a risk that the Meeting venue may be unable to admit entry to all PIBS Holders who arrive at the venue due to ongoing Covid-19 restrictions.**

PIBS Holders who wish to attend the Meeting, or appoint a proxy other than the Chairperson of the Meeting to attend the Meeting on their behalf, will attend the Meeting virtually and will not attend the physical location unless they specify otherwise in their Paper Instruction Form.

PIBS Holders who select Option 3 for their PIBS, and thus elect to attend the Meeting (or to appoint a proxy other than the Chairperson of the Meeting (or their nominee) to attend the Meeting on their behalf) will be required to specify, on their Paper Instruction Form, an email address to which log-in details for the video conference can be sent.

Log-in details will be emailed to the relevant participants on the day before the Meeting (or, if applicable, the adjourned Meeting). Participants who are expecting to receive log-in details and have not received them by 2.00 p.m. (UK time) on the day before the Meeting should contact Equiniti, whose contact details are set out under ‘*Further Information*’ below.

The video conference facility will be hosted by Lumi. The log-in details will include a weblink to the electronic platform, the Meeting ID, a Shareholder Reference Number (SRN) and PIN.

PIBS Holders or proxies attending the Meeting via the video conference facility will be able to vote electronically during the Meeting, once instructed by the Chairman. Participants will vote on Resolution 1 and Resolution 2 separately.

All references in this Notice to persons being “present” at the Meeting or to attendance or voting “in person” shall include the presence, attendance and voting at the Meeting by way of the video conference facility.

2. The quorum required for the Meeting is one or more persons present in person or by proxy and holding or representing in aggregate not less than one-third of the principal amount of the PIBS for the time being outstanding. If a quorum is not present within 15 minutes after the time appointed for the Meeting, the Meeting will be adjourned for a period being not less than 14 days nor more than 42 days and to a place determined by the Chairperson of the Meeting. The quorum at such an adjourned Meeting will be the same as for the initial Meeting, except that if such quorum is not present within half an hour from the time appointed for the adjourned Meeting, the quorum shall be the PIBS Holders present in person or by proxy, whatever the principal amount of PIBS they hold or represent. The holding of any adjourned Meeting will be subject to Nationwide giving at least 10 clear days’ notice to the PIBS Holders of such adjourned Meeting.
3. Every question submitted to the Meeting shall be decided by poll of one or more persons present and holding PIBS or being proxies and representing in aggregate not less than three-quarters of the principal amount of the PIBS represented at such Meeting voting in favour of such question. On such a poll, every person who is present shall have one vote in respect of each £1,000 in principal amount of the PIBS which they are representing at the Meeting. Equiniti and the Chairperson shall be entitled to request reasonable evidence of a holding of PIBS and/or the validity of any appointment of a proxy, and shall be entitled to disregard any instructions or votes purported to be cast by persons who are unable to provide evidence to their reasonable satisfaction.
4. If passed, a Resolution shall be binding on all PIBS Holders, whether or not present or represented at the Meeting and whether or not voting in favour of that Resolution.
5. Nationwide will nominate the Chairperson for the Meeting.

FURTHER INFORMATION

Retail Investors

PIBS Holders who are Retail Investors* who have questions or require technical assistance in connection with the delivery of Instructions should contact Equiniti. Retail Investors who have any other questions regarding the proposals referred to in this Notice, or who wish to request an electronic copy of the Offer Memorandum, should contact BondCap. Their contact details are set out below.

* You will be a “**Retail Investor**” if you are not an Institutional Investor as defined below. Any PIBS Holder who is an individual (rather than a company or other organisation) will be a Retail Investor. Any PIBS Holder that is a company or other organisation and is not sure whether they are a Retail Investor or an Institutional Investor may contact BondCap for further information.

Equiniti Limited

Address: Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom

Telephone:** 0371 384 2050 (if calling from within the UK).

Lines are open from 8.30 a.m. to 5.30 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales).
If calling from outside the UK, please call +44 371 384 2050.

Bondinvest Capital Limited

Telephone:** 020 7058 0080 / 0090 (if calling from within the UK).

Lines are open from 9.00 a.m. to 5.00 p.m. (UK time) Monday to Friday (excluding public holidays in England and Wales).
If calling from outside the UK, please call +44 20 7058 0080 / 0090.

Email: m.dyson@bondcap.co.uk

** Calls to the helplines from within the UK are charged at the standard geographic rate and will vary by provider. Calls to the helplines from outside the UK will be charged at the applicable international rate. Please note that calls may be monitored for security and training purposes. The helplines cannot provide advice on the merits of the proposals nor give any financial, legal or tax advice.

Institutional Investors

Institutional Investors** who have questions or require technical assistance in connection with the delivery of Instructions should contact Equiniti. Institutional Investors who have any other questions regarding the proposals referred to in this Notice, or who wish to request an electronic copy of the Offer Memorandum, should contact Lloyds Bank Corporate Markets plc or Nomura International plc, who have been appointed as Nationwide’s dealer managers and solicitation agents for these proposals. Their contact details are set out below.

** An “**Institutional Investor**” means a PIBS Holder that is (i) an “eligible counterparty” or a “professional client”, each as defined in Directive 2014/65/EU (as amended); or (ii) an “eligible counterparty” as defined in the FCA Handbook Conduct of Business Sourcebook or a “professional client” as defined in Regulation (EU) No 600/2014 as it forms part of English domestic law by virtue of the European Union (Withdrawal) Act 2018.

Lloyds Bank Corporate Markets plc

Tel: 44 (0) 20 7158 1719 / 1726

Attn: Liability Management Group

Nomura International plc

Tel: + 44 20 7103 2 454 / 3634

Attn: Liability Management

Please note: None of Nationwide, Equiniti, BondCap, Lloyds Bank Corporate Markets plc or Nomura International plc is able to provide any financial, legal, tax, accounting or any other advice in connection with the proposals referred to in this Notice, or to express any opinion on the merits of such proposals or otherwise to make any recommendations as to whether or not PIBS Holders should participate in such proposals. If any PIBS Holder requires any such advice or recommendation, it will need to contact its own broker, solicitor, accountant or other independent financial, tax, legal or accounting adviser.

This Notice is given on 3 June 2021 by Nationwide Building Society.

Disclaimers

The Directors of Nationwide have confirmed that they have no interests in the PIBS.

In accordance with normal practice, neither Equiniti nor BondCap nor any of their respective affiliates have been involved in the formulation of the Resolutions. None of Nationwide, Equiniti, BondCap or the Dealer Managers expresses any opinion on, nor do they make any representations as to the merits of, the Resolutions or the Proposed Variations.

None of Equiniti, BondCap or the Dealer Managers or any of their respective affiliates are responsible for the accuracy, completeness, validity or correctness of the statements made in this Notice or any omissions.

This Notice does not constitute, and it should not be construed as, an offer for sale, exchange or subscription of, or a solicitation of any offer to buy, exchange or subscribe for, any securities of Nationwide or any other entity.

ANNEX TO THE NOTICE OF MEETING

Proposed Variations to the Conditions of the PIBS

1. Proposed Variations to Condition 3

The following are the proposed variations to Condition 3. The proposed variations are shown by way of strike-through (*example*) of proposed deletions and underlining (*example*) of proposed insertions. These variations are proposed under Resolution 1, except for the references to the 'Additional Margin' which will only be included if Resolution 2 is also passed and implemented.

“3. Interest

(1) This Condition 3(1) shall apply to interest payable on the PIBS on each Interest Payment Date up to (and including) the Interest Payment Date falling in September 2021. Thereafter, interest payable on the PIBS will be determined in accordance with Condition 3(2).

(a) *Interest Payment Dates*

The PIBS bear interest from and including 28th March, 1994 (the “Issue Date”), and such interest will be payable in arrear on each date (“Interest Payment Date”) which (save as mentioned below) falls six months after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Issue Date. If any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below) it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event (a) the Interest Payment Date shall be brought forward to the immediately preceding Business Day and (b) after the foregoing (a) shall have been applied, each subsequent Interest Payment Date shall be the last Business Day of the sixth month after the month in which the preceding Interest Payment Date shall have fallen. The period from and including the Issue Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date is called an “Interest Period”.

For the purposes of this Condition, the expression “Business Day” shall mean a day on which commercial banks and foreign exchange markets settle payments in London.

(b) *Rate of Interest*

The rate of interest payable from time to time in respect of the PIBS (the “Rate of Interest”) will be determined on the basis of the following provisions:

- (i) on each “Interest Determination Date”, namely on the first Business Day of the Interest Period for which the rate will apply, Bankers Trust Company or its duly appointed successor (the “Agent Bank”) will determine the Screen Rate (as defined below) as at or about 11.00 a.m. (London time) on the Interest Determination Date in question. If the Screen Rate is unavailable, the Agent Bank will, after consultation with the Society, request the principal London office of at least four of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks for six month sterling deposits in the London interbank market as at or about 11.00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for the Interest Period shall be the Screen Rate plus the Margin (as defined below) or, if the Screen Rate is unavailable, the arithmetic average (rounded upwards if necessary to the nearest $\frac{1}{16}$ per cent.) of the offered quotations as established by the Agent Bank (excluding the highest and lowest (or, in either case, of more than one, then one only of them) of the offered quotations provided by all the Reference Banks) plus the Margin;
- (ii) if on any Interest Determination Date the Screen Rate is unavailable and two or three only of the Reference Banks provide offered quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with the provisions of sub-paragraph (i) on the basis of the offered quotations of those Reference Banks providing the offered quotations (but without excluding as provided above);
- (iii) if on any Interest Determination Date the Screen Rate is unavailable and one only or none of the Reference Banks provides an offered quotation, then the Rate of Interest for the relevant Interest Period shall be the Rate of Interest in effect for that Interest Period to which sub-paragraph (i) or (ii) shall have applied which last preceded the relevant Interest Period;
- (iv) the Margin (the “Margin”) in relation to the PIBS is 2.40 per cent. per annum;
- (v) in this Condition, the expression “Screen Rate” means the rate for six month sterling deposits displayed on the Dow Jones/Telerate Monitor as Telerate Page No. 3750 (or such replacement page on that service which displays the information) or, if that service ceases to display the information, such other screen service as may be determined by the Society (“Telerate Page 3750”);
- (vi) for the purpose of this Condition, the “Reference Banks” shall be the banks used for the purpose of displaying offered rates for six month sterling deposits in the London interbank market on Telerate Page 3750 when it was last available; and
- (vii) interest on the PIBS is non-cumulative as described below.

(c) *Determination of Rate of Interest and Interest Amount*

The Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date, but in no event later than the second Business Day thereafter, determine the sterling amount payable in respect of interest on each PIBS (the “Interest Amount”) for the relevant Interest Period. The Interest Amount shall be determined by applying the Rate of Interest to £1,000, multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 or (in the case of an Interest Period ending in a leap year) 366 and rounding the resultant figure to the nearest penny (half a penny being rounded upwards).

(d) *Notification of Rate of Interest and Interest Amount*

The Agent Bank shall cause notice of the Rate of Interest and the Interest Amount for each Interest Period and the relative Interest Payment Date to be given to the PIBS holders by advertisement in at least one leading daily newspaper with general circulation in London as soon as possible after their determination but in no event later than the third Business Day thereafter. It is expected that such notice will normally be published in *The Financial Times*. The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(e) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank will (in the absence of wilful default, bad faith or manifest error) be binding on the Society, the Reference Banks, the Agent Bank and the PIBS holders and (in the absence as referred to above) no liability to the Society or the PIBS holders shall attach to the Reference Banks or the Agent Bank in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.

(f) *Agent Bank*

The Society will procure that so long as any of the PIBS remains outstanding there shall at all times be an Agent Bank for the purposes of the PIBS. Subject as set out above, the Society may terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or the Agent Bank failing duly to determine the Rate of Interest and the Interest Amount for any Interest Period, the Society shall appoint the London office of such other leading bank engaged in the London interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

(2) This Condition 3(2) shall apply to the determination of interest on the PIBS for all Interest Periods commencing on or after the Interest Payment Date falling in September 2021.

(a) *Interest Payment Dates, etc.*

The PIBS bear interest from and including the Interest Payment Date falling in September 2021 as provided in this Condition 3(2). Such interest will be payable in arrear on each Interest Payment Date (as defined in Condition 3(1)) commencing on the Interest Payment Date falling in March 2022.

As used in this Condition 3(2):

(i) an "Interest Period" means each of:

- (1) each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date; and
- (2) any other period (if any) in respect of which interest is required to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due; and

(ii) "Business Day" has the meaning given in Condition 3(1).

(b) *Rate of Interest*

(i) The rate of interest payable from time to time in respect of the PIBS (the "Rate of Interest") will, subject to Condition 3(5) and as provided below, be determined by the Calculation Agent as the sum of:

- (1) the Compounded Daily SONIA Rate for the relevant Interest Period; plus
- (2) the Margin; plus
- (3) the SONIA Adjustment Margin; plus
- (4) the Additional Margin¹.

(ii) As used in this Condition 3(2):

["Additional Margin" means 1.50 per cent. per annum;]¹

"Compounded Daily SONIA Rate" has the meaning given in Condition 3(2)(c);

"Margin" means 2.40 per cent. per annum; and

"SONIA Adjustment Margin" means 0.2766 per cent. per annum.

(iii) Interest on the PIBS is non-cumulative as described below.

¹References to the 'Additional Margin' will only be included if Resolution 2 passes and is implemented.

(c) Compounded Daily SONIA Rate

- (i) The “Compounded Daily SONIA Rate” means, with respect to an Interest Period (and subject as provided in Condition 3(2)(c)(ii) below), the rate of return of a daily compound interest investment (with the daily sterling overnight reference rate as reference rate for the calculation of interest) (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Calculation Agent by reference to the screen rate or index for compounded daily Sterling Overnight Index Average (“SONIA”) rates administered by the administrator of the SONIA reference rate that is published or displayed by such administrator or other information service from time to time on the relevant SONIA Determination Date (the “SONIA Compounded Index”) and in accordance with the following formula:

$$\text{Compounded Daily SONIA Rate} = \left(\frac{\text{SONIA Compounded Index}_{\text{End}}}{\text{SONIA Compounded Index}_{\text{Start}}} - 1 \right) \times \frac{365}{d}$$

where:

“d”	is the number of calendar days from (and including) the day in relation to which SONIA Compounded Index _{Start} is determined to (but excluding) the day in relation to which SONIA Compounded Index _{End} is determined;
“SONIA Compounded Index _{Start} ”	means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling five Business Days prior to the first day of such Interest Period;
“SONIA Compounded Index _{End} ”	means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling five Business Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and
“SONIA Determination Date”	means the day falling five Business Days prior to (A) the relevant Interest Payment Date, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period).

- (ii) Subject to Condition 3(5), if, for any Interest Period, a calculation is required to be made pursuant to Condition 3(2)(c)(i) above but the SONIA Compounded Index is not published or made available in respect of any required Business Day, the Compounded Daily SONIA Rate for such Interest Period shall be calculated by the Calculation Agent as being equal to “Compounded Daily SONIA” for such Interest Period, determined as follows.

“Compounded Daily SONIA” means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily sterling overnight reference rate as reference rate for the calculation of interest) as calculated by the Calculation Agent as at the relevant SONIA Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{\text{SONIA}_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“d”	is the number of calendar days in the relevant Observation Period;
“d _o ”	means the number of Business Days in the relevant Observation Period;
“i”	is a series of whole numbers from one to “d _o ”, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Observation Period;
“n _i ”	for any Business Day “i”, means the number of calendar days from (and including) such Business Day “i” up to (but excluding) the following Business Day;
“Observation Period”	means the period from (and including) the date falling five Business Days prior to the first day of the relevant Interest Period to (but excluding) the date falling five Business Days prior to (A) the Interest Payment Date for such Interest Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);
“Screen Page”	means Bloomberg page SONIO/N Index;
“SONIA Determination Date”	means the day falling five Business Days prior to (A) the relevant Interest Payment Date, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

the “SONIA reference rate” in respect of any Business Day (“BD_x”), is a reference rate equal to the daily Sterling Overnight Index Average (“SONIA”) rate for such BD_x as provided by the administrator of SONIA to authorised distributors and as then published on the Screen Page (or, if the Screen Page is unavailable, as otherwise published by such authorised distributors) on the Business Day immediately following BD_x; and

“SONIA” means the SONIA reference rate for the relevant Business Day “i”.

If, subject to Condition 3(5), in respect of any Business Day on which an applicable SONIA reference rate is required to be determined pursuant to this Condition 3(2)(c)(ii), such SONIA reference rate is not made available on the Screen Page or has not otherwise been published by the relevant authorised distributors, then the SONIA reference rate in respect of such Business Day shall be the rate determined by the Calculation Agent as:

- I. the sum of (i) the Bank of England’s Bank Rate (the “Bank Rate”) prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on such Business Day; and (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five Business Days in respect of which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
- II if the Bank Rate under (I)(i) above is not available at the relevant time, either (A) the SONIA reference rate published on the Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day in respect of which the SONIA reference rate was published on the Screen Page (or otherwise published by the relevant authorised distributors) or (B) if this is more recent than (A) above, the latest rate determined under (I) above,

and, in each case, references to “SONIA reference rate” in this Condition 3(2)(c)(ii) shall be construed accordingly.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 3(2)(c)(ii), and without prejudice to Condition 3(5), the Rate of Interest shall be:

- (A) that determined as at the last preceding SONIA Determination Date on which the Rate of Interest was so determined; or
- (B) if there is no such preceding SONIA Determination Date, the Rate of Interest determined as at the last Interest Determination Date under Condition 3(1) [plus the Additional Margin]¹,

in each case as determined by the Calculation Agent.

- (iii) If the PIBS become due and payable in accordance with Condition 4(2), the final Rate of Interest shall be calculated for the Interest Period to (but excluding) the date on which the relevant order is made or the effective resolution is passed for the winding up or dissolution (as applicable) of the Society and shall continue to apply to the PIBS for so long as interest continues to accrue thereon.
- (iv) The “Calculation Agent” means a bank or other institution of recognised standing and appropriate expertise appointed by the Society to perform the functions of the Calculation Agent under these Conditions (including any successor or replacement calculation agent appointed by the Society from time to time).

(d) Determination of Rate of Interest and Interest Amount

The Calculation Agent shall, as soon as practicable on each SONIA Determination Date, determine the Rate of Interest and the Interest Amount for the relevant Interest Period. For these purposes, “Interest Amount” has the meaning given in Condition 3(1)(c), and shall be determined in the same manner as provided therein (but applying the applicable Rate of Interest determined in accordance with this Condition 3(2)).

(e) Notification of Rate of Interest and Interest Amount

- (i) The Calculation Agent or the Society shall cause notice of the Rate of Interest and the Interest Amount for each Interest Period and the relevant Interest Payment Date to be made available to the PIBS holders by (at the Society’s option) publication on the Society’s website or via the regulatory news service of the London Stock Exchange (or any successor or replacement service) or by advertisement in at least one leading daily newspaper with general circulation in London (expected to be *The Financial Times*), in any case as soon as possible after their determination but in no event later than the third Business Day thereafter.
- (ii) The Rate of Interest, Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

(f) Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Society, the Calculation Agent and the PIBS holders and (in the absence as referred to above) no liability to the Society or the PIBS holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

(g) Calculation Agent

The Society will procure that, for so long as any of the PIBS remains outstanding there shall at all times be a Calculation Agent for the purposes of the PIBS. Subject as set out above, the Society may terminate the appointment of the Calculation Agent. In the event of the appointed Calculation Agent being unable or unwilling to continue to act as the Calculation Agent or the Calculation Agent failing duly to

determine the Rate of Interest and the Interest Amount for any Interest Period, the Society shall appoint another bank or other institution of recognised standing and appropriate expertise to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed.

(23) Interest in respect of the PIBS shall not be paid or credited in respect of any Interest Period if the Society has at any time before the date for payment of the interest cancelled the payment of any interest or dividend upon:

- (a) any other shares of any class (other than deferred shares (as defined in the Act)) of the Society; or
- (b) any deposit (as defined in the Act) with the Society,

which falls, in accordance with the terms of the share or deposit, to be paid or credited at any time before the end of the relevant Interest Period.

For the purposes of this paragraph (3):

- (i) where the Society has deferred or suspended any payment upon the shares or deposits referred to in (a) or (b) respectively above it shall be taken to have cancelled the payment for so long as the payment upon the shares or deposits referred to in (a) or (b) respectively above remains outstanding; and
- (ii) a payment upon the shares or deposits referred to in (a) or (b) respectively above is to be taken to fall to be paid or credited in circumstances where it would have so fallen but for any provisions relating thereto entitling the Society to cancel, defer or suspend payment.

If, and to the extent that, the payment or crediting of interest is prohibited under this paragraph (23), interest in respect of the PIBS will be cancelled and PIBS holders will have no rights in respect of the cancelled interest.

(34) Interest in respect of the PIBS shall not be paid or credited for any Interest Period specified by the Board, if the Board is of the opinion that:

- (a) there has been a failure by the Society to satisfy the first criterion of prudent management set out in section 45(3) of the Act and such failure is then continuing; or
- (b) the payment or crediting of the interest or, as the case may be, the payment or crediting in full of the interest would cause or contribute to such a failure by the Society,

and in such case the Board passes a resolution cancelling or, as the case may require, reducing the interest to such extent as may be necessary to secure that there will be no failure to satisfy the first criterion of prudent management and on the passing of the resolution the PIBS holder shall cease to have any right to the interest for that period so cancelled or, as the case may be, any interest other than the reduced amount payable in accordance with that resolution.

(5) If the Society determines that a Benchmark Event occurs in relation to the SONIA Compounded Index or any subsequent Relevant Reference Rate at any time when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Relevant Reference Rate, then the following provisions of this Condition 3(5) shall apply.

(a) Independent Adviser

The Society shall use reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Society determining a Successor Rate, failing which an Alternative Rate, and (in either case) the applicable Adjustment Spread and any Benchmark Amendments, all as set out below.

If, notwithstanding the Society's reasonable endeavours, the Society is unable to appoint and consult with an Independent Adviser in accordance with the foregoing paragraph, the Society shall nevertheless be entitled, acting in good faith and in a commercially reasonable manner, to make any and all determinations expressed to be made by the Society pursuant to this Condition 3(5), notwithstanding that such determinations are not made following consultation with an Independent Adviser.

If, upon applying the provisions of this Condition 3(5), neither an Independent Adviser nor the Society is able to determine a Successor Rate or an Alternative Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments in accordance with this Condition 3(5), the Society will notify the Calculation Agent and the PIBS holders of that fact, and thereafter will periodically (at least once every 12 months) attempt to determine the same by further application of this Condition 3(5) until a successful determination has been made and notified to the Calculation Agent and the PIBS holders.

(b) Successor Rate or Alternative Rate

If the Society, following consultation with the Independent Adviser (if appointed), determines in good faith that:

- (A) there is a Successor Rate, then such Successor Rate shall (as adjusted by the applicable Adjustment Spread) subsequently be used in place of the Relevant Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the PIBS (subject to the further operation of this Condition 3(5)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (as adjusted by the applicable Adjustment Spread) subsequently be used in place of the Relevant Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the PIBS (subject to the further operation of this Condition 3(5)).

(c) Adjustment Spread

If a Successor Rate or Alternative Rate is determined in accordance with the foregoing provisions, the Society, following consultation with the Independent Adviser (if appointed), will determine in good faith the Adjustment Spread to be applied to such Successor Rate or Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(d) Benchmark Amendments

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 3(5) and the Society, following consultation with the Independent Adviser (if appointed), determines in good faith:

(A) that amendments to the Conditions are necessary to ensure the proper operation (having regard to prevailing market practice, if any) of such Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the "Benchmark Amendments"); and

(B) the terms of the Benchmark Amendments,

then the Society shall be entitled, without any requirement for the consent or approval of PIBS holders, to vary the Conditions to give effect to such Benchmark Amendments.

(e) Notices

The Society shall notify the Calculation Agent and, in accordance with Condition 3(2)(e), the PIBS holders, promptly of any Successor Rate or Alternative Rate (as applicable) and the relevant Adjustment Spread, and the specific terms of any Benchmark Amendments, determined under this Condition 3(5). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(f) Survival of Relevant Reference Rate

The Relevant Reference Rate will continue to apply until notice has been given to the Calculation Agent and the PIBS holders in accordance with Condition 3(5)(e).

(g) Restriction on Independent Adviser and Society liability

An Independent Adviser appointed pursuant to this Condition 3(5) shall act in good faith.

In the absence of bad faith or fraud, neither the Society nor any Independent Adviser shall have any liability whatsoever to the Calculation Agent or the PIBS holders for any determination made by the Society or the Independent Adviser or (in the case of the Independent Adviser) for any advice given to the Society in connection with any determination made by the Society pursuant to this Condition 3(5).

(h) Regulatory capital

Notwithstanding any other provision of this Condition 3(5), the Society shall not be required to adopt any Successor Rate, Alternative Rate or Adjustment Spread, nor to effect any Benchmark Amendments, if and to the extent that, in the determination of the Society, the same could reasonably be expected to prejudice the qualification of the PIBS as own funds and/or as eligible liabilities or loss absorbing capacity instruments for the purposes of any prudential, capital adequacy, loss absorption capacity or resolution laws, regulations, guidelines or requirements or policies of any relevant supervisory authority (having authority with respect to prudential or resolution matters concerning the Society) then in effect and applicable to the Society.

In such event, the Society shall be entitled to apply the provisions of this Condition 3(5) with such further adjustments as it considers necessary to avoid the consequences described above, provided that the Society, acting in good faith and in a commercial reasonable manner, has determined that so doing shall not be materially less favourable to PIBS holders than failing to apply the provisions of this Condition 3(5) at all.

(i) Definitions

As used in this Condition 3(5):

"Adjustment Spread" means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which is to be applied to the Successor Rate or the Alternative Rate (as the case may be), being the spread, formula or methodology which:

(A) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Relevant Reference Rate with the Successor Rate by any Relevant Nominating Body;

(B) in the case of an Alternative Rate (or in the case of a Successor Rate where (A) above does not apply), the Society, following consultation with the Independent Adviser (if appointed) and acting in good faith, determines is in customary market usage (or reflects an industry-accepted rate, formula or methodology) in the international debt capital market for transactions which reference the Relevant Reference Rate, where such rate has been replaced by the Alternative Rate (or, as the case may be, the Successor Rate); or

(C) if no such recommendation or option has been made (or made available) under (A) above and if the Society, following consultation with the Independent Adviser (if appointed), determines there is no such spread, formula or methodology in customary market usage or which is industry-accepted under (B) above, the Society, in its discretion, following consultation with the Independent

Adviser (if appointed) and acting in good faith and in a commercially reasonable manner, determines to be appropriate having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purposes of this paragraph (C), of reducing or eliminating any economic prejudice or benefit (as the case may be) to the PIBS holders;

“Alternative Rate” means an alternative benchmark or screen rate which the Society, following consultation with the Independent Adviser (if appointed), determines in accordance with this Condition 3(5) has replaced the Relevant Reference Rate in customary market usage, or is an industry-accepted rate, in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for an interest period of approximately six months and in sterling;

“Benchmark Event” means, with respect to the Relevant Reference Rate, any one or more of the following:

- (A) the Relevant Reference Rate ceasing to exist or to be published or administered on a permanent or indefinite basis;
- (B) the making of a public statement by the administrator of the Relevant Reference Rate that it has ceased or will cease to publish the Relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Relevant Reference Rate);
- (C) the making of a public statement by the supervisor of the administrator of the Relevant Reference Rate that the Relevant Reference Rate has been or will be permanently or indefinitely discontinued;
- (D) the making of a public statement by the supervisor of the administrator of the Relevant Reference Rate that the Relevant Reference Rate will be prohibited from being used, is no longer (or will no longer be) representative of its underlying market or that its use will be subject to restrictions or adverse consequences, in each case in circumstances where the same shall be applicable to the PIBS; or
- (E) it has or will prior to the next relevant date for determining a Rate of Interest become unlawful for the Society or the Calculation Agent to calculate any payments due to be made to any PIBS holder using the Relevant Reference Rate (including, if applicable but without limitation, under the Benchmarks Regulation (EU) 2016/1011 as it applies in the European Union or as retained or superseded in English domestic law),

provided that in the case of paragraphs (B) to (D) above, the Benchmark Event shall occur on:

- (i) in the case of (B) above, the date of the cessation of the publication of the Relevant Reference Rate;
- (ii) in the case of (C) above, the discontinuation of the Relevant Reference Rate; or
- (iii) in the case of (D) above, the date on which the Relevant Reference Rate is prohibited from use, is deemed no longer to be representative or becomes subject to restrictions or adverse consequences (as applicable),

and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (i), (ii) or (iii) above, as applicable);

“Independent Adviser” means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Society at its own expense;

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof;

“Relevant Reference Rate” means the SONIA Compounded Index or, if that reference rate has already been replaced as a result of any prior operation of this Condition 3(5) (on any one or more occasions), the Successor Rate or Alternative Rate then applicable to determining Rates of Interest; and

“Successor Rate” means a successor to or replacement of the Relevant Reference Rate which is formally recommended by any Relevant Nominating Body.”

2. Proposed Variations to Condition 4

The following are the proposed variations to Condition 4. The proposed variations are shown by way of strike-through (~~example~~) of proposed deletions and underlining (example) of proposed insertions. These variations are proposed under Resolution 2.

“4. Repayment

- (1) The PIBS constitute permanent non-withdrawable deferred shares in the Society and have no specified final maturity.
- (2) The PIBS will become repayable on the date that an order is made or an effective resolution is passed for the winding up or, otherwise than by virtue of section 93(5), section 94(10), section 97(9) or section 97(10) of the Act, dissolution of the Society but only if and subject to the condition that all sums due from the Society to Creditors claiming in the winding up or dissolution have been paid in full.

For the purposes of these Conditions, “Creditors” means all creditors (including all subordinated creditors) of the Society and members holding shares (other than deferred shares) as regards the principal and interest due in respect of those shares.
- (3) The claims of PIBS holders in a winding up or dissolution of the Society will be for the principal amount of their PIBS together, subject to Condition 3, with interest accrued to but excluding the date of repayment after all sums due from the Society to Creditors have been paid in full. PIBS holders will not be entitled to any share in any final surplus upon a winding up or dissolution of the Society.
- (4) The Society may, having obtained prior Relevant Supervisory Consent and, for so long as the PIBS are listed on The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited (the “London Stock Exchange”), subject to and in accordance with the requirements from time to time of the London Stock Exchange, purchase any PIBS. In the case of purchase by tender, tenders shall be made available to all PIBS holders alike. Any PIBS purchased by the Society may be held or resold or cancelled.

For the purposes of these Conditions, “Relevant Supervisory Consent” means ~~consent to the relevant purchase given by the Building Societies Commission~~, in relation to any action, such permission or waiver of the relevant Supervisory Authority as is then required for such action under prevailing Prudential Rules.

- (5) All PIBS repaid by the Society as aforesaid shall be cancelled forthwith and such PIBS may not be reissued or resold.
- (6) (i) The Society may, in its sole discretion and subject to compliance with Condition 4(7), upon giving the PIBS holders not less than 15 nor more than 60 days’ notice, redeem all (but not some only) of the PIBS then outstanding on the Interest Payment Date falling in September 2030 or any Interest Payment Date thereafter, at a redemption price equal to the nominal amount of such PIBS together, subject to Condition 3, with accrued and unpaid interest on the PIBS up to (but excluding) the due date for redemption.

(ii) The notice under Condition 4(6)(i) above shall specify the date for redemption, and shall be given to the PIBS holders by (at the Society’s option) post to the registered address of the PIBS holders (or their representative joint holders) appearing on the PIBS Register at close of business on the London business day immediately preceding the date of the notice, or by publication via the regulatory news service of the London Stock Exchange (or any successor or replacement service) or by advertisement in at least one leading daily newspaper with general circulation in London (expected to be *The Financial Times*).

(iii) Any notice given under Condition 4(6)(i) shall be irrevocable, and the Society shall be bound to redeem the PIBS on the due date for redemption specified in such notice. Once redeemed, the PIBS will be cancelled and may not be reissued or resold.
- (7) The redemption of the PIBS in accordance with Condition 4(6) is subject to:
 - (a) the Society having obtained Relevant Supervisory Consent therefor; and
 - (b) the Society having demonstrated to the satisfaction of the relevant Supervisory Authority that either:
 - (1) the Society has (or before or at the same time as the redemption will have) replaced the PIBS with own funds instruments of equal or higher quality on terms that are sustainable for the income capacity of the Society; or
 - (2) the own funds and eligible liabilities of the Society would, following such redemption or purchase, exceed its minimum requirements (including any buffer requirements) by a margin that the relevant Supervisory Authority considers necessary at such time,

provided that, notwithstanding the foregoing, if, at the time of the redemption, the prevailing Prudential Rules permit redemption of the PIBS only after compliance with one or more additional or alternative preconditions to those set out above in this Condition 4(7), the Society shall comply (in addition or in the alternative, as the case may be) with such additional and/or alternative precondition(s). As used in these Conditions:

“Prudential Rules” means, at any time, the law, regulations, requirements, guidelines and policies then in effect relating to capital adequacy, prudential supervision, loss absorbing capacity and resolution and applicable to the Society; and

“Supervisory Authority” means, from time to time, the Prudential Regulation Authority or such other authority then having primary supervisory authority and/or responsibility with respect to prudential or resolution matters concerning the Society and/or its group, as may be relevant in the context.”

