

**SUPPLEMENT DATED 10 JULY 2020
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 1 November 2019 for the European Note Programme (as supplemented on 22 November 2019), the base prospectus dated 3 February 2020 for the Global Covered Bond Programme and the base prospectus dated 20 December 2019 for the USMTN Programme (together, the **Base Prospectuses** and each a **Base Prospectus**) constitutes a supplement to each Base Prospectus for the purposes of Article 23 of the Prospectus Regulation 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** or the **Society**). Terms defined in the Base Prospectuses have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

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 the information contained in this Supplement is in accordance with the facts and this Supplement makes no omission likely to affect its import.

PURPOSE OF THIS SUPPLEMENT

The purpose of this Supplement is to:

- (a) incorporate by reference the audited consolidated annual financial statements (including the notes thereto and the audit report thereon) of the Society for the financial year ended 4 April 2020 contained on pages 220 to 319 of the Annual Report and Accounts of the Society for the year ended 4 April 2020 (the **Annual Report**);
- (b) amend the “*Risk Factors*” sections of the Base Prospectuses, including in respect of the impact of the Covid-19 pandemic on the Issuer’s business and prospects;
- (c) amend the Base Prospectuses to include updates to the Issuer’s credit ratings;
- (d) amend the “*Description of the Society*” sections of the Base Prospectuses in respect of the impact of the Covid-19 pandemic on the Issuer and the regulatory environment; and
- (e) include a new ‘*Significant or Material Change*’ statement.

ANNUAL RESULTS

On 10 June 2020, the Issuer published the Annual Report. A copy of the Annual Report has been filed with the Financial Conduct Authority and, by virtue of this Supplement, the following sections of the Annual Report are incorporated in, and form part of, each Base Prospectus:

- (a) Consolidated financial statements (pages 233 to 238);
- (b) Notes to the consolidated interim financial statements (pages 239 to 319); and
- (c) Independent auditor’s report (pages 220 to 232).

The non-incorporated parts of the Annual Report are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectuses. Any documents themselves incorporated by reference in the documents incorporated by reference by this Supplement shall not form part of the Base Prospectuses

RISK FACTORS

- (1) The following risk factor shall be deemed to be inserted as a new risk factor in the following sections of the Base Prospectuses:
 - (a) in respect of the European Note Programme Base Prospectus, the section “*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme*” immediately after Risk Factor 1.1.1 entitled “*The UK Banking Act 2009 confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK deposit-taking institutions which are considered to be at risk of failing. The exercise of any of these actions in relation to the Issuer or any Notes could materially adversely affect the value of any Notes and/or the rights of Noteholders*”;
 - (b) in respect of the USMTN Programme Base Prospectus, the section “*Risks related to our Business*” immediately after the Risk Factor entitled “*Our business and prospects are largely driven by the UK mortgage, savings and personal current account markets, which in turn are driven by the UK economy. Consequently, we are subject to inherent risks arising from general economic conditions in the UK*”; and
 - (c) in respect of the Global Covered Bond Programme Base Prospectus, the section “*Risks relating to the Issuer*” immediately after the Risk Factor entitled “*The Issuer's business and prospects are largely driven by the UK mortgage, savings and personal current account*”

markets, which in turn are driven by the UK economy. Consequently, the Issuer is subject to inherent risks arising from general economic conditions in the UK.”:

“Risks relating to the impact of Covid-19

The Issuer is exposed to any downturn in the UK's economic conditions and to the UK housing market in particular. The Covid-19 pandemic has severely impacted both the UK and global economies and the economic environment in which the Issuer operates. The pandemic is having far-reaching impact on the Issuer's financial performance, credit profile, the way it interacts with customers and its business operations. The Issuer considers that the financial performance framework which has guided its decisions in the past is no longer appropriate in the current environment and it is focusing instead on maintaining strong capital and liquidity positions through the economic cycle.

The pandemic is likely to cause interest rates to remain at historically low levels (and there is increasing speculation about the possibility for the UK base rate of interest to move to a negative rate), and will result in longer term economic effects, potentially putting pressure on the Issuer's financial performance. The Issuer's operating environment is expected to remain highly competitive, and further increases in competition would increase the level of business risk for the Issuer.

As well as increased credit risk, including through unemployment and corporate insolvencies which could adversely impact the Issuer's members and customers and their ability to meet their obligations to the Issuer, there are likely to be heightened operational risks as the Issuer responds to the pandemic, including in the areas of cyber, fraud, people, technology and operational resilience. The emergence of the Covid-19 pandemic and its impact on the economic and market environment has elevated the profile of model risk across the Issuer. While the Issuer has initiated an ongoing programme of model surveillance and extended monitoring of key models to understand the short term effects, apply appropriate mitigating actions and develop long term plans to improve model resilience, there can be no assurance that it will be able accurately to model or adequately address the impacts of Covid-19.

In addition, there is an increased risk of material misstatement of expected credit losses under IFRS 9 due to the degree of judgement and inherent uncertainty in the assumptions underlying the Covid-19 related additions to the modelled provision. For the purposes of preparing its financial statements for the year ended 4 April 2020, revised economic forecasts have been used to model losses in the residential mortgage, consumer banking and commercial portfolios. This has resulted in an additional Covid-19 related provision of £101 million for the year ended 4 April 2020 (comprising provisions of £51 million, £43 million and £7 million, respectively, in residential mortgage, consumer banking and commercial portfolios). The residential mortgage provision includes estimated credit losses associated with payment holidays granted to borrowers as a result of Covid-19, recognising that in some cases borrowers will experience longer term financial difficulty as a result of the pandemic. Payment holidays or other similar concessions have been offered on all retail products. Unlike other concessions granted to borrowers in financial difficulty, these payment holidays have not been subject to detailed affordability assessments, and therefore the level of financial difficulty of the members and customers who apply for them requires estimation in a number of areas. The increase in reported provisions for the year ended 4 April 2020 to reflect the risk associated with borrowers who requested payment holidays as a result of Covid-19 was £39 million. Due to the limited observable data available at the reporting date for the Issuer's financial statements for the year ended 4 April 2020, the Covid-19 related provisions are subject to significant levels of estimation. Given the significant uncertainties regarding the level and duration of the impact of Covid-19 and the responses thereto by government and regulators in the UK and globally, there can be no assurance that the estimates and modelling by the Issuer will prove accurate or be sufficient to cover actual losses or impairments as a result of Covid-19.

The UK is likely to experience a significant contraction in economic activity during 2020 as a result of the pandemic and associated government intervention to reduce the spread of the virus. In response to this crisis, the Bank of England has provided significant economic stimulus, including a reduction in its base rate of interest to 0.1 per cent. and regulators have issued guidance to lenders asking them to act in the best interests of their customers to ease the financial impact on them, as well as releasing counter-cyclical buffer requirements in order to free up resources for lending and providing other regulatory guidance and temporary reliefs. The Issuer is working with the Government and the wider industry in response to the threat posed by Covid-19. This includes offering payment holidays to impacted borrowers. While the Issuer initially offered its mortgage members up to three months' mortgage payment holidays, in acknowledgement of the fact that the impact of Covid-19 could be felt long after that, the Issuer has announced its Home Support Package to support its members, including (amongst other support): for members with a Nationwide mortgage, a choice of either flexibility in mortgage payments (such as making reduced payments for a period of time) or the option to take a new mortgage payment break of up to a (further) three months; and, for members who have fallen into arrears because of the financial impact of Covid-19 and who continue to work with the Issuer to help get their mortgage back on track, a commitment not to take any action to repossess their home before 31 May 2021.

The FCA has updated its original home finance guidance published on 20 March 2020 providing support to mortgage customers in temporary payment difficulty as a result of Covid-19. The updated FCA guidance is in force until 31 October 2020 and requires the Issuer to continue to offer payment holidays or appropriate forbearance to impacted borrowers during that period. Further, on 1 May 2020 the FCA published a letter to mortgage lenders and administrators asking them, if they have customers who took out mortgages with higher risk characteristics before the financial crisis, to review the interest rates charged to such customers and consider if they are consistent with the obligation to treat customers fairly in the light of Covid-19. The Issuer must also comply with FCA guidance introduced to support consumers with other products including personal loans, credit cards and overdrafts, which includes (amongst other things) the potential for offering three-month payment holidays, providing temporary interest relief periods or other forbearance measures.

The FCA continues to review its Covid-19 related guidance and may decide to update or amend it as the pandemic and its impact on the UK develops. The financial impact on the Issuer of these and any further measures taken to support its members could have a material adverse effect on the Issuer's profitability, its financial condition and its results of operations.

Any and all such events and measures described above could have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings (including potential changes of outlooks or ratings), as well as on its customers, borrowers, counterparties, employees and suppliers.”

- (2) The following risk factors shall be deemed to be inserted as new risk factors in the following sections of the Base Prospectuses:
- (a) in respect of the European Note Programme Base Prospectus, the section “*Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme*” immediately after Risk Factor 2.9 entitled “*Open Banking and regulatory changes to the way in which the personal financial services markets operate could make it harder for the Issuer to retain customers and could adversely impact the viability of its business model*”;
 - (b) in respect of the USMTN Programme Base Prospectus, the section “*Risks related to our Business*” immediately after the Risk Factor entitled “*We could be negatively affected by deterioration in the soundness or a perceived deterioration in the soundness of other financial institutions and counterparties*”; and

- (c) in respect of the Global Covered Bond Programme Base Prospectus, the section “*Risks relating to the Issuer*” immediately after the Risk Factor entitled “*The Issuer could be negatively affected by deterioration in the soundness or a perceived deterioration in the soundness of other financial institutions and counterparties.*”:

“The Issuer is exposed to risks related to the LIBOR transition

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate (“**LIBOR**”), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**Benchmarks**”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued.

The Issuer is exposed to a range of LIBOR-linked assets, liabilities and derivatives which will be impacted by the phasing out of LIBOR in 2021. A delay or failure by the Issuer to manage the transition across its balance sheet in a consistent and timely manner could have a material adverse effect on the Issuer's business, financial performance and results of operation, and may result in regulatory fines or other action. In addition, where the transition affects the Issuer's products with its customers, in particular its retail members, a failure to manage the transition in a fair and transparent manner could result in additional compliance and conduct risks, which could result in regulatory action and/or adversely affect the Issuer's reputation.

The Issuer has established a Libor Transition Working Group, which reports to the Issuer's Assets and Liabilities Committee, to manage the full range of transition-related issues, including the conversion of existing contracts and the impact on valuations and systems. While the Issuer has used basis swaps, which convert one benchmark rate to another, to reduce the economic exposure to affected benchmark rates within the portfolio of existing contracts and, for new transactions which mature after an expected discontinuation date, the Issuer is avoiding the use of affected benchmark rates, there can be no assurance this will fully mitigate the economic impact or risks to the Issuer of the LIBOR transition.

At this time, it is not possible to predict the overall effect (including financial impacts) of any such reforms and changes, any establishment of alternative reference rates or any other reforms to these reference rates that may be enacted, including the potential or actual discontinuance of LIBOR publication, any transition away from LIBOR or ongoing reliance on LIBOR for some legacy products.

Uncertainty as to the nature of such potential changes, alternative reference rates (including risk-free rates) or other reforms may adversely affect a broad array of financial products, including any LIBOR-based securities, loans and derivatives that are included in the Issuer's financial assets and liabilities, that use these reference rates and may impact the availability and cost of hedging instruments and borrowings. If any of these reference rates are no longer available, the Issuer may incur additional expenses in effecting the transition from such reference rates, and may be subject to disputes, which could have an adverse effect on the Issuer's results of operations. In addition, it can have important operational impacts through the Issuer's systems and infrastructure as all its systems will need to be adapted for the changes in the reference rates. Any of these factors may have a material adverse effect on the Issuer's results of operations, financial condition or prospects.

Risks related to climate change

The physical and transition risks of climate change are becoming ever more apparent and have the potential to pose a significant threat to the Issuer without a co-ordinated and timely response.

Climate change, and businesses' response to the emerging threats, are under increasing scrutiny by governments, regulators and the public alike. These include physical risks resulting from changing climate and weather patterns and extreme weather-related events, as well as transition risks resulting from the process of adjustment towards a lower carbon economy. Governments and regulators may introduce increasingly stringent rules and policies designed to achieve targeted outcomes, which could increase compliance costs for the Issuer, drive asset impairments and result in regulatory fines or other action if the Issuer is unable to implement adequate reforms sufficiently quickly. How the Issuer assesses and responds to these developments and challenges could increase its costs of business, and a failure to identify and adapt its business to meet new rules or evolving expectations, or any perception that it is under-performing relative to its peers, could result in reputational damage and/or risk of legal claims.”

- (3) The paragraph starting with the words “The UK government (the “**Government**”) has provided” in:
- (a) with respect of the European Note Programme Base Prospectus, the eighth paragraph of Risk Factor 2.3 entitled “*Risks that reduce the availability or increase the cost of the Issuer’s sources of funding, such as retail deposits and wholesale money markets, may have an adverse effect on the Issuer’s business and profitability*” on page 31;
 - (b) with respect of the USMTN Programme Base Prospectus, the eighth paragraph of the Risk Factor entitled “*Risks that reduce the availability or increase the cost of our sources of funding, such as retail deposits and wholesale money markets, may have an adverse effect on our business and profitability*” on page 25; and
 - (c) with respect of the Global Covered Bond Programme Base Prospectus, the eighth paragraph of the Risk Factor entitled “*Risks that reduce the availability or increase the cost of the Issuer’s sources of funding, such as retail deposits and wholesale money markets, may have an adverse effect on the Issuer’s business and profitability*” on page 33,

shall be deemed to be deleted and replaced by the following:

“The UK government (the “**Government**”) has in recent years provided significant support to UK financial institutions, including the Bank of England's Term Funding Scheme (“**TFS**”) which opened on 19 September 2016 and closed on 28 February 2018. In addition, in response to the Covid-19 pandemic, the Government and the Bank of England have introduced various measures designed to encourage and support the banking sector to continue lending to customers. These measures include, amongst other things, the introduction of: (i) a new Term Funding scheme with additional incentives for Small and Medium-sized Enterprises (“**TFSME**”) (with the express intention, over a 12 month period, to offer four-year funding of at least 5 per cent. of participants’ stock of real economy lending at interest rates at, or very close to, the base rate, with additional funding available for banks that increase lending, especially to small and medium-sized enterprises); and (ii) other corporate funding facilities, including the UK Covid Corporate Financing Facility (CCFF), the UK Coronavirus Business Interruption Loan Scheme (CBILS) and the UK Coronavirus Large Business Interruption Loan Scheme (CLBILS).

The continuation and extension of Government schemes designed to support lending, may increase or perpetuate competition in the retail lending market, resulting in sustained or intensifying downward pricing pressures and consequent reductions in net interest margins. The Issuer also expects to face continued competition in the retail lending market driven by certain ring-fenced banks as they deploy surplus liquidity in lending markets.”

- (4) (a) with respect of the European Note Programme Base Prospectus, the third paragraph of Risk Factor 2.16 entitled “*The Issuer is exposed to risks relating to the mis-selling of financial products, acting in breach of legal or regulatory principles or requirements and giving*

negligent advice” on page 43 shall be deemed to be deleted and replaced by the wording set out below;

- (b) with respect of the USMTN Programme Base Prospectus, the second paragraph of the Risk Factor entitled “*We are exposed to risks relating to the mis-selling of financial products, acting in breach of legal or regulatory principles or requirements and giving negligent advice*” on page 35 shall be deemed to be amended by the deletion of the wording starting with “We hold provisions for customer redress to cover the costs of remediation” and ending with “(representing approximately 15 basis points and approximately 2 basis points on our CET1 and leverage ratios, respectively).” and its replacement by the wording set out below; and
- (c) with respect of the Global Covered Bond Programme Base Prospectus, the second paragraph of the Risk Factor entitled “*The Issuer is exposed to risks relating to the mis-selling of financial products, acting in breach of legal or regulatory principles or requirements and giving negligent advice*” on page 43 shall be deemed to be amended by the deletion of the wording starting with “The Issuer hold provisions for customer redress to cover the costs of remediation” and ending with “(representing approximately 15 basis points and approximately 2 basis points on our CET1 and leverage ratios, respectively).” and its replacement by the wording set out below:

“The Issuer holds provisions for customer redress to cover the costs of remediation and redress in relation to past sales of financial products and ongoing administration, including non-compliance with consumer credit legislation and other regulatory requirements. In line with experience across the industry, the Issuer received a higher than anticipated volume of PPI complaints and enquiries in the period immediately before the PPI deadline of 29 August 2019. The Issuer’s customer redress charge increased to £56 million for the year ended 4 April 2020 (2019: £15 million) primarily as a result of an additional £39 million charge relating to PPI, which includes the cost of processing a large number of enquiries received where no PPI had been held. The remainder of the charge relates to remediation costs for other redress issues, including issues relating to the administration of customer accounts and CMA Directions relating to failures in providing text alerts relating to customers' usage of overdraft facilities.”

(5) The following risk factors:

- (a) with respect of the European Note Programme Base Prospectus, Risk Factor 2.20 entitled “*The Issuer may be required to make further contributions to its defined benefit pension schemes if the value of pension fund assets is not sufficient to cover potential obligations. The accounting deficit in the Issuer’s defined benefit scheme is reflected in its CET1 capital*” starting on page 45;
- (b) with respect of the USMTN Programme Base Prospectus, the Risk Factor entitled “*We may be required to make further contributions to our defined benefit pension schemes if the value of pension fund assets is not sufficient to cover potential obligations. The accounting deficit of our defined benefit scheme is reflected in CET1 capital*” starting on page 37; and
- (c) with respect of the Global Covered Bond Programme Base Prospectus, the Risk Factor entitled “*The Issuer may be required to make further contributions to its defined benefit pension schemes if the value of pension fund assets is not sufficient to cover potential obligations. The accounting deficit of its defined benefit scheme is reflected in CET1 capital*” starting on page 45,

shall be deemed to be deleted and replaced by the following:

“The Issuer may be required to make further contributions to its defined benefit pension schemes if the value of pension fund assets is not sufficient to cover potential obligations. The accounting surplus in the Issuer’s defined benefit scheme is reflected in its CET1 capital

The Issuer has funding obligations to several defined benefit pension schemes. Pension risk is defined as the risk that the value of the pension schemes' assets will be insufficient to meet the estimated liabilities, creating a pension deficit. Pension risk can negatively impact the Issuer’s capital position and may result in increased cash funding obligations to the pension schemes.

During the financial year ended 4 April 2020, £61 million of employer deficit contributions were paid. Following the 31 March 2016 Triennial Valuation, which was completed in 2017, annual employer deficit contributions of £61 million are payable over the years 2018 to 2021, in line with an agreed Deficit Recovery Plan, and employer contributions in respect of employee benefit accrual will be paid in line with an agreed Schedule of Contributions. The Issuer can cease paying deficit contributions in certain circumstances, such as the Nationwide Pension Fund (the "**Fund**") reaching a funding surplus. The 31 March 2019 Triennial Valuation of the Fund is underway. The Issuer and the pensions trustee are negotiating, among other things, a new Schedule of Contributions and Deficit Recovery Plan, and this is expected to be agreed in 2020.

On 17 February 2020, the Issuer announced that it would be closing the Fund to future accrual from 31 March 2021, following a formal consultation in late 2019. This will result in current active members' benefits being linked to the Consumer Prices Index (CPI) before retirement rather than the Retail Prices Index (RPI) and salary increases, with a one-off reduction in the liabilities. The retirement benefit position on the Issuer’s balance sheet as at 4 April 2020 was a £294 million surplus within assets (compared with a £105 million deficit as at 4 April 2019 within liabilities).

The movement in the retirement benefit obligation is primarily as a result of an increase in credit spreads (due to a perceived increase in risk associated with the Covid-19 outbreak) which reduces the liabilities relative to the assets, as well as the impact of the decision to close the Fund to future accrual on 31 March 2021. This has been partially offset by a fall in the value of equities and illiquid assets held by the Fund, due to market volatility driven by Covid-19.

A pension credit of £74 million (2019: £98 million pension charge) was recognised in the income statement for the financial year ended 4 April 2020, mainly driven by the one-off reduction in the liabilities as a result of the decision to close the Fund to future accrual on 31 March 2021.

Any increases in the contributions which the Issuer is required to pay in respect of its defined benefit pension schemes, including as a result of the Triennial Valuation, could have a negative impact on its results of operations. In addition, any accounting deficit in the Issuer’s defined benefit pension scheme would be reflected in its CET1 capital. Accordingly, a reduction in any surplus or increase in any deficit over time can result in a reduction in the Issuer’s capital ratios.”

- (6) The following risk factors:
- (a) with respect of the European Note Programme Base Prospectus, Risk Factor 3.3 entitled “*The Issuer is subject to regulatory capital and liquidity requirements which may change*” starting on page 49;
 - (b) with respect of the USMTN Programme Base Prospectus, the Risk Factor entitled “*We are subject to regulatory capital and liquidity requirements which may change*” starting on page 41; and

- (c) with respect of the Global Covered Bond Programme Base Prospectus, the Risk Factor entitled “*The Issuer is subject to regulatory capital and liquidity requirements which may change*” on page 49,

shall be deemed to be amended by the addition of the following wording at the end of such Risk Factor:

“Impact of Covid-19

The future impact of Covid-19 on the Issuer’s capital ratios is not yet clear, although it is likely to lead to some RWA inflation and therefore a lower CET1 ratio in the short to medium term. While, based on its current estimates and projections, the Issuer currently expects to maintain, over the short to medium term horizon, a surplus above the CRD IV combined buffer requirements and the threshold at which a maximum distributable amount (MDA) would be imposed, there is significant uncertainty as to the duration and degree of impact of Covid-19. If this is significantly worse than the Issuer’s base-case estimates, further erosion in the CET1 ratio cannot be discounted.

Further specific measures may also be taken by the Issuer’s regulators to address potential capital and liquidity stress, which could limit the Issuer’s flexibility to manage its business and its capital position, including in the event of restrictions on distributions and capital allocation. For example, in late March 2020 the PRA wrote to the CEOs of the large UK high street lenders (including the Issuer) to outline its expectations with respect to payments of dividends on equity and cash bonuses to senior staff, including all material risk takers. Whilst the PRA in its letter to Nationwide confirmed that (in contrast to its expectations with respect to the declaration or payment of dividends by banks in the near-term) it was not requesting that the Issuer halts payments on its CCDS at that time, there can be no assurance that further measures or expectations may be implemented or outlined by the Issuer’s regulators over time, which could affect its capital position, its ability to raise further capital or the costs of new capital, and/or its business operations.”

- (7) In respect of the Global Covered Bond Programme Base Prospectus, the Risk Factor entitled “*Default by Borrowers in paying amounts due on their Loans*” on page 61 shall be deemed to be deleted and replaced with the following:

“Default by Borrowers in paying amounts due on their Loans

Borrowers may default on their obligations due under the Loans. Defaults may occur for a variety of reasons. The Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers’ individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Loss of earnings, illness, divorce or widespread health crises or the fear of such crises (including the Covid-19 pandemic or other epidemic or pandemic diseases) and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

Over the last few years and as a result of, among other things, fluctuations in the Bank of England base rate, there has been a cycle of rising and falling mortgage interest rates, resulting in borrowers with a mortgage loan subject to a variable rate of interest or with a mortgage loan for which the

related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward (or, in the case of a mortgage loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). Future increases in borrowers' required monthly payments, which (in the case of a mortgage loan with an initial fixed rate or low introductory rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, and may ultimately result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid these increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. The recent declines in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates and losses.

On 20 March 2020, the FCA published guidance for mortgage lenders and administrators titled 'Mortgages and coronavirus: our guidance for firms' in connection with the on-going outbreak of Covid-19 in the UK, and updated its guidance on 4 June 2020 and 16 June 2020 (the '**FCA COVID-19 Guidance**'). Amongst other things, the FCA COVID-19 Guidance provides that UK mortgage lenders/administrators should, where a customer is experiencing or reasonably expects to experience payment difficulties as a result of circumstances relating to Covid-19, and wishes to receive a payment holiday, grant a customer a payment holiday for 3 monthly payments, unless it can demonstrate it is reasonable and in the customer's best interest to do otherwise. Customers that have not yet had a payment holiday and who experience financial difficulty have until 31 October 2020 to request one. If, during an interaction between the mortgage lender/administrator and the customer, the customer provides information suggesting that the customer may be experiencing or could reasonably expect to experience payment difficulties as a result of circumstances relating to Covid-19, the mortgage lender/administrator should ask whether the customer would be interested in a payment holiday. No additional fee or charge (other than accrued interest on the sum temporarily unpaid) may be levied as a result of the payment holiday. At the end of a payment holiday, firms should contact their customers to find out if they can resume payments and if so, agree a plan on how the missed payments will be repaid. For those who continue to experience payment difficulties at the end of a payment holiday, the FCA COVID-19 Guidance provides that firms should continue to offer support, which will include the option of a further 3 month full or part payment holiday.

A mortgage lender/administrator may decide to put in place an option other than a 3 month payment holiday, if it is appropriate to do so in the individual circumstances of the case and it is in the best interests of the customer. This could include a payment holiday of fewer than 3 months, if the customer requests a shorter payment holiday. The FCA COVID-19 Guidance does not prevent mortgage lenders/administrators from providing more favourable forms of assistance to the customer, such as reducing or waiving interest.

In addition, the FCA's guidance provides that firms should not commence or continue repossession proceedings against customers before 1 November 2020, irrespective of the stage that repossession proceedings have reached and to any step taken in pursuit of repossession. Where a possession order has already been obtained, the FCA COVID-19 Guidance states that firms should refrain from enforcing it.

The FCA makes clear in the FCA COVID-19 Guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with these requirements and that the FCA COVID-19 Guidance applies in respect of a customer regardless of whether they are in a payment shortfall.

The number of Borrowers who may seek to engage in these opportunities, and therefore the impact of the FCA COVID-19 Guidance on the performance of the Loans, is not known as at the date of this Base Prospectus. Nor can there be any assurance that the FCA, or other UK government or regulatory bodies, may not take further steps in response to the Covid-19 outbreak in the UK which may impact the performance of the Loans.

If the timing of the payments, as well as the quantum of such payments, in respect of the Loans is adversely affected by any of the risks described above, then payments on the Covered Bonds could be reduced and/or delayed and could ultimately result in losses on the Covered Bonds.

The True Balance of any Defaulted Loans in the Portfolio will be given a reduced weighting for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test.”

DESCRIPTION OF THE SOCIETY

The following wording shall be deemed to be inserted immediately following the “*Head office functions*” sections of the Base Prospectuses on page 130 of the of the European Note Programme Base Prospectus, page 149 of the USMTN Programme Base Prospectus and page 308 of the Global Covered Bond Programme Base Prospectus:

“Recent developments

The Society is exposed to any downturn in the UK's economic conditions and to the UK housing market in particular. The Covid-19 pandemic has severely impacted both the UK and global economies and the economic environment in which the Society operates. The pandemic is having far-reaching impact on the economy, impacting the Society's financial performance, credit profile, the way it interacts with customers and its business operations.

From March 2020 onwards, there has been a material impact to the Society's financial performance in relation to Covid-19, following the bank base rate reductions and as the UK enters a more uncertain economic environment. The outbreak of Covid-19, and the global response to it, has materially impacted the economic environment in which the Society operates. The Society considers that the financial performance framework which has guided its decisions in the past is no longer appropriate in the current environment, and is focused on maintaining its strong capital and liquidity positions through the economic cycle.

The Society is seeking to support its members with a range of measures in light of Covid-19, including offering mortgage payment holidays (which, in accordance with regulatory guidance, have not been included within the forbearance population and do not automatically have an impact on the reported staging balances). In addition to an initial offer of three-month mortgage payment holidays in the early stages of the outbreak, the Society has announced its Home Support Package, which includes:

- for members with a Nationwide mortgage, a choice of either flexibility in mortgage payments (such as making reduced payments for a time) or the option to take a new mortgage payment break of up to a further three months;
- for members who have fallen into arrears because of the financial impact of Covid-19 and who continue to work with the Society to help get their mortgage back on track, a commitment not to take any action to repossess their home before 31 May 2021;
- to support those who rent, encouraging landlords who have a buy to let mortgage with Nationwide to pass on payment breaks to tenants; and

- increased provision of housing advice and support, as well as providing extra funding to Shelter (with which the Society has a longstanding partnership) to help pay for more people to take calls on their helplines, and supporting the introduction of new Shelter community engagement officers to provide community outreach for those people who struggle to access support.

Furthermore and in light of the Covid-19 pandemic, the Society is conscious there is the potential for a great deal of anxiety for its employees about health and livelihoods. To reduce anxiety, and in line with its values, the Society has introduced a number of promises to its employees including, notably, a commitment not to make any compulsory redundancies during 2020.

Whilst stress testing results demonstrate that Nationwide is resilient against significant short-term economic shocks, the longer-term financial impact of Covid-19 is not yet clear and remains difficult to quantify. The pandemic is likely to cause interest rates to remain at historically low levels (and there is increasing speculation about the possibility for the UK base rate to move to a negative rate), and will result in longer term economic effects, potentially putting pressure on the Society's financial performance. The Society's operating environment is expected to remain highly competitive and further increases in competition would increase the level of business risk for Nationwide.”

REGULATORY ENVIRONMENT

The following wording shall be deemed to be inserted immediately following the paragraph entitled “*Stress Tests*” (i) on page 136 in the “*Regulatory environment*” section of the of the European Note Programme Base Prospectus, (ii) on page 198 in the “*Supervision and Regulation*” section the USMTN Programme Base Prospectus, and (iii) on page 281 in the “*Supervision and Regulation*” section of the Global Covered Bond Programme Base Prospectus:

“Impact of Covid-19

Regulators, legislatures and central banks in the UK, EU and globally have also taken a number of steps with respect to prudential and resolution requirements in order to facilitate lending against the backdrop of the Covid-19 related disruption, including:

- the Bank of England Monetary Policy Committee's decision to reduce the UK counter-cyclical buffer rate to zero per cent. with immediate effect in March 2020, and guiding that it expects to maintain the rate at zero per cent. for at least 12 months (so that any subsequent increase would not take effect until March 2022 at the earliest);
- the PRA's decision, announced on 7 May 2020, to allow firms (subject to PRA approval) to fix their Pillar 2A requirements at a nominal amount in the 2020 and 2021 Supervisory Review and Evaluation Processes, based on RWAs as at 31 December 2019, with the effect of avoiding an absolute increase in Pillar 2A capital requirements in the current stress and potentially reducing Pillar 2A and thus the threshold at which firms are subject to maximum distributable amount (MDA) restrictions;
- the Bank of England's confirmation that 2021 MRELs will reflect the above-referenced PRA policy change to Pillar 2A capital setting and a commitment to keep MRELs under review and monitor market developments carefully in Q3 of 2020 to inform its approach in Q4 2020 to setting January 2021 MRELs and indicative January 2022 MRELs, as well as re-affirming the Bank of England's discretion with respect to the transition time firms are given to meet higher MRELs;
- regulatory guidance, including from the PRA and via the EU Interpretative Communication published on 28 April 2020, as to the interpretation and flexibility of certain prudential and accounting requirements with respect to non-performing loans and other assets in the context of

Covid-19 generally and also specifically in the context of payment holidays and other allowances and concessions afforded to borrowers, including guidance on how banks and building societies might approach key judgements as to whether and when borrowers should be treated as in default under the prudential rules, or as having suffered a significant increase in credit risk (SICR) or credit impaired for accounting purposes under the expected credit loss assessments under IFRS 9;

- deferring the introduction of certain capital requirements, including a year's deferral in implementation of and transitional arrangements for the Basel III standards finalised in December 2017, including that the RWA output floor will now be phased in from January 2023 to January 2028;
- alleviating operational burdens in the short-term, including: the Bank of England's decision to cancel the annual banks stress tests for 2020; extensions to certain resolution planning reporting and publication deadlines under the Resolvability Assessment Framework and SS19/13; and
- legislative proposals for exceptional temporary measures, including the European Commission's proposals published on 28 April 2020 and approved in the European Parliament plenary session on 19 June 2020 for, amongst other things: a two-year extension of the current transitional arrangements under CRR for mitigating the impact of IFRS 9 provisions on regulatory capital, allowing banks and building societies to add back to their regulatory capital any increase in new expected credit losses provisions incurred as of 1 January 2020 and recognised in 2020 and 2021 for financial assets which have not defaulted; a year's deferral (to 1 January 2023) of the introduction under CRR of the leverage ratio buffer requirement on global systemically important institutions (G-SIIs); more favourable treatment of publicly guaranteed loans under the non-performing loans prudential backstop; and bringing forward the introduction of certain previously agreed measures to incentivise banks to finance employees, SMEs and infrastructure projects, as well as to invest in software. These legislative proposals would, together, have had a small positive impact on the CET1 ratio of the Society as at 4 April 2020, had the measures then been in force.”

RATINGS

The paragraph starting with the words “*The Issuer’s senior preferred ratings are currently*” in:

- (a) with respect of the European Note Programme Base Prospectus, the second paragraph of Risk Factor 2.7 entitled “*Rating downgrade and/or market sentiment with respect to the Issuer, the financial services sector and the UK may have an adverse effect on the Issuer’s performance and/or the marketability and liquidity of the* ” on page 35;
- (b) with respect of the USMTN Programme Base Prospectus, the second paragraph of the Risk Factor entitled “*Risks that reduce the availability or increase the cost of our sources of funding, such as retail deposits and wholesale money markets, may have an adverse effect on our business and profitability*” on page 29; and
- (c) with respect of the Global Covered Bond Programme Base Prospectus, the second paragraph of the Risk Factor entitled “*Rating downgrade and/or market sentiment with respect to the Issuer, the financial services sector and the UK may have an adverse effect on the Issuer’s performance and/or the marketability and liquidity of the Covered Bond*” on page 37,

shall be deemed to be deleted and replaced with the following:

“As at the date of this Supplement, the Issuer’s senior preferred ratings are “A (stable)” from S&P, “A1 (negative)” from Moody's and “A+ (negative)” from Fitch and its short-term ratings are “A-1” from S&P,

“P-1” from Moody's and “F-1” from Fitch. The long-term ratings assigned by each of Moody's and S&P are senior preferred ratings, whereas the long-term rating assigned by Fitch is a senior non-preferred rating”.

The first column of the table setting out the “senior preferred” ratings in:

- (a) with respect of the USMTN Programme Base Prospectus, the section entitled “*External Credit Ratings*” on page 127; and
- (b) with respect of the Global Covered Bond Programme Base Prospectus, the section entitled “*External Credit Ratings*” on page 222,

shall be deemed to be deleted and replaced with the following:

	Senior Preferred
S&P	A (stable)
Moody's	A1 (negative)
Fitch	A+ (negative)

GENERAL INFORMATION

Significant / material adverse change

European Note Programme

The paragraph under the heading “*Material Change*” in the “*General Information*” section on page 148 of the European Note Programme Base Prospectus is deleted in its entirety and replaced with the following:

“There has been no significant change in the financial performance or financial position of the Issuer or the Group since 4 April 2020.

Save as disclosed in “*Risk Factors - Risks relating to the impact of Covid-19*” and “*Description of the Society - Recent Developments*”, there has been no material adverse change in the prospects of the Issuer since 4 April 2020.”

USMTN Programme

Paragraph 6 in the “*General Information*” section on page 302 of the USMTN Programme Base Prospectus is deleted in its entirety and replaced with the following:

“There has been no significant change in the financial performance or financial position of the Issuer or the Group since 4 April 2020.

Save as disclosed in “*Risk Factors - Risks relating to the impact of Covid-19*” and “*Description of Business - Recent Developments*”, there has been no material adverse change in the prospects of the Issuer since 4 April 2020.”

Global Covered Bond Programme

The paragraph under the heading “*Significant or Material Change*” in the “*General Information*” section on page 420 of the Global Covered Bond Programme Base Prospectus is deleted in its entirety and replaced with the following:

“There has been no significant change in the financial performance or financial position of the Issuer or the Group since 4 April 2020.

Save as disclosed in “*Risk Factors - Risks relating to the impact of Covid-19*” and “*The Issuer - Recent Developments*”, there has been no material adverse change in the prospects of the Issuer since 4 April 2020.”

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 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 10 July 2020.