

26 November 2020

Distribution Announcement

West Bromwich Building Society

Core Capital Deferred Shares (GB00BYWR8Q80)

The Society announced its half year results today, reporting a profit before tax of £2.9m, £3.5m lower than for the same period in the prior year, primarily reflecting the impact of the operating environment resulting from the actions taken by the UK Government to contain the spread of the Covid-19 virus and the reduction in the Bank of England base rate. In the context of the reported reduction in profits and the uncertain outlook for the UK economy, with risks weighted towards the downside, the Board would like to provide updated guidance on its current expectation for the interim CCDS distribution for February 2021 (the 'Interim Distribution'). Despite the reported fall in profits, the Society has maintained its capital strength with a CET1 ratio of 16.5% as at 30 September 2020 which the Board believes, taking into account the interests of the Society's members as a whole, should enable the Interim Distribution to be held at the level paid in August 2020 of £0.50p per CCDS.

The CCDS Distribution Policy (the 'Distribution Policy') dated 10 April 2018 set out the Board's intentions at the time for the targeted path of distributions. The Distribution Policy, which included an uplift in the Interim Distribution for February 2021 to £1.00 per CCDS, was dependent on a number of considerations including an improvement in the Society's annual profitability from its level at that time. The Policy was clear that, in the event that the Society's profitability and/or financial position diverged from the Board's expectations, it would be likely that the Board would choose to amend its Distribution Policy or depart from it.

Given the ongoing uncertainties in the economy, the Board is not currently in a position to set out its expectations for a revised future path of distributions beyond the expected Interim Distribution for February 2021, but anticipates providing an update around the time the Society announces its full year results for the year to 31 March 2021.

Market Abuse Regulation

This announcement is released by West Bromwich Building Society (the Society) and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to the Society's CCDS as described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Ashraf Piranie, Group Finance & Operations Director of the Society.