

MARKET NOTICE OF REPAYMENT

IMPORTANT NOTICE TO THE HOLDERS OF THE

**£50,000,000 6.875 per cent. Permanent Interest Bearing Shares
(ISIN: GB00B1VYCN43)
(the "PIBS")**

**Issued by
SKIPTON BUILDING SOCIETY**

*(a building society incorporated under the Building Societies Act 1986, as amended, under number
153706)*

**(the "Issuer")
on 13 April 2007**

Notice of Repayment to the Holders of the PIBS

Notice is hereby given that, pursuant to Condition 5(2) of the PIBS, the Issuer will repay all of the PIBS on 13 April 2017 (the "**Reset Date**"), at their principal amount, together with any interest accrued to (but excluding) the Reset Date.

The ISIN for the PIBS (GB00B1VYCN43) will be disabled in CREST and the registration of transfers of the PIBS will be suspended at 6 pm on 29 March 2017 (the "**Record Date**").

Payment of all amounts in respect of the PIBS will be made to the holders shown on the PIBS Register on the Record Date as follows:

- (1) to uncertificated PIBS holders, through the relevant CREST account; and
- (2) to certificated PIBS holders, by sterling cheque drawn on a bank or building society in the United Kingdom.

Following repayment, the PIBS will be cancelled pursuant to Condition 5(9) of the PIBS.

The Issuer will apply to the Financial Conduct Authority in its capacity as competent authority (the "**UK Listing Authority**") to cancel the listing of the PIBS on the Official List of the UK Listing Authority, and on the London Stock Exchange, with effect from (and including) the Reset Date.

Unless otherwise defined in this Notice, terms used in this Notice have the meanings given to them in the Conditions of the PIBS.

This Notice contains inside information and has been made by Anthony Chapman, Group Treasurer, on behalf of the Issuer, at 7 am on 22 February 2017.

Skipton Building Society

The Bailey, Skipton, North Yorkshire, BD23 1DN

Date: 22 February 2017