

EXECUTION VERSION

FINAL TERMS

IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 ("**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**EU PRIIPs Regulation**") for offering or selling the Covered Bonds, or otherwise making them available to retail investors in the EEA, has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time ("EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Covered Bonds, or otherwise making them available to retail investors in the UK, has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE/TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the

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Covered Bonds (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

20 January 2026

Principality Building Society

Legal entity identifier (LEI): 2138003CSNVJEPFZ3U52

Issue of Regulated Series 1 £500,000,000 Floating Rate Covered Bonds irrevocably and unconditionally guaranteed as to payment of principal and interest by Principality Covered Bonds LLP under the €5 billion Global Covered Bond Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 19 December 2025 which constitutes a base prospectus (the "**Prospectus**") for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with such Prospectus in order to obtain all the relevant information. Copies of the Prospectus are available free of charge to the public at the principal office of the Issuer and from the specified office of each of the Paying Agents and have been published on the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html and on the website of the Issuer at <https://www.principality.co.uk/en/about-us/your-principality/treasury-services>.

The LLP is not now, and immediately following the issuance of the Covered Bonds pursuant to the Trust Deed will not be, a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "**Volcker Rule**". In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended, and under the Volcker Rule and its related regulations may be available, the LLP has relied on the exemption from registration set forth in Section 3(c)(5)(C) of the Investment Company Act of 1940, as amended. See "*Certain U.S. Regulatory Considerations*" in the Prospectus.

1.	(a)	Issuer:	Principality Building Society
	(b)	Guarantor:	Principality Covered Bonds LLP
2.	(a)	Series Number:	1
	(b)	Tranche Number:	1
	(c)	Series which Covered Bonds will be consolidated and form a single Series with:	Not Applicable
	(d)	Date on which the Covered Bonds will be consolidated and	Not Applicable

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form a single Series with the Series specified above:

3. Specified Currency or Currencies: Sterling/GBP/£

4. Aggregate Nominal Amount of the Covered Bonds admitted to trading:

(a) Series: £500,000,000

(b) Tranche: £500,000,000

5. Issue Price: 100 per cent. of the Aggregate Nominal Amount

6. (a) Specified Denominations: £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Covered Bonds in definitive form will be issued with a denomination above £199,000.

(b) Calculation Amount: £1,000

7. (a) Issue Date: 21 January 2026

(b) Interest Commencement Date: Issue Date

8. (a) Final Maturity Date: Interest Payment Date falling on or nearest to 21 January 2031

(b) Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee: Interest Payment Date falling on or nearest to 21 January 2032

9. Interest Basis: Compounded Daily SONIA + 0.50 per cent.
Floating Rate

10. Redemption/Payment Basis: 100 per cent. of the nominal value

11. Change of Interest Basis or Redemption/Payment Basis: From and including the Final Maturity Date to but excluding the Extended Due for Payment Date the following provisions relating to interest will apply:

(a) Specified Period(s)/Specified Interest Payment Date(s): 21st day of each month, from but excluding, the Final Maturity Date to and including the earlier of (i) the date on which the Covered Bonds are redeemed in full and (ii) the Extended Due for Payment Date. The first Interest Payment Date shall be 21 February 2031.

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(b) Business Day Convention: Modified Following Business Day Convention

(c) Manner in which the Rate of Interest and Interest Amount is to be determined:
Screen Rate Determination

Screen Rate Determination: Applicable

(e) Reference Rate and Relevant Financial Centre: (i) SONIA

London

(ii) Interest Determination Date(s): Fifth London Business Day prior to each Interest Payment Date

(iii) Relevant Screen Page: Reuters Screen SONIA

SONIA Lag Period (p): 5 London Business Days

Observation Method: Lag

Index Determination: Not Applicable

(g) Margin(s): +0.50 per cent. per annum

12. Call Options: Not Applicable

13. Date Board approval for issuance of 9 January 2026
Covered Bonds obtained:

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Covered Bond Provisions: Not Applicable

15. Floating Rate Covered Bond Applicable
Provisions:

(a) Specified Period(s)/Specified Interest Payment Date(s): Specified Interest Payment Dates: 21st day of January, April, July and October from, and including, the Interest Commencement Date to, and including, the Final Maturity Date (provided, however, that prior to the Extension Determination Date, the Specified Interest Payment Date shall be no more frequent than quarterly, and provided further that after the

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		Extension Determination Date, the Interest Payment Date shall be monthly). The first Interest Payment Date shall be 21 April 2026.
(b)	Business Day Convention:	Modified Following Business Day Convention
(c)	Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination
(d)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	Not Applicable
(e)	Screen Rate Determination:	Applicable
(i)	Reference Rate and Relevant Financial Centre:	SONIA London
(ii)	Interest Determination Date(s):	Fifth London Business Day prior to each Interest Payment Date
(iii)	Relevant Screen Page:	Reuters Screen SONIA
(iv)	Relevant Time:	Not Applicable
(v)	SONIA Lag Period (p):	5 London Business Days
(vi)	Observation Method:	Lag
(vii)	Index Determination:	Not Applicable
(f)	ISDA Determination:	Not Applicable
(g)	Margin(s):	+0.50 per cent. per annum
(h)	Minimum Rate of Interest:	zero per cent. per annum
(i)	Maximum Rate of Interest:	Not Applicable
(j)	Day Count Fraction:	Actual/365 (Fixed)
16.	Zero Coupon Covered Bond Provisions:	Not Applicable

PROVISIONS RELATING TO REDEMPTION BY THE ISSUER

17.	Issuer Call:	Not Applicable
18.	Final Redemption Amount:	Nominal Amount

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19. Early Redemption Amount payable on redemption for taxation reasons, on acceleration following an Issuer Event of Default or an LLP Event of Default: £1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

20. New Global Covered Bond: Yes

21. Form of Covered Bonds: Bearer Covered Bonds: Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds in definitive form only after an Exchange Event

22. Intended to be held in a manner which would allow Eurosystem eligibility: Yes. Note that the designation "yes" means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper or registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

23. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not Applicable

24. Talons for future Coupons to be attached to Bearer Definitive Covered Bonds (and dates on which such Talons mature): No

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PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(i) Admission to Trading: Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the main market of the London Stock Exchange and to be listed on the Official List of the FCA with effect from 21 January 2026.

(ii) Estimate of total expenses related to admission to trading: £6,050

2. RATINGS

Ratings: The Covered Bonds to be issued have been rated:

Moody's: Aaa

Fitch: AAA

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in "*Subscription and Sale and Transfer and Selling Restrictions*", so far as the Issuer and the LLP are aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The Dealers and their affiliates have engaged in and may in the future engage in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and/or the LLP and its or their affiliates in the ordinary course of business.

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i) Reasons for the offer: See "*Use of Proceeds*" in the Prospectus

(ii) Estimated net proceeds: £499,200,000

5. DISTRIBUTION

(i) Method of Distribution: Syndicated

(ii) Names of Dealers: BNP Paribas, HSBC Bank plc

(iii) Stabilising Manager(s) (if any): Not Applicable

(iv) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D

(v) Prohibition of Sales to EEA Retail Investors: Applicable

(vi) Prohibition of Sales to UK Retail Investors: Applicable

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6. YIELD (Fixed Rate Covered Bonds only)

Indication of yield: Not Applicable

7. OPERATIONAL INFORMATION

(i) ISIN Code: XS3268856906

(ii) Common Code: 326885690

(iii) CFI Code: as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN

(iv) FISN: as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN

(v) Delivery: Delivery against payment

(vi) Names and addresses of additional Paying Agent(s) (if any): Not Applicable

8. RELEVANT BENCHMARKS

SONIA is provided by the Bank of England. As at the date hereof, as far as the Issuer is aware, the Bank of England is not currently required to obtain authorisation/registration under the UK Benchmarks Regulation. SONIA does not fall within the scope of the UK Benchmarks Regulation by virtue of Article 2 of the Benchmarks Regulation.

9. UNITED STATES CONSIDERATIONS

TAX Not Applicable

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of the LLP:

By:

Duly authorised