



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

29 September 2022

Dear PIBS Holder

On behalf of the Board of Directors of West Bromwich Building Society, I am writing to you about a resolution which was passed to make an interest payment in respect of the PIBS of 0.74%, to be paid on 5 October 2022.

As detailed in the statement issued on 20 January 2020 the current distribution policy limits interest payments on the PIBS to the lower of (i) the equivalent annual yield that would have been paid to holders of PPDS (had they remained in issue on their original terms); and (ii) the annual rate set out in the Special Conditions of Issue of the PIBS (the "Specified Rate"), being 6.15% prior to 5 April 2021 and thereafter, a rate of interest reset periodically and equal to the applicable 5-year gilt rate plus a margin of 2.8%.

In connection with the indicative PIBS distribution policy above, the Society continues to calculate a notional PPDS reserve. At 31 March 2021, the Society disclosed a deficit balance on this notional reserve of £3.9m.

As outlined in the Society's annual accounts published in May 2022, for the year ended 31 March 2022, the Society generated a reported profit after tax of £24.4m, including the impact of £2.5m Tier 2 interest payable. The net profit disregarding Tier 2 interest (after tax) would therefore have been £26.4m. Accordingly, during the year the notional PPDS reserve account deficit was extinguished, with a positive balance of £2.7m at 31 March 2022 that could have been distributed to PPDS holders had they remained in issue. The equivalent annual yield that would have been paid to PPDS holders would therefore have been 1.48%, or 0.74% on a semi-annual basis.

Any decision on future interest payments remains at the sole discretion of the Board who will take into account all relevant factors, of which the PPDS reserve is one, having regard to its duties to act in the interests of the members as a whole.

Yours sincerely

Neil Noakes
Group Secretary