

30 September 2015

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.

In accordance with condition 4(3)(b) of the Special Conditions of issue of the Permanent Interest Bearing Shares (PIBS), the Board passed a resolution to cancel the interest payment due on 5 October 2015 with respect to the Society's PIBS.

With regards to the resumption of interest payments, it will be necessary for the losses that the Society has reported since the 31 March 2009 financial year end (and any subsequent losses reported) which have been written down against the Profit Participating Deferred Shares (PPDS) to be made good. From that point onwards, up to 25% of any net profits will be paid to PPDS holders and the Board then has the discretion to pay PIBS holders interest which is equivalent to the rate paid to PPDS holders up to a maximum of 6.15%.

Consequently, whilst we have reported a profit for the financial years 2013/14 and 2014/15, the amount is insufficient to make good the previous losses and therefore no interest payment to PIBS holders can yet be made. For further information, please refer to Note 27 "Profit participating deferred shares" on page 70 of the Annual Report and Accounts for the year ended 31 March 2015.

Yours sincerely

Neil Noakes  
Group Secretary