



Head Office: 2 Providence Place,
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www.westbrom.co.uk

30 September 2021

Dear PIBS Holder

On behalf of the Directors of West Bromwich Building Society, I am writing to you about a resolution which was passed at a meeting of the Board of the Society on 29 September 2021.

In line with the distribution policy, the Board passed a resolution to cancel the interest payment due on 5 October 2021 with respect to the Society's PIBS.

On 20 January 2020 the Society issued a public statement updating holders on the current position in relation to the future payment of interest on PIBS. Whilst noting that any interest payments on the PIBS are at the sole discretion of the Board, the statement highlights the fact that in connection with the Distribution Policy on the PIBS, the Society continues to calculate the PPDS reserve on a notional basis. For the year ended 31 March 2021, the Society generated a reported net profit of £5.1m, including the impact of £2.5m Tier 2 interest payable. The net profit disregarding Tier 2 interest (after tax) would therefore have been £7.1m. Accordingly, during the year the notional PPDS reserve deficit reduced by £1.8m (25% of £7.1m) leaving a deficit of £3.9m at 31 March 2021. There will be an update to the reserve position when the half year accounts are released which is expected to be sometime around the end of November.

The Board will have regard to all relevant factors in determining any future interest payments, of which the notional PPDS reserve is one, having regard to its duties to act in the interests of the members as a whole. The Board continues to keep its PIBS distribution policy under review, and there are no plans to revise this policy at this time. Should the policy be amended in the future, the Society will notify the markets accordingly.

Yours sincerely

Neil Noakes
Group Secretary