SPECIAL CONDITIONS OF ISSUE OF THE PIBS

The following are the special conditions of issue of the PIBS as varied in accordance with the resolution passed by the holders of the PIBS at a Meeting held on 2 December 2025. The following, which supersedes and replaces the original special conditions of issue of the PIBS with effect from 2 December 2025, will appear on the reverse of each PIBS certificate issued on or after 2 December 2025:

The PIBS (as defined below) are issued subject to, and with the benefit of, these special conditions of issue (the "Conditions").

1. General

(1) The "Society" means Skipton Building Society.

(2) "PIBS" means the 12⅞ per cent. Permanent Interest Bearing Shares of the Society and, unless the context otherwise requires, includes any further deferred shares issued pursuant to Condition 9 and forming a single series with the PIBS.

(3) "Notes" means the £25,000,000 12⅞ per cent. Undated Mandatorily Convertible Subordinated Notes of the Society convertible into PIBS.

(4) Terms defined in the Rules of the Society (the "Rules") will, unless the context otherwise requires, have the same meanings when used in these Conditions.

(5) PIBS holders are bound by, and are deemed to have notice of, the Rules.

(6) **The PIBS:**

(a) are deferred shares for the purposes of the Building Societies Act 1986 (the "Act");

(b) are not protected investments for the purposes of payments out of the Building Societies Investor Protection Fund provided for under the Act;

(c) are not withdrawable; and

(d) are permanent interest bearing shares for the purposes of the Rules.

(7) The expressions "Creditors" and "Relevant Supervisory Consent" shall have the meanings given thereto in Conditions 4(2) and 4(4) respectively.

(8) Upon a transfer of a PIBS the Society will procure that the new PIBS holder is issued with a PIBS Certificate within 14 days after the lodgement of the instrument of transfer.

2. Form and Denomination

The PIBS are in registered form and are available and transferable in accordance with the Rules in amounts and integral multiples of £1,000.

3. Interest

(1) The PIBS bear interest from and including the Conversion Date (as defined in Condition 7 of the Notes) at the rate of 12⅞ per cent. per annum (less tax where appropriate) payable, subject as provided below, in arrear:

(i) on whichever is the first to occur of either 31st January, 1993 or 31st July, 1993 after the Conversion Date in respect of the period from and including the Conversion Date to but excluding such date amounting to £64.55 (less tax where appropriate) per PIBS (in the case of 31st January, 1993) or £64.38 (less tax where appropriate) per PIBS (in the case of 31st July, 1993), and

(ii) thereafter by equal half-yearly instalments on 31st January and 31st July in each year.

The period from the Conversion Date to whichever is the first to occur of either 31st January, 1993 or 31st July, 1993 after the Conversion Date and each half-yearly period is referred to as an "Interest Period". Interest on the PIBS is non-cumulative as described below.

The interest payment in respect of a period of less than a half-year will be calculated on the basis of the number of days elapsed and a year of 365 days and rounding the resultant figure to the nearest penny (half a penny being rounded upwards).

(2) Interest in respect of the PIBS shall not be paid or credited in respect of any Interest Period if the Society has at any time before the date for payment of the interest cancelled the payment of any interest or dividend upon:

(a) any other shares of any class (other than deferred shares (as defined in the Act)) of the Society; or

(b) any deposit with the Society,

which falls, in accordance with the terms of the share or deposit, to be paid or credited at any time before the end of the relevant Interest Period.

For the purposes of this paragraph (2):

(a) where the Society has deferred or suspended any payment it shall be taken to have cancelled the payment for so long as the payment remains outstanding; and

(b) a payment is to be taken to fall to be paid or credited in circumstances where it would have so fallen but for any provisions relating thereto entitling the Society to cancel, defer or suspend payment.

If, and to the extent that, the payment or crediting of interest is prohibited under this paragraph (2), interest in respect of the PIBS will be cancelled and PIBS holders will have no rights in respect of the cancelled interest.

(3) Interest in respect of the PIBS shall not be paid or credited for any Interest Period specified by the Board, if the Board is of the opinion that:

(a) there has been a failure by the Society to satisfy the first criterion of prudent management set out in section 45(3) of the Act and such failure is then continuing; or

(b) the payment or crediting of the interest or, as the case may be, the payment or crediting in full of the interest would cause or contribute to such a failure by the Society,

and in such case the Board passes a resolution cancelling or, as the case may require, reducing the interest to such extent as may be necessary to secure that there will be no failure to satisfy the first criterion of prudent management and on the passing of the resolution the PIBS holder shall cease to have any right to the interest for that period so cancelled or, as the case may be, any interest other than the reduced amount payable in accordance with that resolution.

4. Repayment

(1) The PIBS constitute permanent non-withdrawable deferred shares in the Society and have no specified final maturity.

(2) The PIBS will become repayable on the date that an instrument or order is made or an effective resolution is passed for the winding up or, otherwise than by virtue of section 93(5), section 94(10), section 97(9) or section 97(10) of the Act, dissolution of the Society but only if and subject to the condition that all sums due from the Society to Creditors claiming in the winding up or dissolution have been paid in full.

For the purposes of these Conditions, "Creditors" means all creditors (including all subordinated creditors) of the Society and members holding shares (other than deferred shares) as regards the principal and interest due in respect of those shares.

(3) The claims of PIBS holders in a winding up or dissolution of the Society will be for the principal amount of their PIBS together, subject to Condition 3, with interest accrued to but excluding the date of repayment after all sums due from the Society to Creditors have been paid in full. PIBS holders will not be entitled to any share in any final surplus upon a winding up or dissolution of the Society.

(4) The Society may, having obtained prior Relevant Supervisory Consent and, for so long as the PIBS are listed on the London Stock Exchange plc (the "London Stock Exchange"), subject to and in accordance with the requirements from time to time of the London Stock Exchange, purchase any PIBS. In the case of purchases by tender, tenders shall be made available to all PIBS holders alike.

For the purposes of these Conditions, "Relevant Supervisory Consent" means consent to the relevant purchase or redemption given by the Prudential Regulation Authority (or any successor body performing for the time being the same or similar functions in relation to building societies).

(5) All PIBS repaid or purchased by the Society as aforesaid shall be cancelled forthwith and such PIBS may not be reissued or resold.

(6) (a) The Society shall, having (i) obtained prior Relevant Supervisory Consent and (ii) given the PIBS holders not less than three Business Days' notice, redeem on the Redemption Date all (but not some only) of the outstanding PIBS not purchased by the Society pursuant to the Tender Offer, at a redemption price equal to £2,080 for each £1,000 in principal amount of the PIBS, together with a payment in lieu of accrued and unpaid interest on the PIBS up to (but excluding) the Redemption Date determined in accordance with the final paragraph of Condition 3(1) above.

(b) The notice under Condition 4(6)(a) above shall be given to the PIBS holders by either (at the Society's option) (i) sending it by post to the registered address of the Primary Holder of the PIBS appearing on the Society's register at the Issuer Call Record Time (as defined in Condition 5), or (ii) publication via the regulatory news service of the London Stock Exchange (or any successor or replacement service).

(c) Any notice given under Condition 4(6)(a) shall be irrevocable, and following such notice the Society shall be bound to redeem the PIBS on the Redemption Date. Once redeemed, the PIBS will be cancelled and may not be reissued or resold.

(d) Any amount representing the redemption price or any amount in lieu of accrued and unpaid interest, as referred to in Condition 4(6)(a), in respect of which no cheque or warrant has been cashed and no payment claimed shall cease to be payable after twelve years from the Redemption Date and shall revert to the Society.

(e) In this Condition 4(6):

(i) "Business Day" means a day (other than a Saturday or a Sunday) on which banks are open for business in England;

(ii) "Consent Solicitation" means the invitation by the Society to PIBS holders to consent to the approval of the Resolution proposed for, *inter alia*, the inclusion of this Condition 4(6) in these Conditions, as described in the Offer Memorandum;

(iii) "Offer Memorandum" means the Offer Memorandum dated 31 October 2025 prepared by the Society and relating to, *inter alia*, the PIBS, the Consent Solicitation and the Tender Offer;

(iv) "Redemption Date" means 9 December 2025; and

(v) "Tender Offer" means the invitation by the Society to PIBS holders (subject to applicable laws) to tender their PIBS for purchase by the Society, as described in the Offer Memorandum.

5. Payments

All payments in respect of the PIBS will be made by sterling cheque drawn on a bank in England and posted on the day (other than a Saturday or a Sunday) on which banks are open for business in England immediately preceding the relevant due date, and made payable, to the PIBS holder or to the Representative Joint Shareholder appearing in the register of members of the Society at the close of business on the fifteenth day before the relevant due date (the "Record Date") or, in the case of any payment pursuant to Condition 44(6), at the close of business on the fifth Business Day (as defined in Condition 44(6)) before the Redemption Date (the "Issuer Call Record Time"), at his address shown in the register of members of the Society on the Record Date or at the Issuer Call Record Time, as applicable. Upon application of the PIBS holder or the Representative Joint Shareholder to the Society, in the form from time to time prescribed by the Society, not less than ten days before the due date for any payment in respect of a PIBS, the payment may be made by transfer on the due date to a sterling account maintained by the payee with a bank in England.

6. Succession and Transfers

(1) Upon an amalgamation by the Society with another building society under section 93 of and Schedule 16 to the Act or a transfer of its engagements to any extent to another building society under section 94 of and Schedule 16 to the Act, the PIBS shall be deferred shares in the transferee building society without any alteration in their terms.

(2) Upon a transfer by the Society of the whole of its business to a successor in accordance with section 97 of the Act the successor will, in accordance with section 100(2)(a) of the Act, assume as from the vesting date a liability (subject to this paragraph (2)) to every qualifying member of the Society as in respect of a deposit made with the successor corresponding in amount to the value of the qualifying shares held by the member in the Society.

The liability assumed by the successor in respect of each PIBS shall be as in respect of a non-transferable subordinated deposit carrying the same rate of interest as the PIBS (each a "Deposit").

Each Deposit will be applied on behalf of the holder in the subscription of a principal amount of perpetual subordinated bonds of the successor equivalent to the principal amount of the Deposit carrying the same rate of interest as the PIBS (the "Bonds").

In the case of a transfer by the Society of the whole of its business to a company which is an existing company (as defined in the Act) the application of each Deposit will occur on the vesting date (or as soon as reasonably practicable thereafter). In the case of a transfer by the Society of the whole of its business to a company which is a specially formed company (as defined in the Act) the application of each Deposit will occur either automatically on the date occurring five years after the vesting date (or as soon as reasonably practicable thereafter) or earlier subject to such conditions as the board of directors of the successor may require, including the receipt of a certificate in such form as they may reasonably require from the holder of any Deposit, that the effect of the allotment of the Bonds would not be that more than the permitted proportion (as defined in section 101 of the Act) of the total indebtedness of the successor on its debentures would be held by, or by nominees for, the holder of each Deposit. The form of the certificate required will be sent to holders of PIBS prior to the vesting date.

The terms of each Deposit and the terms and conditions of the Bonds will be such as to secure in the opinion of the Board that they will be subordinated debt (as defined in the Building Societies (Designated Capital Resources) (Permanent Interest Bearing Shares) Order 1991).

The terms of the Deposits and the terms and conditions of the Bonds will, not later than the time at which notice is given to members of resolutions to be proposed to approve such transfer, be available for inspection by PIBS holders at the principal office of the Society at that time and, subject as provided above, will be determined by the Board in its absolute discretion.

(3) The Society undertakes to procure that any amalgamation or transfer referred to in paragraph (1) or (2) above will comply with the provisions of paragraph (1) or, as the case may be, (2) above.

7. Variations of these Conditions

(1) These Conditions may only be varied by the Society with the consent in writing of the holders of three-quarters in principal amount of the PIBS for the time being outstanding, or with the sanction of a resolution passed at a separate meeting of the PIBS holders held in accordance with Condition 8 by a majority of three-quarters in principal amount of such holders voting in person or by proxy at such meeting.

(2) The Society undertakes not to initiate any change to the Rules that is both (a) inconsistent with the provisions of these Conditions and (b) materially prejudicial to the interests of the PIBS holders.

(3) These Conditions do not limit the rights of members to change the Rules.

Any amendment to the Rules that is both (a) inconsistent with the provisions of these Conditions and (b) materially prejudicial to the interests of the PIBS holders, shall not limit any rights of PIBS holders to bring an action for breach of contract against the Society in circumstances where the Society is in breach of these Conditions nor afford the Society any defence to any claim made in any such action.

8. Meetings of PIBS Holders

(1) The Society alone may at any time convene a separate meeting of the PIBS holders. Every meeting shall be held at such place as the Society may approve.

(2) At least 21 clear days' notice specifying the place, day and hour of the meeting shall be given to the PIBS holders on the Society's register 35 days prior to the date specified for the meeting by sending it by post to the registered address of the Primary Holder of the PIBS. The notice shall state generally the nature of the business to be transacted at the meeting and the terms of any resolution to be proposed to alter these Conditions.

(3) Some person (who may but need not be a PIBS holder) nominated in writing by the Society shall be entitled to take the chair at every meeting but if no nomination is made or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for holding the meeting the PIBS holders present shall choose one of their number to be chairman.

(4) At any meeting one or more persons present in person or by proxy and holding or representing in the aggregate not less than one-third of the principal amount of the PIBS for the time being outstanding shall form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business. Every question submitted to the meeting (other than the choosing of a chairman which will be decided by a simple majority) shall be decided by a poll by one or more persons present and holding PIBS or being proxies and representing in aggregate three-quarters of the principal amount of the PIBS represented at such meeting voting in favour of such question.

(5) If within 15 minutes after the time appointed for any meeting a quorum is not present the meeting shall stand adjourned for such period, being not less than 14 days nor more than 42 days, and at such place as may be appointed by the chairman and if at the adjourned meeting a quorum shall not be present within half an hour from the time appointed for the adjourned meeting the PIBS holders present in person or by proxy at the adjourned meeting shall be a quorum.

(6) Notice of any adjourned meeting shall be given in the same manner as notice of an initial meeting but as if 10 were substituted for 21 in paragraph (2).

(7) A poll shall be taken in such manner as the chairman directs and the result of the poll shall be deemed to be the resolution of the meeting.

(8) The chairman may with the consent of (and shall if directed by) any meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

(9) Any director or officer of the Society and its lawyers may attend and speak at any meeting. Save as provided above no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the PIBS holders unless he is the Primary Holder of PIBS or is a proxy thereof.

(10) Subject as provided in paragraph (9) at any meeting every person who is present shall have one vote in respect of each £1,000 in principal amount of the PIBS so held or in respect of which he is a proxy.

Any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

(11) A PIBS holder may by an instrument in writing in the form from time to time obtainable from the Society (a "form of proxy") signed by the PIBS holder, or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a "proxy") to act on his or its behalf in connection with any meeting or adjourned meeting of the PIBS holders. The proxies named in any form of proxy need not be PIBS holders.

(12) The form of proxy and (if required by the Board) any authority under which it is executed or a copy of the authority, certified notarially or in some other manner approved by the Board, may be delivered to the Society at its Principal Office (or to such other place in the United Kingdom as may be specified in the notice convening the separate meeting or in any notice of any adjourned such meeting or, in either case, in any accompanying document) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the form of proxy proposes to vote, or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll, and a form of proxy which is not so delivered shall be invalid. Any vote given in accordance with the terms of a form of proxy shall be valid notwithstanding the previous revocation or amendment of the form of proxy or of any of the PIBS holder's instructions in respect thereof, provided that no intimation in writing of the revocation or amendment shall have been received by the Society at its Principal Office at any time prior to 24 hours before the time appointed for holding the meeting or adjourned meeting at which the form of proxy is used.

(13) Any resolution passed at a meeting of the PIBS holders duly convened and held hereunder shall be binding upon all the PIBS holders whether or not present at the meeting and whether or not voting and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify the passing of the resolution. Notice of any resolution duly passed by the PIBS holders shall be given in writing to each Primary Holder of PIBS by the Society within 14 days of the passing of the resolution, provided that the non-publication of the notice shall not invalidate the resolution.

(14) Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Society and any minutes purporting to be signed by the chairman of the meeting at which the resolutions were passed or proceedings had shall be conclusive evidence of the matters contained in the minutes and until the contrary is proved every meeting in respect of the proceedings of which minutes have been so made and signed shall be deemed to have been duly held and convened and all resolutions passed or proceedings had to have been duly passed or had.

(15) The accidental omission to send notice of a separate meeting or to send any document required to be sent with the notice or otherwise before the meeting to, or the non-receipt of notice of a separate meeting or any such document as aforesaid by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

9. Further Issues

The Society shall be at liberty from time to time without the consent of the PIBS holders to create and issue further deferred shares either:

(1) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding deferred shares of any series (including the PIBS); or

(2) upon such other special terms of issue as the Society may at the time of issue determine provided that the Society shall not issue any deferred shares ranking ahead of the PIBS.