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REGULATORY NEWS ANNOUNCEMENT

FOR IMMEDIATE RELEASE

10 APRIL 2018

WEST BROMWICH BUILDING SOCIETY¹
FINAL RESULTS OF LIABILITY MANAGEMENT EXERCISE

This announcement contains inside information.

In an announcement dated 8 March 2018 (the “**March Announcement**”), West Bromwich Building Society (the “**Society**”) announced the launch of its liability management exercise (the “**Liability Management Exercise**” or “**LME**”) in relation to its 3,650 Profit Participating Deferred Shares (the “**PPDS**”) and its £75 million 6.15 per cent. Permanent Interest Bearing Shares (the “**PIBS**”).

The LME consists of the PPDS Exchange Offer and the PIBS Exchange Offer (together, the “**Exchange Offers**”), the PIBS Tender Offer (together with the Exchange Offers, the “**Offers**”) and the Variations, in each case as defined in the March Announcement. The full terms of the Exchange Offers were set out in a Consent and Exchange Offer Memorandum (the “**CEOM**”) and the full terms of the PIBS Tender Offer were set out in a Consent and Tender Offer Memorandum (the “**CTOM**”), in each case dated 8 March 2018. Defined terms used and not otherwise defined in this announcement have the meanings given in the March Announcement, the CEOM or the CTOM.

On 6 April 2018, the Society announced the indicative results of the LME. The Society is now announcing the final results of the LME.

Final Results of the LME

PRA approvals and settlement conditions

Following conclusion of the PIBS Meeting held on 9 April 2018, the Society informed the Prudential Regulation Authority (“**PRA**”) of the outcome of the LME. The Society has now received all final approvals from the PRA which are necessary for it to settle the LME.

The Society also confirms that the Settlement Conditions to the Offers, as set out in the CEOM and CTOM, have been or will be satisfied or waived on or prior to the Settlement Date.

Participation and acceptance

As at the Participation Deadline for the Offers:

- (i) a total of 3,650 PPDS (representing 100 per cent. of the total number of PPDS outstanding) had been validly Offered for Exchange pursuant to the PPDS Exchange Offer;

¹ LEI: 45WSBJJYVGC91LG3H515

- (ii) £58,032,000 in aggregate nominal amount of the PIBS (representing 77.38 per cent. of the aggregate nominal amount of the PIBS outstanding) had been validly Offered for Exchange pursuant to the PIBS Exchange Offer; and
- (iii) £8,077,000 in aggregate nominal amount of the PIBS (representing 10.77 per cent. of the aggregate nominal amount of the PIBS outstanding) had been validly tendered for purchase pursuant to the PIBS Tender Offer.

The Society hereby confirms that it accepts for exchange all of the PPDS and PIBS which were validly Offered for Exchange in the Exchange Offers and accepts for purchase all of the PIBS which were validly tendered for purchase in the PIBS Tender Offer.

PIBS Meeting

The PIBS Meeting was held at 5.30 p.m. on 9 April 2018. More than one-third of the PIBS outstanding were represented at the PIBS Meeting, and the votes cast in favour of the Extraordinary Resolution (in the form set out at Annex A to the CEOM and Annex 2 to the CTOM) represented more than three-quarters of the PIBS represented at the PIBS Meeting. Accordingly, the Extraordinary Resolution was duly passed.

The Society has, accordingly, varied the PIBS Conditions with immediate effect, and the revised PIBS Conditions are available for viewing on the Society's website.

PPDS Written Resolutions

As announced on 6 April 2018 the PPDS Written Resolutions, as set out at Annex B to the CEOM, were duly passed on 5 April 2018 with the consent in writing of the holders of more than three-quarters of the PPDS.

Following receipt of the PRA approvals, the Society has, accordingly, varied the PPDS Conditions with immediate effect, and the revised PPDS Conditions are available for viewing on the Society's website.

Given that all of the PPDS have been validly Offered for Exchange and accepted pursuant to the PPDS Exchange Offer, there are no further PPDS in respect of which the Sweep-up Option could be exercised, and accordingly such option will not be exercised.

Settlement of the Offers

The Offers are scheduled to settle on 12 April 2018 (the "**Settlement Date**"). As a result of the Offers, the Society expects that, on the Settlement Date, it will:

- (i) issue a total of 1,288,813 Core Capital Deferred Shares ("**CCDS**");
- (ii) issue £22,498,600 in aggregate nominal amount of Tier 2 Notes;
- (iii) make total Cash Payments equal to £29,257,257.18 pursuant to the Exchange Offers; and
- (iv) make total Aggregate Cash Payments equal to £4,200,040 pursuant to the PIBS Tender Offer.

The Society will make an application for the CCDS and the Tier 2 Notes to be admitted to the Official List of the Luxembourg Stock Exchange and admitted to trading on its Euro MTF Market with effect on or around the Settlement Date.

The Society also expects that, as a result of the Offers, it will on the Settlement Date cancel all of the outstanding PPDS and cancel £66,109,000 in aggregate nominal amount of the PIBS. Accordingly,

following the Settlement Date, no PPDS will remain outstanding and £8,891,000 in aggregate nominal amount of the PIBS will remain outstanding.

Based upon the results of the LME, the Society anticipates that, on an indicative basis only (had the LME been successfully completed on 30 September 2017) its common equity tier 1 ("**CET1**") ratio would have been maintained at 14.1 per cent., its total capital ratio (with full impact of CRD IV implementation) would have increased by approximately 1 percentage point to 15.8 per cent. and Member Reserves would have increased by approximately £50 million, before any accounting adjustment to other reserves to reflect the fair values of the new instruments.

Jonathan Westhoff, Chief Executive of the Society, said:

"I am delighted that we have been able to announce the successful outcome of the LME today, well within our target of the first half of 2018. The Board would like to thank our PPDS and PIBS holders for their tremendous support in making the LME a success. Following this modernisation of the Society's capital base, we look forward to focusing on the continued delivery of our plan to provide exceptional lending and savings products to our membership."

Market Abuse Regulation

This announcement is released by West Bromwich Building Society and contains information that qualifies 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 Liability Management Exercise described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, the person responsible for arranging the release of this announcement on behalf of West Bromwich Building Society is Ashraf Piranie, Group Finance & Operations Director.

DISCLAIMER

The offer period for each of the Offers has now expired. The Offers have been made outside the United States and otherwise subject to offer restrictions in South Africa, Japan, Hong Kong, Singapore, Italy, Switzerland, Canada and elsewhere.

MiFID II product governance - professional investors and ECPs only target market / PRIIPs Regulation - prohibition of sales to EEA retail investors / COBS 22.2 - restriction on marketing and sales to retail investors

*The securities to be issued pursuant to the LME have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws. Accordingly, the securities are and will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and other applicable securities laws, pursuant to an exemption from registration. Registration rights will not be granted in favour of the securities and they may not be offered, sold, pledged or otherwise transferred except outside the United States in accordance with Rule 903 or Rule 904 of Regulation S.*

This announcement and any other materials relating to the Offers may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

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