

**SUPPLEMENT DATED 5 APRIL 2024
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**)

and

€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 **Covered Bond Programme**)

This supplement (the **Supplement**) to (i) the base prospectus dated 20 October 2023 for the European Note Programme, as previously supplemented on 17 November 2023 and (ii) the base prospectus dated 14 September 2023 for the Covered Bond Programme, as previously supplemented on 6 November 2023 and 17 November 2023 (together, the **Base Prospectuses** and each a **Base Prospectus**) is prepared in connection with the European Note Programme and the Covered Bond Programme, each established by Nationwide Building Society (the **Society** or the **Issuer**).

This Supplement constitutes (i) a supplement to each Base Prospectus for the purposes of Article 23 of the UK Prospectus Regulation and (ii) supplementary admission particulars to the Base Prospectus for the European Note Programme as it comprises admission particulars for the purposes of the ISM Rulebook (and references herein to the Base Prospectus in respect of the European Note Programme shall include such document as it comprises such admission particulars for the purposes of the ISM Rulebook).

Terms defined in the Base Prospectuses have the same meaning when used in this Supplement. When used in this Supplement, **ISM Rulebook** means the London Stock Exchange's ISM Rulebook (effective as of 1 January 2021).

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 published by the Issuer.

The Issuer and, in respect of the Covered Bond Programme only, the LLP, each accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer and, in respect of the Covered Bond Programme only, the LLP, the information contained in this Supplement is in accordance with the facts and this Supplement makes no omission likely to affect its import.

This Supplement has been approved as a supplement to the Base Prospectuses by the Financial Conduct Authority (the **FCA**), as competent authority under the UK Prospectus Regulation. The FCA only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or, in respect of the Covered Bond Programme only, the LLP, or the quality of the Notes and Covered Bonds that are the subject of this Supplement (**Notes** and **Covered Bonds**, respectively) and the Base Prospectuses and investors should make their own assessment as to the suitability of investing in any Notes issued under the European Note Programme or any Covered Bonds issued under the Covered Bond Programme, as the case may be.

A copy of this Supplement has also been submitted to the London Stock Exchange plc (the **London Stock Exchange**) in connection with the application for Exempt Notes issued under the European Note Programme to be

admitted to trading on the International Securities Market (the **ISM**) of the London Stock Exchange. The London Stock Exchange has not approved or verified the contents of this Supplement.

PURPOSE OF THIS SUPPLEMENT

The purpose of this Supplement is to:

- (a) incorporate by reference the announcement made by the Society on 21 March 2024 relating to the recommended cash acquisition by the Society of Virgin Money UK PLC (**Virgin Money**) (the **Virgin Money Acquisition** or the **Acquisition**);
- (b) include a new sub-section “*Risks relating to the Virgin Money Acquisition*” in the “*Risk Factors*” section of each Base Prospectus; and
- (c) update the “*Recent Developments*” section in the section “*Description of the Society*” in the Base Prospectus for the European Note Programme and the section “*The Issuer*” in the Base Prospectus for the Covered Bond Programme, with respect to the Virgin Money Acquisition.

INCORPORATION BY REFERENCE OF VIRGIN MONEY ACQUISITION ANNOUNCEMENT

On 21 March 2024, the Society published the announcement “*Recommended Cash Acquisition of Virgin Money UK PLC by Nationwide Building Society*” (<https://www.londonstockexchange.com/news-article/NBS/recommended-cash-offer-for-virgin-money-uk-plc/16387686>) (the **Acquisition Announcement**), containing information relating to the proposed Virgin Money Acquisition. By virtue of this Supplement, the Acquisition Announcement is incorporated in, and forms part of, each Base Prospectus, and the section “*Documents Incorporated by Reference*” in each Base Prospectus shall be deemed to be updated accordingly.

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the UK Prospectus Regulation or the ISM Rulebook, except where such information or other documents are specifically incorporated by reference in this Supplement.

RISKS RELATING TO THE VIRGIN MONEY ACQUISITION

The following new sub-section is deemed to be included at the end of the section “*Risk Factors*” in each Base Prospectus:

“RISKS RELATING TO THE VIRGIN MONEY ACQUISITION

This section should be read together with the Issuer’s announcement “*Recommended Cash Acquisition of Virgin Money UK PLC by Nationwide Building Society*” published on 21 March 2024 (the **Acquisition Announcement**). Terms defined in the Acquisition Announcement shall, where the context admits, have the same meaning in this section.

There can be no assurance that the proposed Virgin Money Acquisition will complete or, if it completes, that it will deliver the benefits anticipated by the Issuer

On 21 March 2024, the Issuer announced that the Boards of Directors of the Issuer and of Virgin Money had agreed the terms of a recommended cash acquisition of the entire issued and to be issued share capital of Virgin Money by the Issuer. The Issuer presently expects the Acquisition will, subject to satisfaction or (where applicable) waiver of certain conditions, become Effective in the fourth quarter of 2024. For further information on the proposed Acquisition, see the Acquisition Announcement, as incorporated by reference herein.

There can be no assurance that the Acquisition will complete. The Acquisition is subject to a number of conditions, including (among other things): approvals by the requisite majorities of Virgin Money shareholders; sanction by the Court (if the Acquisition proceeds by way of a court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006); and the receipt of regulatory approvals from the Prudential Regulation Authority (the **PRA**), the FCA and the Competition and Markets Authority. A number of the conditions to completion of the Acquisition

are outside the control of the Issuer. There can be no assurance that these conditions will be satisfied or (where capable of waiver) waived on a timely basis, or at all. Accordingly, the Acquisition remains subject to a number of uncertainties and there can be no assurance that it will be completed within the timeframe and on the terms currently contemplated, or at all, and the Issuer may face increases in its costs to seek to secure completion of the Acquisition.

Whether or not the Acquisition completes, the Issuer has incurred, and will continue to incur, irrecoverable costs (such as advisor fees) associated with the proposed Acquisition. Furthermore, the Acquisition requires the Issuer's senior management team to devote considerable time and resources to planning for the Acquisition and subsequent integration, which may divert attention from normal business operations and evaluating other potential opportunities available to the Issuer.

Should the Acquisition complete, during integration, the Issuer will explore opportunities to achieve cost synergies across the combined group (the **Combined Group**, which term, when used herein, means the Nationwide Group, including the Virgin Money Group, following the Acquisition becoming Effective) where possible. However, there can be no assurance that the Combined Group will identify any such cost synergies or, even if identified, that all or any of such cost synergies will be achieved. In addition, the costs of the Acquisition and subsequent integration may materially exceed the Issuer's expectations. The anticipated benefits are based on a number of assumptions that are inherently uncertain and subject to risks that could cause the actual results to differ materially from those envisaged by the Issuer. These include, but are not limited to, the following factors:

- the completion of the Acquisition may be delayed, or the Acquisition may not be completed at all;
- regulatory or competition authorities may impose conditions or constraints on the Acquisition, or on the operations of the Combined Group;
- the Issuer intends, over the medium term, to assess the systems of both the Issuer and Virgin Money and rationalise those towards an optimal solution, to fulfil service commitments to the Combined Group's customers. Unforeseen challenges in any such rationalisation could prevent or delay the implementation thereof, give rise to complications or errors, result in increased costs, and/or increase the risk of cyber threat, data loss, service outage or other major IT incidents; and
- management time devoted to the integration may distract from the efficiency, accuracy, continuity and consistency of the Combined Group's control, administrative and support functions, such as financing operations, cash management, hedging, insurance, financial control and reporting, information technology, communications and compliance functions.

Any of the above factors may materialise and could have a material adverse effect on the business, financial condition, results of operation or prospects of the Issuer and (if the Acquisition is completed) the Combined Group.

No inclusion of Virgin Money historical financial information or any pro-forma financial information of the Combined Group in this Base Prospectus

The Acquisition, if completed, would result in a significant increase in the size of the Issuer's consolidated balance sheet, including in particular the Issuer's loan book and deposit portfolio. The Issuer does not have, and to date has not had, any control (financially, legally or operationally) over Virgin Money, and the Issuer has not had any oversight over the preparation of the audited financial statements of Virgin Money. Accordingly, this Base Prospectus does not contain or incorporate by reference the audited financial statements of Virgin Money or any other historical financial statements of Virgin Money.

Furthermore, this Base Prospectus does not contain or incorporate by reference any *pro-forma* historical financial information illustrating the combined financial position and results of operation of the Combined Group, given that: (i) at the date of this Base Prospectus, the Issuer does not control Virgin Money, and therefore does not have direct access to the books and records of Virgin Money; and (ii) while both the Issuer and Virgin Money apply International Financial Reporting Standards as adopted by the UK (**IFRS**), their respective accounting policies and classification of primary financial statement items may differ and such differences cannot currently be properly and accurately assessed and adjustments made to appropriately align the various financial statement items. Accordingly,

the Issuer considers that any *pro-forma* historical financial information for the Combined Group, if prepared at this time, would be inherently subject to the risk that it would be inaccurate.

As a result of the above, prospective investors should consider that there is uncertainty as to the actual effect that the Acquisition will have on the Issuer's consolidated financial position and results of operations.

Due diligence conducted by the Issuer may not have revealed all of the risks associated with the Acquisition

While the Issuer has been granted access to Virgin Money's senior management for the purposes of confirmatory due diligence, as is customary, it has not had access to sufficiently detailed information about Virgin Money to finalise its plans regarding the integration of the Combined Group.

The Issuer cannot be certain that its due diligence investigation has revealed all relevant facts and circumstances that may be necessary or helpful in evaluating the merits of the Acquisition, the existence of which could have a material adverse effect on the financial condition, business, results of operations or prospects of the Issuer or the Combined Group. Such facts and circumstances may include (without limitation): any material actual, contingent or prospective liabilities, including legal, regulatory, pensions and tax liabilities; the level and status of Virgin Money's non-performing assets; regulatory conduct or compliance issues; any issues relating to violations of sanctions, anti-money laundering laws, anti-bribery and corruption laws, or other fraudulent or illegal activities; or any IT system failures or weaknesses, including data breaches. Any such events or circumstances which come to light in the future could, individually or in aggregate, result in significant additional costs and liabilities that are not described in this Base Prospectus, have a material adverse effect on the financial condition, business, results of operations or prospects of the Issuer, and/or result in reputational harm.

The structure, capital, leverage, liquidity, and MREL profile of the Combined Group remains uncertain

While the Issuer has been granted access to Virgin Money's senior management for the purposes of confirmatory due diligence, it has not yet had access to sufficiently detailed information to finalise its plans regarding the integration of the Combined Group. While the Issuer intends to seek to integrate Virgin Money gradually, over multiple years, into the Combined Group and, accordingly, in the medium term, the Issuer intends that Virgin Money will continue to operate as a separate legal entity within the Combined Group, with a separate board of directors and a separate banking licence held by Clydesdale Bank, there can be no assurance that integration of the Combined Group will proceed as planned.

If the Acquisition proceeds, it will affect the capital, leverage, liquidity, MREL and resolution profile of the Issuer. In the Acquisition Announcement, the Issuer announced that it expects the Combined Group to have a strong *pro-forma* capital position upon completion, with a common equity tier 1 ratio of approximately 20 per cent. and a leverage ratio of approximately 5 per cent. The Issuer also expects the Combined Group's liquidity ratios upon completion to be well in excess of regulatory minimums. This information regarding the estimated *pro-forma* capital, liquidity and leverage position of the Combined Group represents unaudited estimates prepared by the Issuer using relevant information relating to the Issuer and Virgin Money as at 30 September 2023, adjusted to reflect relevant estimated Acquisition-related costs, including the payment of the exit fee to Virgin Enterprises Limited in respect of the termination of the TMLA and unaudited estimates of the Issuer's management of the position as at 30 September 2024, and Acquisition-related adjustments, including expected fair value and credit adjustments. These estimates are based on a number of assumptions and dependencies, have been prepared by the Issuer for illustrative purposes only and, by their nature, they do not necessarily represent the actual positions which will exist following completion of the Acquisition. Prospective investors should not place reliance on any such estimates and should have regard to the cautionary notes regarding forward-looking statements contained and incorporated by reference in this Base Prospectus.

Furthermore, while the Issuer does not presently anticipate that the Acquisition will require any immediate changes to the capital structure of the Virgin Money Group or the Combined Group as a whole, the Combined Group will be subject to consolidated prudential supervision by the PRA. The Acquisition would create the second largest provider of mortgages and savings in the UK (as determined by the Issuer based on publicly available information from the Bank of England), which may increase the actual or perceived systemic importance of the Issuer within the UK financial system. If the PRA or the Bank of England were to impose additional capital, leverage, liquidity, MREL or resolution requirements or buffers on the Combined Group, or any other requirements or constraints on the

structure or operations of the Combined Group, this could affect the Issuer's planned integration of Virgin Money, increase the cost of capital of the Combined Group, and/or result in the Issuer incurring additional costs relating to the Acquisition and/or the integration of the Combined Group. Any such outcomes could have a material adverse effect on the financial condition, business, results of operation or prospects of the Combined Group."

DESCRIPTION OF THE ISSUER

The following paragraphs are deemed to be included at the end of the section '*Recent Developments*' on page 183 of the Base Prospectus for the European Note Programme and on pages 299-300 of the Base Prospectus for the Covered Bond Programme:

"Proposed Virgin Money Acquisition

The proposed Acquisition

On 21 March 2024, the Issuer announced that the Boards of Directors of the Issuer and of Virgin Money had agreed the terms of a recommended cash acquisition of the entire issued and to be issued share capital of Virgin Money by the Issuer. Completion of the Acquisition is subject to satisfaction or (where capable of waiver) waiver of certain conditions. For further information on the Acquisition, see the Acquisition Announcement, as incorporated by reference herein.

Credit ratings

Following the publication of the Acquisition Announcement, each of Moody's, S&P and Fitch has affirmed the credit ratings it has assigned to the Issuer. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency.

Proposed Senior Management changes following the Acquisition

If the Acquisition completes, it is intended that, subject to regulatory approval, Chris Rhodes, presently Chief Financial Officer of the Issuer, will assume the position of Chief Executive Officer of Virgin Money, with Muir Mathieson, presently Deputy Chief Financial Officer and Treasurer of the Issuer, becoming Chief Financial Officer of the Issuer."

GENERAL INFORMATION

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 and any supplement to any of the Base Prospectuses issued previously, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectuses since the respective dates of publication of the Base Prospectuses.

The date of this Supplement is 5 April 2024.