

SUPPLEMENT DATED 17 SEPTEMBER 2018
TO THE BASE PROSPECTUSES REFERRED TO BELOW



Nationwide Building Society

(Incorporated in England under the Building Societies Act 1986, as amended)

**U.S.\$25,000,000,000
European Note Programme
(the European Note Programme)**

**€45,000,000,000
Global Covered Bond Programme**

unconditionally and irrevocably guaranteed as to payments by Nationwide Covered Bonds LLP (the **LLP**)
(a limited liability partnership incorporated in England and Wales)
(the **Global Covered Bond Programme**)

**U.S.\$20,000,000,000
Senior Preferred, Senior Non-Preferred and Subordinated Medium-
Term Note Programme
(the USMTN Programme)**

This supplement (the **Supplement**) to the base prospectus dated 16 February 2018 for the European Note Programme (as supplemented on 23 May 2018 and 13 August 2018), the base prospectus dated 27 July 2018 for the Global Covered Bond Programme (as supplemented on 13 August 2018) and the base prospectus dated 26 June 2018 for the USMTN Programme (as supplemented on 13 August 2018) (together, the **Base Prospectuses** and each, a **Base Prospectus**) constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 and is prepared in connection with the European Note Programme, the Global Covered Bond Programme and the USMTN Programme, each established by Nationwide Building Society (the **Issuer**). Terms defined in the Base Prospectuses have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the relevant Base Prospectus and any other supplements to the relevant Base Prospectus issued by the Issuer.

The Issuer and, in respect of the Global Covered Bond Programme only, the LLP, each accept responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer and, in respect of the Global Covered Bond Programme only, the LLP (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of this Supplement

The purpose of this Supplement is to update the Base Prospectuses to include disclosure on the Issuer's additional technology investment and its reaffirmed commitment to its key strategic priorities for its five-year investment plan, as announced by the Issuer on 14 September 2018.

Additional technology investment

On 14 September 2018, the Issuer published a regulatory news service announcement entitled “*Redefining service for a digital world*” (the **Announcement**), in which the Issuer announced an additional technology investment of £1.3 billion, taking its overall investment plans to £4.1 billion over the next five years.

This investment is intended to enable the Issuer to simplify its technology estate and build new technology platforms to enable growth and diversification, and to drive forward digital, data and analytic strategies. At the same time, the Issuer intends to continue to transform member experience on the high street through investment in branches and other channels. Through this programme, the Issuer will seek to take advantage of the opportunities to grow its membership and revenue in existing and new propositions, to further enhance service, to simplify operations and to build new skills for the future. As part of this overall investment, the Issuer anticipates creating an additional technology hub in the UK and employing between 750 and 1000 people over time.

The Issuer expects to recognise an additional charge of between £200 million to £250 million in the current financial year in light of the incremental technology investment, approximately half of which is expected to be recognised within the first half of the financial year. The Issuer considers that the full year range represents a reasonable estimate for the on-going annualised impact on profits over the period to 2023 as the Issuer delivers the programme.

The Issuer considers that it is making this investment from a position of financial strength, with present capital levels higher than at any point during its history. The Issuer remains committed to its financial performance framework and expects to continue to improve its capital ratios over the period (excluding the impact of any capital calls it chooses to make and proposed regulatory changes). The investment strategy is designed to enable greater efficiencies, and the Issuer has extended its sustainable saves target from £300 million by 2021 to £500 million by 2023. Furthermore, the Board reaffirmed its commitment to its existing Core Capital Deferred Shares distribution policy, and confirmed that it does not envisage any impact on its approach to, or level of, Core Capital Deferred Share distributions as a result of the additional technology investment.

Key strategic priorities for the Issuer’s five-year investment plan

The Issuer recognises that customer expectations of service are rapidly changing in a digital world, and believes its members want a combination of human service on the high street, as well as digital convenience. As a building society, the Issuer considers itself well placed to deliver both - continuing to invest in its branches alongside its significant investment in technology and operational capabilities.

In 2016, the Issuer’s strategy refresh focused on core purpose with mutuality and members at the centre. ‘Building society, nationwide’, is underpinned by five cornerstones: built to last, building thriving membership, building legendary service, building PRIDE and building a national treasure. In its Announcement, the Issuer reaffirmed its commitment to:

- continuing to build **thriving membership** by growing membership and revenues in new and existing propositions;
- ensuring the Issuer is **built to last** by simplifying its operations and increasing its efficiency – supported by the extension of its sustainable saves target to £500 million by 2023;
- building **legendary service** capability for a digital age, combining digital convenience with a human touch - targeting 60 per cent. of active current account members using mobile and launching new member propositions enabled by the introduction of Open Banking in the UK;

- building new skills and talent for the future, remaining true to its **PRIDE** values which define its member-focused culture - creating an additional technology hub employing between 750 and 1,000 people; and
- continuing its aspirations to be recognised as a **national treasure** by remaining true to its core purpose of 'building society, nationwide'.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the relevant Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the relevant Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectuses since the publication of the Base Prospectuses.

The date of this Supplement is 17 September 2018.