

CCDS Open Market Repurchase Facility - Q&A

A. Q&A relating to the CCDS Open Market Repurchase Facility generally

This section incorporates questions in relation to the Core Capital Deferred Share (CCDS) open market repurchase facility (the OMR Facility) generally

1. What is the rationale for the OMR Facility?

The objective of the OMR Facility is to enable management of Nationwide's common equity tier 1 (CET1) position prudently and flexibly over time in the interests of its members.

2. What is the envisaged size of the OMR Facility and over what period?

The OMR Facility has no set size. Nationwide will determine from time to time whether to utilise the OMR Facility, subject to any necessary regulatory approvals and having regard to, amongst other things, the interests of Nationwide's members, its CET1 position, market conditions and maintaining an appropriate amount of CCDS outstanding.

Under the prudential framework Nationwide has obtained a general prior permission (GPP) to purchase up to 2% of CET1 resources over the 12-month period to 2 January 2024. The quantum of this GPP varies based on Nationwide's last reported CET1 position; as at 4 April 2023, 2% of Nationwide's CET1 resources was £275m. Under the first open market repurchase exercise under the OMR Facility (in February 2023) Nationwide repurchased circa £100m of CCDS, so capacity of circa £175m remains under the current GPP. The 2% represents a maximum limit that ensures flexibility for Nationwide, and should not be taken as an indication of the level of buybacks which Nationwide may choose to implement over time. Nationwide may seek to renew the GPP from time to time based on then-current CET1 resources wholly at its discretion. The PRA is under no obligation to grant a renewal.

3. How often will Nationwide undertake such a repurchase exercise under the OMR Facility?

Frequency of use of the OMR Facility is wholly at Nationwide's discretion, and subject to it having any necessary regulatory approvals in place. Please see question 2 above regarding certain considerations to which Nationwide will have regard when determining whether and when to use the OMR Facility.

4. What are the consequences of a repurchase for the CCDS – will they be cancelled and a corresponding deduction taken from capital upfront?

Nationwide currently expects to hold any CCDS purchased by it pursuant to the OMR Facility in treasury, and future re-sales of any purchased CCDS may occur from time to time at the sole discretion of Nationwide. Upon conclusion of a repurchase exercise, an amount equal to the total amount repurchased will be deducted from Nationwide's CET1 resources.

B. Q&A relating to OMR Exercise 2023-2

This section incorporates questions in relation to the second open market repurchase exercise under the OMR Facility, announced on 26 June 2023 (OMR Exercise 2023-2). Capitalised terms used in these Q&A but not defined herein have the meanings given to them in the launch announcement dated 26 June 2023 relating to the OMR Exercise 2023-2.

5. What is the size of the OMR Exercise 2023-2? Is there a cap?

The aggregate number of CCDS Nationwide intends to accept for purchase pursuant to the OMR Exercise 2023-2 will be no greater than 657,548, corresponding to a maximum aggregate purchase price of up to approximately £75m. Nationwide is not targeting a specific repurchase amount from the OMR Exercise 2023-2.

6. How has the Purchase Price been set?

The Purchase Price was set at Nationwide's discretion, following a careful evaluation of a number of relevant variables including the current and historic observable prices of the CCDS.

7. Will Amounts Attributable to Potential Future Distributions be paid in the OMR Exercise 2023-2?

Yes. This can be seen as analogous to an accrued interest payment made in the context of tender offers for fixed income instruments. However, this should not be taken to imply that Nationwide will elect to declare any future Distributions on the CCDS, which is at the discretion of Nationwide's Board. When determining whether or not to declare any Distributions and the amount thereof, the Board will have regard to all relevant factors which it considers to be appropriate, including those set out in Nationwide's CCDS Distribution Policy, which is available on our website.

8. What are the timings for the OMR Exercise 2023-2?

Eligible Holders can submit tenders from 9:00 a.m. to 3:00 p.m. on 28 June 2023, the OMR Tender Period.

The expected settlement date for the repurchase of CCDS validly tendered during the OMR Tender Period and accepted for repurchase by Nationwide is 3 July 2023.

9. How will valid tender instructions be accepted – is it on a 'first come first served' basis? Please explain the scaling mechanism.

Valid tenders will not be accepted on a 'first come first served' basis. Instead, scaling will apply on a pro-rata basis if the number of CCDS tendered in the OMR Tender Period is above the limit specified above (subject to Nationwide's sole discretion to increase or decrease such amount).

The scaling factor will be derived from the above-mentioned limit for the OMR Tender Period, divided by the aggregate number of CCDS validly tendered during the OMR Tender Period, subject to such adjustments as specified below.

When applying the scaling factor, each tender of CCDS that is scaled will be rounded down to the nearest integral number of CCDS. Under their terms, CCDS can only be transferred in amounts of 250 CCDS or more. If a scaling factor is applied to tenders, Nationwide intends to adjust the scaling factor applicable to each tender instruction if necessary to ensure that (1) at least 250 CCDS are accepted for purchase pursuant to that instruction, and (2) the residual balance of CCDS under that instruction not accepted for purchase is either zero or at least 250 CCDS.

10. Are individual Eligible Holder tenders subject to a cap?

There are no caps on the number of CCDS which any particular Eligible Holder can tender. Acceptance of tenders generally will be subject to the cap referred to in question 5 above.

Eligible Holders wishing to participate in the OMR Exercise 2023-2 must tender a minimum of 250 CCDS (which is the Minimum Transfer Amount under the Conditions of Issue of the

CCDS), and may tender any integral number of CCDS in excess of the Minimum Transfer Amount.

11. Will there be a public announcement on the allocation and/or take-up at the end of the OMR Tender Period?

Yes. As soon as reasonably practicable after expiry of the OMR Tender Period, Nationwide intends to announce the amount to be accepted and the scaling factor (if applicable).

This announcement will be made via the Regulatory News Service provided by the London Stock Exchange.

12. What is the process for tendering CCDS and settling amounts repurchased?

Eligible Holders of CCDS may only tender CCDS for purchase pursuant to the OMR Exercise 2023-2 by contacting the Dealer Manager. They will not be able to tender their CCDS via the clearing systems. The Dealer Manager will settle any repurchases from Eligible Holders, and will on-sell the CCDS repurchased to Nationwide.

13. What if an Eligible Holder does not have a trading account with the Dealer Manager?

Any Eligible Holder of CCDS who does not have an account with the Dealer Manager and wishes to tender CCDS for purchase pursuant to the OMR Exercise 2023-2 may do so by tendering its CCDS through its broker, dealer, commercial bank, trust company, other financial institution or other custodian, that it customarily uses, provided such person has an account with the Dealer Manager.

14. Can retail holders participate in the OMR Facility?

The OMR Facility is not available to or directed at any persons who would be retail clients within the meaning of the FCA rules. Given the complex nature of CCDS, and in light of applicable conduct requirements, Nationwide has not at any time offered or sold CCDS to retail investors (or authorised others to do so).

15. Can onshore US holders participate in OMR Exercise 2023-2?

No. In line with usual market practice for securities initially offered wholly outside the United States (**US**), the OMR Exercise 2023-2 is only available outside the US. Other offer restrictions also apply – for details, please see the launch announcement dated 26 June 2023 relating to the OMR Exercise 2023-2.