

27 May 2021

## ***Distribution Announcement***

### ***West Bromwich Building Society***

#### ***Core Capital Deferred Shares (GB00BYWR8Q80)***

The Society announced its full year results today, reporting a profit before tax of £4.7m, £3.2m higher than for the same period in the prior year. However, profit levels remain lower than our expectations at the time of the Liability Management Exercise (LME) undertaken in April 2018, primarily reflecting the current economic and operating environment.

The Society maintained the Interim Distribution for the period to 30 September 2020 at £0.50p per CCDS, which was paid in February 2021, and indicated an update would be provided alongside the full year results as the outlook became clearer. In the context of the continuing uncertain outlook for the UK economy, the Board would like to provide updated guidance on its current expectation for the final CCDS distribution for August 2021 (the 'Final Distribution'). Although profit levels have remained below the levels envisaged at the time of the LME, the Society has maintained its capital strength with a CET1 ratio of 16.4% as at 31 March 2021. Taking account of these and other relevant factors, and considering the interests of the Society's members as a whole, the Board expects to increase the Final Distribution to £0.75p per CCDS.

Looking ahead, significant uncertainties remain for the economy, and any recovery is dependent on the evolution of the coronavirus pandemic as well as the speed and efficacy of the vaccination programme both in the UK and globally. Given these ongoing uncertainties the Board is not in a position to set out its expectations for a revised future path of distributions beyond the expected Final Distribution for August 2021. The Board will assess the appropriate level of future distributions as the year progresses and anticipates a further update around the time the Society announces its Interim Results for the period to 30 September 2021.

The Board's objective remains to increase distributions over time up to a semi-annual £2.25p per CCDS, being the level distributions were expected to rise to in the original CCDS Distribution Policy dated 10 April 2018. Under normal conditions, once distributions reach this level the Board then intends to adopt a stable distribution policy, subject to the Society's then-current and anticipated financial position being viewed as satisfactory and any other factors considered by the Board to be relevant.

#### **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.