

# APPENDIX I

## FORM OF ACCOUNT HOLDER LETTER

For use by Account Holders and CREST Participants in respect of  
£206,000,000 11% Subordinated Notes due 2023 (ISIN: GB00BFXW0853)  
(the “2023 Notes”)

£250,000,000 Fixed Rate Reset Callable Subordinated Tier 2 Notes due 2025  
(ISIN: XS1249403541) (the “2025 Notes”)

issued by

THE CO-OPERATIVE BANK P.L.C.  
(the “Bank”)

in relation to

the scheme of arrangement proposed by the Bank to certain of its  
creditors under Part 26 of the Companies Act 2006 (the “Creditors’ Scheme”)

**The Creditors’ Scheme will, if implemented, materially affect certain creditors of the Bank, including the holders of the 2023 Notes (other than Retail Noteholders) and the 2025 Notes (together, the “Subordinated Notes”).**

**If you are a Scheme Creditor, you are strongly advised to read the explanatory statement issued in connection with the Creditors’ Scheme (the “Creditors’ Scheme Circular”) before you complete the Account Holder Letter. All relevant documentation can be found on the Bank’s website – [www.co-operativebank.co.uk/investorrelations](http://www.co-operativebank.co.uk/investorrelations). Capitalised terms used in this Account Holder Letter but not defined in it have the same meaning as given to them in the Creditors’ Scheme Circular, subject to any amendments or modifications made by the Court.**

### **Who should complete and submit this Account Holder Letter?**

With the exception of Part 5 (*Securities Confirmation Form*) (see below), this Account Holder Letter should be completed and submitted only by Account Holders and CREST Participants. Scheme Creditors should only submit an Account Holder Letter in respect of themselves if they are an Account Holder and/or CREST Participant and hold their Subordinated Notes in such capacity.

Account Holders and CREST Participants should complete a **separate** Account Holder Letter:

- In respect of the Subordinated Notes (if any) which they hold as Beneficial Owner.
- For each Beneficial Owner on whose behalf they hold an interest in the Subordinated Notes.

Persons holding 2023 Notes in certificated form should **not** use this letter, but should instead complete a Certificated Holder Letter in the form set out at Appendix II to the scheme circular in relation to the Creditors’ Scheme.

Scheme Creditors who wish to receive A Shares pursuant to the Notes Exchange (“**Exchange Shares**”) and/or Subscription Shares (together the “**Scheme Entitlements**”) must validly complete a Securities Confirmation Form, which must be executed by or on behalf of such Scheme Creditor. Account Holders and CREST Participants should submit validly completed Securities Confirmation Forms to the Information Agent, once executed, to the Information Agent.

## **Blocking Instructions**

The Subordinated Notes identified in this Account Holder Letter must be “blocked” in Euroclear or Clearstream (by submission of Custody Instructions) or CREST (by submission of TTE Instructions) (“**Blocking Instructions**”) prior to delivery of this Account Holder Letter to the Information Agent. 2023 Notes held through a nominee for Euroclear or Clearstream should be “blocked” in Euroclear or Clearstream (as applicable) by the submission of Custody Instructions, and not in CREST.

Account Holders and CREST Participants must ensure that Blocking Instructions are submitted via the relevant Clearing System:

- With respect to Scheme Creditors who wish to vote on the Creditors’ Scheme, by no later than 5.00 p.m. (London time) on 16 August 2017.
- With respect to Scheme Creditors who wish to participate in the Scheme Creditors’ Equity Subscription, and on whose behalf Blocking Instructions have not already been submitted for the purposes of voting, by no later than 5.00 p.m. (London time) on the day of the Creditors’ Scheme Meeting (which is anticipated to be 21 August 2017).

**Account Holders and CREST Participants must include the required blocking information in Part 1, Section 2 (*Holding Details*) in this Account Holder Letter or an Account Holder Letter will be invalid for the purposes of voting and participation in the Scheme Creditors’ Equity Subscription.**

## **Governing Law**

This Account Holder Letter and any non-contractual obligations arising out of or in relation to this Account Holder Letter shall be governed by, and interpreted in accordance with, English law.

For further information and assistance contact the Information Agent and/or the Registrar overleaf.

## **Information and Assistance**

### ***Information Agent***

#### **Lucid Issuer Services Limited**

Tankerton Works  
12 Argyle Walk  
London  
WC1H 8HA  
United Kingdom

Attention: David Shilson/Sunjeeve Patel

Telephone: +44 20 7704 0880

Email: co-op@lucid-is.com

### ***Registrar***

#### **Computershare Investor Services**

Corporate Actions Projects  
Bristol BS99 6AH  
United Kingdom

Telephone: +44 370 8893293

Email: co-op@computershare.co.uk

## **INSTRUCTIONS FOR THE COMPLETION AND SUBMISSION OF THE ACCOUNT HOLDER LETTER**

**THIS ACCOUNT HOLDER LETTER HAS 6 PARTS.**

**IN ALL CASES PART 1 OF THIS ACCOUNT HOLDER LETTER MUST BE COMPLETED AND, IN ADDITION:**

### **IN ORDER TO VOTE**

**Part 2 of this Account Holder Letter:** In order to vote in respect of the Creditors' Scheme, Part 2 (*Voting*) of this Account Holder Letter must be delivered online via [www.lucid-is.com/co-op](http://www.lucid-is.com/co-op) or by email to the Information Agent using the contact details set out in this Account Holder Letter and must be received by the Information Agent by no later than 5.00 p.m. (London time) on 17 August 2017 (being the "**Voting Instruction Deadline**") (or submitted at the registration desk at the Creditors' Scheme Meeting prior to the commencement of the Creditors' Scheme Meeting). Account Holder Letters received by the Information Agent after the Voting Instruction Deadline will not constitute valid voting instructions for the purposes of the Creditors' Scheme.

**The Subordinated Notes identified in this Account Holder Letter must be "blocked" before delivery of Part 2 (*Voting*) of this Account Holder Letter to the Information Agent. Account Holders and CREST Participants must ensure that Blocking Instructions are submitted via the relevant Clearing System by no later than 5.00 p.m. (London time) on 16 August 2017 for the purposes of submitting Part 2 (*Voting*) of this Account Holder Letter.**

### **IN ORDER TO ELECT TO PARTICIPATE IN THE CREDITORS' EQUITY SUBSCRIPTION AND (IF APPLICABLE) TAKE UP A BACKSTOP COMMITMENT**

**Part 3 of this Account Holder Letter:** In order to elect to subscribe for any Subscription Shares in accordance with the Creditors' Scheme, Part 3, Section 1 (*Election to Subscribe*) of this Account Holder Letter must be delivered online via [www.lucid-is.com/co-op](http://www.lucid-is.com/co-op) or by email to the Information Agent using the contact details set out in this Account Holder Letter and must be received by the Information Agent by no later than the Subscription Deadline (which is anticipated to be 22 August 2017). Such delivery will constitute an irrevocable offer by the relevant Scheme Creditor to subscribe for Subscription Shares pursuant to the Creditors' Equity Subscription.

**The process for the subscription and payment for, and the allotment of, Subscription Shares is contained in the Terms and Conditions of the Creditors' Equity Subscription as set out at Part 12 of the Creditors' Scheme Circular.**

**The Subordinated Notes identified in this Account Holder Letter must be "blocked" before delivery of Part 3, Section 1 (*Election to Subscribe*) of this Account Holder Letter to the Information Agent. Account Holders and CREST Participants must ensure that Blocking Instructions are submitted via the relevant Clearing System by no later than 5.00 p.m. (London time) on the day of the Creditors' Scheme Meeting (which is anticipated to be 21 August 2017) for the purposes of submitting Part 3, Section 1 (*Election to Subscribe*) of this Account Holder Letter.**

In respect of each Backstop Provider, a validly completed Part 3, Section 2 (*Backstop Arrangements*) must be delivered online via [www.lucid-is.com/co-op](http://www.lucid-is.com/co-op) or by email to the Information Agent using the contact details set out in this Account Holder Letter and must be received by the Information Agent within five Business Days of the Corporate Actions Date (as defined in the Backstop Agreement). Part 3, Section 2 (*Backstop Arrangements*) should not be completed in respect of any Scheme Creditor who is not a Backstop Provider.

### **IN ORDER TO APPOINT A NOMINATED RECIPIENT**

**Part 4 of this Account Holder Letter:** If a Scheme Creditor wishes to appoint a Nominated Recipient to receive A Shares on its behalf, Part 4 (*Nominated Recipients*) of this Account Holder Letter must be delivered

online via [www.lucid-is.com/co-op](http://www.lucid-is.com/co-op) or by email to the Information Agent by the Subscription Deadline using the contact details set out in this Account Holder Letter.

**IN ALL CASES PART 5 OF THIS ACCOUNT HOLDER LETTER SHOULD BE COMPLETED**

**Part 5 of this Account Holder Letter:** In order to receive Scheme Entitlements pursuant to the terms of the Creditors' Scheme on the Settlement Date, and/or if the Scheme Creditor is also a Backstop Provider, Part 5 (*Securities Confirmation Form*) of this Account Holder Letter must be delivered online via [www.lucid-is.com/co-op](http://www.lucid-is.com/co-op) or by email to the Information Agent using the contact details set out below and must be received by the Information Agent by no later than the Subscription Deadline.

**IN ALL CASES PART 6 OF THIS ACCOUNT HOLDER LETTER SHOULD BE COMPLETED**

**Part 6 of this Account Holder Letter:** In order to be valid, this Account Holder Letter must be signed by the Account Holder or CREST Participant (as applicable) and the Subordinated Notes must be "blocked" as described above before this Account Holder Letter is delivered to the Information Agent.

Account Holders and CREST Participants should complete a **separate** Account Holder Letter:

- In respect of the Subordinated Notes (if any) which they hold as Beneficial Owner.
- For each Beneficial Owner on whose behalf they hold an interest in the Subordinated Notes.

**PART 1: SCHEME CREDITOR AND HOLDING DETAILS**

**SECTION 1: SCHEME CREDITOR DETAILS**

Please identify the Scheme Creditor on whose behalf you are submitting this Account Holder Letter.

**To be completed for all Scheme Creditors:**

Full Name of  
Scheme Creditor .....

Country of Residence/  
Jurisdiction of Incorporation .....

E-mail Address .....

Telephone Number  
(with country code).....

## SECTION 2: HOLDING DETAILS

The Account Holder or CREST Participant (as applicable), on behalf of the Scheme Creditor identified in Part 1, Section 1 (*Scheme Creditor Details*) above, holds the following Subordinated Notes to which this Account Holder Letter relates, and which have been “blocked” (i) in the case of Account Holders, through delivery of Custody Instructions to Euroclear or Clearstream (as applicable), the number in relation to which (the “**Custody Instruction Reference Number**”) is identified below; or (ii) in the case of CREST Participants, through delivery of TTE Instructions via CREST which results in the Subordinated Notes being delivered to Computershare in its capacity as Registrar, the reference number in relation to which (the “**CREST Transaction ID**”) is identified below.

**Account Holders and CREST Participants must ensure that that blocking instructions are submitted via the relevant Clearing System by the relevant deadline in order to block the Subordinated Notes, and must include the Custody Instruction Reference Number(s) or the CREST Transaction ID(s) below.**

### Account Holders

ISIN	Amount blocked (£)	Euroclear or Clearstream	Clearing System Account Number	Custody Instruction Reference Number(s)

### CREST Participants

ISIN	Amount blocked (£)	CREST Participant ID	CREST Member ID	CREST Transaction ID(s)

### SECTION 3: ACCOUNT HOLDER CONFIRMATIONS

Account Holders should complete paragraphs A to D below. CREST Participants should not complete paragraph D below and should leave it blank.

The Account Holder or CREST Participant (as applicable) named below in Part 6 (*Execution of Account Holder Letter by Account Holder or CREST Participant*) for itself hereby confirms to the Bank, Holdco and the Information Agent as follows (select “yes” or “no” as appropriate for each item):

- A. That all authority conferred or agreed to be conferred pursuant to this Account Holder Letter and every obligation of the Account Holder or CREST Participant (as applicable) under this Account Holder Letter (including any elections made in this Account Holder Letter) shall be binding upon the successors and assigns of the Account Holder or CREST Participant (as applicable) (in the case of a corporation or institution) or the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the Account Holder or CREST Participant (as applicable) (in the case of a natural person) and shall not be affected by, and shall survive, the insolvency, bankruptcy, dissolution, death or incapacity (as the case may be) of the Account Holder or CREST Participant (as applicable) and that all of the information in this Account Holder Letter is complete and accurate.

Yes

No

- B. That the Account Holder or CREST Participant (as applicable) has irrevocably instructed the Clearing Systems pursuant to Custody Instructions or TTE Instructions (together, the “**Instructions**”), as the case may be, to block the Subordinated Notes identified in Part 1, Section 2 (*Holding Details*) of this Account Holder Letter on or before the date that this Account Holder Letter is delivered to the Information Agent and that Custody Instruction Reference Number(s) or CREST Transaction ID(s), as the case may be, for each such Instruction(s) appears in this Account Holder Letter under “Custody Instruction Reference Number(s)/CREST Transaction ID(s)” in Part 1, Section 2 (*Holding Details*) of this Account Holder Letter.

Yes

No

- C. That, in relation to the Subordinated Notes identified in Part 1, Section 2 (*Holding Details*) of this Account Holder Letter, the Account Holder or CREST Participant (as applicable) has authority to give the voting instructions set out in Part 2 (*Voting*) of this Account Holder Letter and to nominate the person named in Part 2 (*Voting*) of this Account Holder Letter (if applicable) to attend and speak at the Creditors’ Scheme Meeting on behalf of the Scheme Creditor.

Yes

No

An Account Holder or CREST Participant (as applicable) who is unable to confirm “yes” in respect of paragraphs A to C above should contact the Information Agent using the contact details set out in this Account Holder Letter for assistance.



**The Account Holder hereby confirms to the Bank, Holdco and the Information Agent, Euroclear or Clearstream (as applicable) as follows (select “yes” or “no” as appropriate):**

D. That the Scheme Creditor has authorised the Account Holder to authorise Euroclear or Clearstream (as applicable) on its behalf to deliver any Scheme Schemes and/or Subscription Shares (as applicable) to an account in their name which is not an account of a person liable to the higher rates of stamp duty or stamp duty reserve tax (“SDRT”) under section 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) (“FA 1986”).

Yes

No

**Special stamp duty and SDRT tax rules apply to in relation to clearance services and depository receipt systems (such as Euroclear and Clearstream) which means that in certain circumstances a 1.5% charge to SDRT can arise upon the issue of shares into an account of a person whose business is or includes issuing depository receipts or holding shares as nominee or agent for such an issuer of depository receipts or a provider of clearing services. By confirming “yes” in respect of paragraph D above, the Account Holder will confirm that the relevant Scheme Creditor wishes to receive any Scheme Entitlements) to an account which is not liable to that charge on issue of shares but is instead subject to a 0.5% charge to SDRT on the subsequent transfer of shares.**

**An Account Holder who is unable to confirm “yes” in respect of paragraph D above (for example, because the relevant Scheme Creditor wishes to receive any Scheme Entitlements into an account in respect of which the special rates of stamp duty or SDRT under section 93 or 96 of the FA 1986 may apply (i.e. an account subject to 1.5% SDRT on the issue of shares) should contact the Information Agent using the contact details set out in this Account Holder Letter for assistance.**

**Scheme Creditors receiving delivery of Scheme Entitlements where such Scheme Entitlements will be held in Euroclear or Clearstream should consult with their own professional advisers regarding any potential SDRT consequences.**

## PART 2: VOTING

To vote in respect of the Creditors' Scheme, this Part 2 (*Voting*) must be delivered to the Information Agent no later than the Voting Instruction Deadline.

The Subordinated Notes identified in this Account Holder Letter must be "blocked" by the Account Holder or CREST Participant (as applicable) before delivery of Part 2 (*Voting*) of this Account Holder Letter to the Information Agent. Account Holders and CREST Participants must ensure that Blocking Instructions are submitted via the relevant Clearing System by no later than 5.00 p.m. (London time) on 16 August 2017 for the purposes of submitting Part 2 (*Voting*) of this Account Holder Letter.

### A. Attendance at the Creditors' Scheme Meeting

The Scheme Creditor wishes:

Tick only ONE of the boxes below.

- To appoint the Chairman as its proxy to attend and vote on its behalf at the Creditors' Scheme Meeting (please now only complete paragraph B (*Appointment of proxy and voting instructions to proxy*) below).
- To appoint a proxy (other than the Chairman) to attend and vote on its behalf at the Creditors' Scheme Meeting (please now only complete paragraph B (*Appointment of proxy and voting instructions to proxy*) below).
- To attend and vote at the Creditors' Scheme Meeting in person or by a duly authorised representative, if a corporation (please now only complete paragraph C (*Indication of voting intention*) below).

Section 2 (*Voting*) is continued on the next page.

**B. Appointment of proxy and voting instructions to proxy**

The Scheme Creditor wishes to appoint (and the Account Holder or CREST Participant (as applicable) is hereby authorised to appoint on its behalf):

**Tick only ONE of the boxes below.**

Chairman; or

the following individual

(Name): .....

(Address):.....

(Passport number):.....

*or failing him:*

(Name):.....(**“Alternate 1”**)

(Address):.....

(Passport number):.....

*or failing Alternate 1:*

the Chairman

as its proxy and wishes its proxy to vote:

**Tick only ONE of the boxes below.**

FOR the Creditors’ Scheme

AGAINST the Creditors’ Scheme

AT THE PROXY’S DISCRETION (this box may only be selected if a proxy other than the Chairman has been appointed at Part A above)

ABSTAIN from voting in respect of the Creditors’ Scheme

**C. Indication of voting intention**

The Scheme Creditor wishes to vote (and the Account Holder or CREST Participant (as applicable) is hereby authorised to indicate the Scheme Creditors' wishes on its behalf) at the Creditors' Scheme Meeting as follows. The Scheme Creditor understands that this expression of intention is not binding and that it may vote as it sees fit at the Creditors' Scheme Meeting (provided the Scheme Creditor or the authorised representative of a Scheme Creditor wishing to attend the Creditors' Scheme Meeting must bring his or her passport or other form of identification to the Creditors' Scheme Meeting)

**Tick only ONE of the boxes below.**

- FOR the Creditors' Scheme
- AGAINST the Creditors' Scheme
- ABSTAIN from voting in respect of the Creditors' Scheme

(Name of Scheme Creditor, or if applicable authorised representative):

.....

(Form of identification):

.....

(Identification number):

.....

## PART 3: CREDITORS' EQUITY SUBSCRIPTION AND BACKSTOP ARRANGEMENTS

### SECTION 1: ELECTION TO SUBSCRIBE

To participate in the Creditors' Equity Subscription, this Part 3, Section 1 (*Election to Subscribe*) must be delivered to the Information Agent no later than the Subscription Deadline. If you do not wish to participate in the Creditors' Equity Subscription, please leave this Part 3, Section 1 (*Election to Subscribe*) blank.

The Subordinated Notes identified in this Account Holder Letter must be "blocked" by the Account Holder or CREST Participant (as applicable) before delivery of Part 3, Section 1 (*Election to Subscribe*) of this Account Holder Letter to the Information Agent. Account Holders and CREST Participants must ensure that Blocking Instructions are submitted via the relevant Clearing System by no later than 5.00 p.m. (London time) on the day of the Creditors' Scheme Meeting (which is anticipated to be 21 August 2017) for the purposes of submitting Part 3, Section 1 (*Election to Subscribe*) of this Account Holder Letter.

The Account Holder or CREST Participant (as applicable) named in Part 6 (*Execution of Account Holder Letter by Account Holder or CREST Participant*) for itself hereby confirms to the Bank, Holdco and the Information Agent that, in relation to the Subordinated Notes identified in Part 1, Section 2 (*Holding Details*) of this Account Holder Letter, the Account Holder or CREST Participant (as applicable) has authority to make the elections and/or give the confirmations set out in Part 3, Section 1 (*Election to Subscribe*) below on behalf of the Scheme Creditor. (*select "yes" or "no" as appropriate*).

Yes

No

Scheme Creditors who wish to elect for Subscription Shares pursuant to the Creditors' Equity Subscription (as further described in Part 2 of the Explanatory Statement) and who procure that their Account Holder or CREST Participant (as applicable) completes and returns this Part 3, Section 1 (*Election to Subscribe*) of the Account Holder Letter will be allotted Subscription Shares in accordance with the terms of the Restructuring Deed ("**Subscribing Scheme Creditors**").

Scheme Creditors wishing to elect to subscribe for Subscription Shares pursuant to the Creditors' Equity Subscription should ensure that an Account Holder Letter including a duly completed Part 3, Section 1 (*Election to Subscribe*) is received by the Information Agent no later than the Subscription Deadline, after which time any election received will not be valid.

Any allotment of Subscription Shares is subject to the completion and delivery to the Information Agent of Part 5 (*Securities Confirmation Form*) of this Account Holder Letter at the same time as this Part 3, Section 1 (*Election to Subscribe*) of the Account Holder Letter is delivered to the Information Agent.

**Allocation of and payments for Subscription Shares**

Scheme Creditors should refer to the Terms and Conditions of the Creditors’ Equity Subscription, as set out at Part 12 of this Creditors’ Scheme Circular, for a detailed description of the allocation and payment mechanics in respect of the Subscription Shares.

**Election in respect of Subscription**

- Full Subscription Entitlement
- Capped Amount: £.....

The delivery and receipt of a valid Account Holder Letter with this Part 3, Section 1 (*Election to Subscribe*) duly completed constitutes an irrevocable offer to Holdco by the relevant Subscribing Scheme Creditor to subscribe for the amount of Subscription Shares indicated above.

**The payment to be made by Subscribing Scheme Creditors must be made in accordance with the terms of Part 5 (*Securities Confirmation Form*) of this Account Holder Letter.**

## SECTION 2: BACKSTOP ARRANGEMENTS

**In respect of each Backstop Provider, this Part 3, Section 2 (*Backstop Arrangements*) must be delivered by email to the Information Agent within five Business Days of the Corporate Actions Date (as defined in the Backstop Agreement). If the Scheme Creditor on whose behalf this Account Holder Letter is being completed is not a Backstop Provider, please leave this Part 3, Section 2 (*Backstop Arrangements*) blank.**

The Account Holder or CREST Participant (as applicable) named in Part 6 (*Execution of Account Holder Letter by Account Holder or CREST Participant*) for the Scheme Creditor whose details are set out in Part 1, Section 1 (*Scheme Creditor Details*) hereby confirms to the Bank, Holdco and the Information Agent that the Scheme Creditor is a Backstop Provider and hereby authorises the Information Agent to debit the amount of its Backstop Commitment in accordance with the terms of the Backstop Agreement.

Confirmed

## PART 4: NOMINATED RECIPIENTS

Any Scheme Creditor who wishes to appoint a Nominated Recipient to receive its Scheme Entitlements may appoint such Nominated Recipient at any time prior to the Holding Period Expiry Date.

Where a Scheme Creditor holds Subordinated Notes through the Clearing Systems, any Nominated Recipient appointed by that Scheme Creditor to receive the Scheme Creditor's A Shares must hold an account with the same Account Holder or CREST Participant at the same Clearing System as that Scheme Creditor.

**Any Nominated Recipient appointed below must not, and must not at either the Entitlements Record Date or the Settlement Date, have its registered address in, and must not be resident or located in, an Excluded Territory or (unless it is an Accredited Investor or a QIB) the United States.**

**If a Scheme Creditor wishes to appoint more than one Nominated Recipient, a validly completed Securities Confirmation Form (as set out at Part 5 (*Securities Confirmation Form*)) must be validly completed and submitted to and received by the Information Agent for each Nominated Recipient.**

<i>Details of Nominated Recipient</i>	<i>Percentage of Exchange Shares</i>	<i>Percentage of Subscription Shares</i>
<b>Name:</b> ..... <b>Contact name:</b> ..... <b>Tel:</b> ..... <b>Email:</b> ..... <b>Country of Residence/Registered Address:</b> ..... .....	%	%
<b>Name:</b> ..... <b>Contact name:</b> ..... <b>Tel:</b> ..... <b>Email:</b> ..... <b>Country of Residence/Registered Address:</b> ..... .....	%	%

*Please use as many sheets as required.*



## **PART 5: SECURITIES CONFIRMATION FORM**

If a Scheme Creditor has not elected to subscribe for any Subscription Shares, it must make the confirmations set out in Annex A by ticking the relevant box on its signature page in order to receive its Exchange Shares.

If a Scheme Creditor has elected to subscribe for Subscription Shares, and wishes to receive those Subscription Shares itself, it must make the confirmations set out in Annex A and Annex B by ticking the relevant boxes on its signature page.

If a Scheme Creditor is a Backstop Provider, it must make the confirmations set out in Annex A and Annex B by ticking the relevant boxes on its signature page.

If a Scheme Creditor has elected to subscribe for Subscription Shares, but has nominated a Nominated Recipient to receive those Subscription Shares, the Scheme Creditor must make the confirmations set out in Annex A, and the Nominated Recipient must make the confirmations set out in Annex B, by ticking the relevant boxes on their respective signature pages.

For the avoidance of doubt, a Scheme Creditor does not have to complete a Securities Confirmation Form in order to vote on the Creditors' Scheme.

Scheme Creditors need only submit one Securities Confirmation Form in respect of all of their Scheme Entitlements and their Backstop Commitment, which must be signed for or on behalf of it in each of its capacities.

Original paper copies of signed Account Holder Letters and Securities Confirmation Forms should **not** be sent to the Information Agent. Account Holders and CREST Participants are requested to submit Account Holder Letters and full and complete copies of the Securities Confirmation Form to the Information Agent online via [www.lucid-is.com/co-op](http://www.lucid-is.com/co-op) or by email.

## SECURITIES CONFIRMATION FORM

**THIS DEED** is made by:

- (1) **[[SCHEME CREDITOR]**, a [insert nature of legal entity, (e.g. company, partnership)] resident in **[JURISDICTION]** whose registered office is at **[ADDRESS]**, acting in its capacity as a Scheme Creditor, where it has duly completed Part 3, Section 1 (*Election to Subscribe*), a Subscribing Scheme Creditor and, where it is a party to the Backstop Agreement, a Backstop Provider (the “**Scheme Creditor**”).<sup>1</sup>
- (1) **[[SCHEME CREDITOR]**, acting in its capacity as a Scheme Creditor, where it has duly completed Part 3, Section 1 (*Election to Subscribe*), a Subscribing Scheme Creditor and, where it is a party to the Backstop Agreement, a Backstop Provider (the “**Scheme Creditor**”).<sup>2</sup>

[AND]

- (2) **[[NOMINATED RECIPIENT]**, a company incorporated under the laws of and registered in **[JURISDICTION]** with company number **[COMPANY NUMBER]** and whose registered office is at **[ADDRESS]** (the “**Nominated Recipient**”).<sup>3</sup>

### FOR THE BENEFIT OF

- (3) **THE CO-OPERATIVE BANK P.L.C. (“THE BANK”)**
- (4) **BALLOON STREET HOLDINGS LIMITED (“HOLDCO”)**
- (5) **EACH RELEASED PERSON (AS DEFINED BELOW)** and
- (6) **EACH RELYING PERSON (AS DEFINED BELOW)**

c/o Lucid Issuer Services Limited (the “**Information Agent**”)

Attention of: David Shilson/Sunjeeve Patel

Tankerton Works

12 Argyle Walk

London WC1H 8HA

United Kingdom

E-mail: co-op@lucid-is.com

[•] 2017<sup>4</sup>

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1 To be completed if the Scheme Creditor is an institution. Delete if the Scheme Creditor is not an institution.

2 To be completed if the Scheme Creditor is an individual. Delete if the Scheme Creditor is not an individual.

3 Delete if the Scheme Creditor has not appointed a Nominated Recipient in Part 1.

If the Scheme Creditor has appointed a Nominated Recipient to receive part but not all of its Scheme Entitlements, separate copies of this Account Holder Letter (including this Securities Confirmation Form) must be validly completed, submitted to and received by the Information Agent. One copy must be completed for the Scheme Claims in respect of which the Scheme Creditor has appointed a Nominated Recipient to receive its Scheme Entitlements and one copy must be completed for the Scheme Claims in respect of which the Scheme Creditor will receive such Scheme Entitlements itself.

If the Scheme Creditor has appointed more than one Nominated Recipient, this Account Holder Letter (including this Securities Confirmation Form) must be completed in multiple copies. One copy must be completed in respect of each of its Nominated Recipients appointed.

4 Please write the date on which this Securities Confirmation Form is being signed.

1. This Securities Confirmation Form is intended to be executed as a deed and shall take effect and be delivered as a deed on the date stated above.
2. Capitalised terms not defined in this Securities Confirmation Form and the Annexes hereto shall bear the meanings given to them in the explanatory statement published by the Bank on or around 28 July 2017 (the “**Explanatory Statement**”) (as it may be amended or supplemented in accordance with its terms) in respect of the scheme of arrangement (the “**Creditors’ Scheme**”) proposed by the Bank pursuant to part 26 of the Companies Act 2006.
3. The Scheme Creditor gives the confirmations, warranties and undertakings set out in Annex A (*Scheme Creditor Confirmations, Warranties and Undertakings*) hereto.
4. If the Scheme Creditor is a Subscribing Scheme Creditor and/or a Backstop provider, the Scheme Creditor or, if the Scheme Creditor has appointed a Nominated Recipient, the Nominated Recipient, gives the confirmations and undertakings set out in Annex B (*Subscribing Scheme Creditors Securities Law Confirmations and Undertakings*) hereto.
5. The Scheme Creditor and, if the Scheme Creditor has appointed a Nominated Recipient, the Nominated Recipient, hereby irrevocably authorises, empowers and appoints the Bank (the “**Attorney**”) as their agent and attorney (acting by its directors or other duly appointed representatives):
  - (a) to on and from the Scheme Effective Time:
    - (i) enter into, execute and deliver (whether as a deed or otherwise) for and on behalf of the Scheme Creditor and, if the Scheme Creditor has appointed a Nominated Recipient, the Nominated Recipient, each of the following documents:
      - (A) the Restructuring Deed; and
      - (B) the Restructuring Implementation Documents,provided that such documents shall not be effective except as provided in the Restructuring Deed, or as applicable, the relevant Restructuring Implementation Deed;
    - (ii) take any such steps or actions as may be reasonably necessary or desirable to give effect to the terms of the Restructuring Deed and the Restructuring Implementation Documents or otherwise to implement the Note Transfer, the Creditors’ Equity Subscription and the other transactions contemplated in the Restructuring Deed and the Restructuring Implementation Documents;
  - (b) to agree on its behalf to any amendments to the Restructuring Deed and the Restructuring Implementation Documents, provided that they shall only be amended to:
    - (i) complete any blanks (including without limitation, any bank account details, notice provisions or legal entity name), lists of parties and/or signature blocks; and/or
    - (ii) correct any manifest error; and/or
    - (iii) make any mechanical, technical, or administrative amendments reasonably required by the Bank and/or Holdco, provided that such mechanical, technical, or administrative amendment does not materially change any right or obligation of or impose an additional obligation (as at the date hereof) on a Scheme Creditor.
6. The authority granted under Clause 5 shall extend to Scheme Creditors, Backstop Providers, and Nominated Recipients howsoever called in the relevant Restructuring Document.
7. The Scheme Creditor and, if the Scheme Creditor has appointed a Nominated Recipient, the Nominated Recipient confirms to the Bank and Holdco that:

- (a) With effect on and from the Completion Time, subject to paragraph 7(b) below and to the extent it has not already done so, the Scheme Creditor (and, as applicable, each of its Nominated Recipients) irrevocably and unconditionally, fully and finally waives and releases and forever discharges any and all actions, proceedings, claims, damages, counterclaims, complaints, liabilities, liens, rights, demands and set-offs, whether in this jurisdiction or any other, of whatsoever nature and howsoever arising, whether in law or in equity, in contract (including but not limited to breaches or non-performances of contract), statute or in tort (including but not limited to negligence and misrepresentation), breaches of statutory duty, for contribution, or for interest and/or costs and/or disbursements, whether filed or unfiled, whether or not presently known to the parties or to the law, and all claims that the Scheme Creditor ever had, may have or hereafter can, shall or may have against the Bank and each of its Affiliates (together, the “**Wider Bank Group**”), Holdco, any director, officer or employee of the Bank, Holdco or any member of the Wider Bank Group (in each case, (A) in respect of an employee, who is, as at the Completion Time, employed; or (B) in respect of an officer or director who is, as at the Completion Time, employed or holding office or was at any time, during the period from (and including) 13 February 2017 to the Completion Time, employed or held office), the Co-operative Group, its directors, senior management and advisers and each of its Affiliates, Lucid Issuer Services Limited, PACE Trustees Limited, (trustee of the Co-operative Bank Pension Scheme), the Trustee, Computershare Investor Services PLC, the Advisers, the Principal Investors, the Initial Backstop Providers or any of their Affiliates (together, the “**Released Parties**”) in relation to or arising out of or in connection with:
- (i) the preparation, negotiation or implementation of the Creditors’ Scheme (including, but not limited to, the Restructuring Deed and Restructuring Implementation Documents); and/or
  - (ii) the preparation, negotiation or implementation of the Restructuring and Recapitalisation; and/or
  - (iii) any event or circumstance arising in the period from 1 January 2016 to the Completion Time which caused or, contributed to, directly or indirectly the requirement for the Restructuring and Recapitalisation;
- (b) paragraph 7(a) shall not apply to:
- (i) nor in any way impair or prejudice any rights of the Scheme Creditor arising under the Schemes the Restructuring Deed, any Restructuring Implementation Document and/or any other document ancillary thereto or entered into in connection therewith, (including as a consequence of non-compliance with the terms of the Creditors’ Scheme) or any remedy in respect of any such right; and/or
  - (ii) any claim or liability in respect of fraud, dishonesty or wilful default by the Bank, Holdco, any of their Affiliates and/or any Director; and/or
  - (iii) any claim or liability of any Adviser to the Scheme Creditor arising under a duty of care which has been specifically accepted or acknowledged in writing by the relevant Adviser;
- (c) the Scheme Creditor (and, as applicable, each of its Nominated Recipients) declares and acknowledges that none of the current Directors, officers or employees of the Bank (holding office or employed as at 13 February 2017), Holdco or any member of the Bank Group, The Co-op Group, each of its current directors, officers, employees and advisers and each of its Affiliates, Lucid Issuer Services Limited, PACE Trustees Limited, (trustee of the Co-operative Bank Pension Scheme), Law Debenture Trustees Limited, Computershare Investor Services PLC, the Advisers, the Principal Investors, the Initial Backstop Providers or any of their Affiliates (together the “**Relying Persons**”) will be held responsible for any liabilities or consequences arising as a result of acts taken by it or pursuant to the terms of the Creditors’

Scheme and it further declares that none of the Relying Persons have any responsibility for the terms of the Creditors' Scheme;

- (d) the Scheme Creditor (and, as applicable, each of its Nominated Recipients) acknowledges that none of the Creditors' Scheme or the transactions contemplated by the Explanatory Statement shall be deemed to be investment advice or a recommendation as to a course of conduct by any of the Relying Persons, or any of their officers, directors, employees, or agents, and that, in directing the execution and delivery of this Account Holder Letter, it has made an independent decision in consultation with its agents and professional advisers to the extent that it considers it necessary; and
  - (e) the Scheme Creditor (and, as applicable, each of its Nominated Recipients) acknowledges that no information on which it may rely has been provided to it by any of the Relying Persons, with regard to the tax consequences arising from the receipt of Scheme Entitlements (as applicable) or participation in the Creditors' Scheme, and acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Creditors' Scheme (including its receipt, if any, of its Scheme Entitlements) and agrees that it will not and does not have any right of recourse (whether by way of reimbursements, indemnity or otherwise) against any of the Relying Persons, or any other person, in respect of such taxes and payments, unless such person has expressly and separately acknowledged and accepted liability in respect thereof.
8. The Attorney shall cease to be the agent and attorney of the Scheme Creditor and, if the Scheme Creditor has appointed a Nominated Recipient, the Nominated Recipient at 5.00 p.m. on the Holding Period Expiry Date.
  9. The Scheme Creditor acknowledges that, in respect of the issuance of Exchange Shares pursuant to the Restructuring Deed, if Holdco is advised that the allotment and issue of Exchange Shares to such Scheme Creditor would or might infringe the laws of any jurisdiction outside the United Kingdom or would or might require Holdco to observe any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of Holdco, it would be unable to comply or which it regards as unduly onerous, or if the Scheme Creditor has its registered address in, or is resident and located in, an Excluded Territory or (unless Holdco is satisfied that it is an Accredited Investor or a QIB) the United States (such Scheme Creditor being an "**Ineligible Scheme Creditor**"), then Holdco may issue such Exchange Shares to the Holding Period Trustee as trustee for such Ineligible Scheme Creditor on the terms to be set out in the Holding Period Trust Deed.
  10. Clause 9 above shall not apply in the case of an Ineligible Scheme Creditor that has appointed one or more Nominated Recipients pursuant to Part 4 (*Nominated Recipients*) of this Account Holder Letter, who do not have their registered addresses in, and are not resident or located in, an Excluded Territory or (unless Holdco is satisfied that it is an Accredited Investor or a QIB) the United States, to receive all of its Exchange Shares.
  11. This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by, and this Deed shall be construed in accordance with, the laws of England and Wales. The courts of England shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of or in connection with this Deed or any non-contractual obligations arising out of or in connection with this Deed and, for such purposes, each signatory hereto irrevocably submits to the jurisdiction of the courts of England.
  12. By signing below, the Scheme Creditor and, if the Scheme Creditor has appointed a Nominated Recipient, the Nominated Recipient, represents that it has complied with all formalities applicable to it (whether under its organisational or constitutional documents, applicable law, or otherwise) in relation to the execution of this Securities Confirmation Form.<sup>5</sup>

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<sup>5</sup> Scheme Creditors and Nominated Recipients must ensure that they comply with any applicable requirements in relation to the execution of documents (and in particular, and if different, deeds) when executing this Securities Confirmation Form.

**SECURITIES CONFIRMATION FORM**

**SIGNATURE PAGE OF SCHEME CREDITOR**

The Scheme Creditor confirms the representations made to Bank and Holdco in:

- Annex A** – A Scheme Creditor must tick this box if it wishes to receive any Exchange Shares or Subscription Shares
- Annex B** – A Scheme Creditor must tick this box if it wishes to receive its own Subscription Shares and/or is a Backstop Provider

<sup>6</sup>[EXECUTED as a DEED for and on behalf of )  
 [SCHEME CREDITOR], )  
 a [insert nature of legal entity, (e.g. company, )  
 partnership)] )  
 resident in [JURISDICTION], by [NAME[S] OF )  
**PERSON SIGNING**], being [a] person[s] who, )  
 in accordance with the laws of that jurisdiction, )  
 and the laws of any other applicable jurisdiction, )  
 [is OR are] acting under the authority of that )  
 [insert nature of legal entity, (e.g. company, )  
 partnership)] )  
 in each of the following capacities: )  
 )  
**Scheme Creditor** )  
**[Subscribing Scheme Creditor]<sup>7</sup>** )  
**[Backstop Provider]<sup>8</sup>** )

.....  
 Authorised signatory

.....  
 [Authorised signatory]<sup>9</sup>

in the presence of:

.....  
 Signature of Witness<sup>10</sup>

.....  
 Name of Witness (print)

.....  
 Address of Witness

.....  
 [Occupation of Witness]

6 To be signed if the Scheme Creditor is an institution. Delete if the Scheme Creditor is not an institution.  
 7 Delete if the Scheme Creditor is not also a Subscribing Scheme Creditor.  
 8 Delete if the Scheme Creditor is not also a Backstop Provider.  
 9 The signature of a second authorised signatory is required if the Scheme Creditor is a company or other entity incorporated in the United Kingdom.  
 10 The witness must be present when the Securities Confirmation Form is signed. The witness must be a person over the age of 18 who is not a party to the Securities Confirmation Form.

<sup>11</sup>[EXECUTED as a DEED by )  
 [SCHEME CREDITOR] )  
 in each of the following capacities: )  
 )  
**Scheme Creditor** )  
 [Subscribing Scheme Creditor]<sup>12</sup> )  
 [Backstop Provider]<sup>13</sup>)

.....  
 Name (print)

.....  
 a resident of (jurisdiction)

in the presence of:

.....  
 Signature of Witness<sup>14</sup>

.....  
 Name of Witness (print)

.....  
 Address of Witness

.....  
 Occupation of Witness]

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11 To be signed if the Scheme Creditor is an individual. Delete if the Scheme Creditor is not an individual.

12 Delete if the Scheme Creditor is not also a Subscribing Scheme Creditor.

13 Delete if the Scheme Creditor is not also a Backstop Provider.

14 The witness must be present when the Securities Confirmation Form is signed. The witness must be a person over the age of 18 who is not a party to the Securities Confirmation Form.

**SECURITIES CONFIRMATION FORM**

**SIGNATURE PAGE OF NOMINATED RECIPIENT**

The Nominated Recipient confirms the representations made to Bank and Holdco in:

**Annex B** – A Nominated Recipient must tick this box if it wishes to receive Subscription Shares on behalf of the Scheme Creditor

**[EXECUTED as a DEED for and on behalf of )**  
**[NOMINATED RECIPIENT], )**

a [insert nature of legal entity, (e.g. company, )  
partnership]) )  
resident in **[JURISDICTION]**, by **[NAME[S] OF )**  
**PERSON SIGNING]**, being [a] person[s] who, )  
in accordance with the laws of that jurisdiction, )  
and the laws of any other applicable jurisdiction, )  
[is OR are] acting under the authority of that )  
[insert nature of legal entity, (e.g. company, )  
partnership]) )

.....  
Authorised signatory

.....  
[Authorised signatory]<sup>15</sup>

in the presence of:

.....  
Signature of Witness<sup>16</sup>

.....  
Name of Witness (print)

.....  
Address of Witness

.....  
Occupation of Witness]

15 The signature of a second authorised signatory is required if the Nominated Recipient is a company or other entity incorporated in the United Kingdom.

16 The witness must be present when the Securities Confirmation Form is signed. The witness must be a person over the age of 18 who is not a party to the Securities Confirmation Form.



## ANNEX A

### SCHEME CREDITOR CONFIRMATIONS, WARRANTIES AND UNDERTAKINGS

1. The Scheme Creditor confirms to the Bank and Holdco that the following statements are true as at the date of this Account Holder Letter, and warrants that they will remain true at all times until Completion:
  - (a) it is the owner of an interest in the principal amount of the Subordinated Notes held in a Clearing System (as indicated in Part 1, Section 2 (*Holding Details*) of this Account Holder Letter), as shown in the records of the relevant Clearing System, Account Holder or CREST Participant;
  - (b) it has complied with all laws and regulations applicable to it in any jurisdiction with respect to the Creditors' Scheme and this Account Holder Letter;
  - (c) it has received and reviewed the Creditors' Scheme and the Explanatory Statement, accepted and acknowledged the statements made in the "Important Information" section of the Explanatory Statement and acknowledges, in its capacity as Scheme Creditor, that, in completing and submitting this Account Holder Letter (including this Securities Confirmation Form), it has made its own independent decision as to how to vote (or instructed its proxy to vote) at the Creditors' Scheme Meeting, in consultation with its own agents and professional advisers to the extent it has considered it necessary to do so;
  - (d) if it has not voted against the Creditors' Scheme, it acknowledges that, to the extent that the relevant parts of this Account Holder Letter have been validly completed, the submission of this Account Holder Letter constitutes its written consent to the Creditors' Scheme and the other matters contained herein;
  - (e) it acknowledges that all authority conferred or agreed to be conferred pursuant to this Account Holder Letter and each obligation and the authorisations, instructions and agreements given by it shall be binding upon its successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives and shall not be affected by, and shall survive, its death or incapacity and that all of the information in this Account Holder Letter is true, complete and accurate as at the date of this Account Holder Letter; and
  - (f) it acknowledges and agrees that the Bank may, between the date on which the Explanatory Statement is issued and the Settlement Date, make any modifications of, or additions to, the Creditors' Scheme and/or the Restructuring Implementation Documents which would not directly or indirectly have an adverse effect on the rights or interests of Scheme Creditors under the Creditors' Scheme and provided that the Bank draws all such modifications or additions to the attention of the Court at the Scheme Sanction Hearing.
2. The Scheme Creditor hereby irrevocably warrants, undertakes and represents to Holdco that the Subordinated Notes transferred by it to Holdco pursuant to the Creditors' Scheme are transferred with full title guarantee and free of all encumbrances of whatsoever nature (other than the transfer restrictions within the terms of such instruments) and with all rights attached thereto.
3. The Scheme Creditor hereby acknowledges and agrees that the confirmations, authorisations, acknowledgements and waivers made by it in paragraph 1 above are also given in favour of each relevant Relying Person who, in each case, shall be entitled to enforce and enjoy the benefit of any terms contained therein.

## ANNEX B

### SECURITIES LAW CONFIRMATIONS AND UNDERTAKINGS

1. The Scheme Creditor or, if the Scheme Creditor has appointed a Nominated Recipient, the Nominated Recipient, confirms to the Bank and Holdco that:
  - (a) it has complied with all laws and regulations applicable to it in any jurisdiction with respect to the Creditors' Scheme and this Account Holder Letter;
  - (b) it will accept its Subscription Shares on the terms set out in the Creditors' Scheme and it agrees to be irrevocably and unconditionally bound by the Creditors' Scheme;
  - (c) it has obtained all necessary governmental and regulatory approvals, including but not limited to change of control approvals, to the extent that it has elected to participate in the Creditors' Equity Subscription and to the extent that its participation under the Creditors' Equity Subscription would require any such approval;
  - (d) it shall promptly take all such action and provide all such information as may be necessary to complete any blanks, update any schedules, complete any signature blocks or to make any other amendments to the Restructuring Documents as the Bank or Holdco may reasonably consider is required in order to ensure they reflect the terms of this Creditors' Scheme and document the rights and obligations of the Scheme Creditors (and their Nominated Recipients) under the Creditors' Scheme;
  - (e) it acknowledges that no information has been provided to it by the Relying Persons with regard to the tax consequences arising from the receipt of Exchange Shares and Subscription Shares (as applicable) and acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in the Creditors' Scheme and agrees that it will not and does not have any right of recourse (whether by way of reimbursements, indemnity or otherwise) against any Released Party or any other person in respect of such taxes and payments;
2. The Scheme Creditor hereby acknowledges and agrees that the elections (if any) indicated in Part 3, Section 1 (*Election to Subscribe*) are binding and irrevocable and without prejudice to any Backstop Commitment in respect thereof.
3. The Scheme Creditor hereby acknowledges and undertakes that, if the Creditors' Scheme is approved by Scheme Creditors at the Creditors' Scheme Meeting:
  - (a) it will be required to participate in the Creditors' Equity Subscription in respect of the amounts indicated in Part 3, Section 1 (*Election to Subscribe*) on the terms and the conditions of the Creditors' Scheme, the Restructuring Deed, the relevant Restructuring Implementation Documents and this Account Holder Letter;
  - (b) if it is a Non-CREST Scheme Creditor, it will:
    - (i) authorise Euroclear or Clearstream (as the case may be), by way of Custody Instructions submitted no later than 5.00 p.m. (London time) on the day of the Creditors' Scheme Meeting, to debit its account (if it is an Account Holder) or the account of the Account Holder whose details are set out in Part 6 (*Execution of Account Holder Letter by Account Holder or CREST Participant*) (if it is not itself an Account Holder) Subscription Final Amount in response to a Funding Notice served by the Information Agent; and
    - (ii) (if it is not itself an Account Holder) put its Account Holder in funds in respect of the Subscription Final Amount notified to it by way of the Funding Notice in good time for its Account Holder to pay the total Subscription Price as directed by the Funding Notice;

- (c) if it is a CREST Scheme Creditor, it will submit a USE Instruction to Euroclear UK which, on its settlement, will have the following effect:
- (i) the crediting of the stock account of the Registrar with a number of Creditors' Equity Subscription Entitlements corresponding to:
    - (A) if it indicates in its Account Holder Letter that it wishes to subscribe up to a Capped Amount, its Capped Provisional Allocation; or
    - (B) if indicates in its Account Holder Letter that it wishes to subscribe for its Full Subscription Entitlement, its Maximum Provisional Allocation; and
  - (ii) the creation of a CREST payment in accordance with the CREST payment arrangements, in favour of the payment bank of the Registrar, in respect of the amount specified in the USE instruction which must be for settlement by no later than the Subscription Deadline and which must be for the full amount of:
    - (A) its Capped Amount, if it indicates in its Account Holder Letter that it wishes to subscribe up to a Capped Amount; or
    - (B) its Maximum Provisional Amount if it indicates in its Account Holder Letter that it wishes to subscribe for its Full Subscription Entitlement.
4. The Scheme Creditor hereby acknowledges the Bank and/or Holdco may in their sole and absolute discretion treat as invalid any election or purported election in respect of Subscription Shares pursuant to this Account Holder Letter which appears to the Bank and/or Holdco or any of their agents to have been executed, effected or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if they believe that the same may violate applicable legal or regulatory requirements or if the Account Holder Letter states that the address of a Scheme Creditor or, if applicable, its Nominated Recipient, is located in Non-US Excluded Territory (as defined below) or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates, or if the Bank and/or Holdco believes or their respective agents believe that the same may violate applicable legal or regulatory requirements in each case subject to certain exemptions.
5. The Scheme Creditor or, if applicable, its Nominated Recipient, further confirms to the Bank and Holdco that:
- (a) it is not a Retail Noteholder;
  - (b) it is either:
    - (i) not a U.S. Person (as defined in Regulation S of the Securities Act (“**Regulation S**”)) and will not be a U.S. Person at both the Entitlements Record Date and the Settlement Date; or
    - (ii) a U.S. Person and it is and will be at both the Entitlements Record Date and the Settlement Date either:
      - (A) an “accredited investor” (an “**AI**”) as defined in Regulation D of the Securities Act; or
      - a “qualified institutional buyer” (a “**QIB**”) as defined in Rule 144A (“**Rule 144A**”) under the Securities Act;
  - (c) it does not, and will not at either the Entitlements Record Date or the Settlement Date, have its registered address in, and is not resident or located in, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa, Switzerland and any other jurisdiction where the delivery of the Scheme Circular or an Account Holder Letter or Certificated Holder Letter into, or to a Scheme Creditor or Nominated Recipient (as applicable) resident in, such jurisdiction would breach any applicable law or regulation (each a “**Non-US Excluded Territory**”);

- (d) it is not, and will not be at either the Entitlements Record Date or the Settlement Date, located or resident in the United Kingdom or, if it is a resident of or located in the United Kingdom, it is a person within the definition of Investment Professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”)) or within Article 49(2) of the Order or is a person to whom the solicitation may lawfully be communicated in accordance with the Order;
- (e) if it is incorporated or situated in any Member State of the European Union, it is, and will be at both the Entitlements Record Date and the Settlement Date, a “qualified investor” (“**Qualified Investor**”) within the meaning of Article 2(1)(e) Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (including by Directive 2010/73/EU to the extent implemented in the relevant Member State) and including any relevant implementing measure in the relevant Member State (the “**EU Prospectus Directive**”);
- (f) if it is not a U.S. Person, it will receive the Subscription Shares in an offshore transaction as that term is defined in Regulation S and it will not acquire the Subscription Shares (as applicable) for the account or benefit of a U.S. Person (other than fully-managed accounts);
- (g) if it is a U.S. Person, it understands that the Subscription Shares (as applicable) are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act. In addition, it agrees that it will only transfer such Subscription Shares if:
  - (i) there is an effective registration statement under the Securities Act and such transfer is registered pursuant to, exempt from or not subject to any other applicable securities laws covering such securities;
  - (ii) the transfer is made in accordance with Rule 144A, if available, under the Securities Act to a person that the transferor, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs;
  - (iii) the transfer is made in accordance with Rule 144 (“**Rule 144**”) under the Securities Act, and Holdco receives evidence satisfactory to it that the provisions of Rule 144 have been complied with;
  - (iv) the transfer is made in accordance with another exemption from registration under the Securities Act and if requested, Holdco receives an opinion of counsel from the holder of these securities to such effect, reasonably satisfactory to it;
  - (v) the transfer is made in an offshore transaction in accordance with Regulation S; or
  - (vi) the transfer is made to the Bank, Holdco, or one of their subsidiaries,
 in each case in accordance with any applicable securities laws of any State of the United States;
- (h) if it is a U.S. Person, it understands and acknowledges that the Holdco and its respective agents shall not be obligated to recognise any resale or other transfer of the Subscription Shares (as applicable) made other than in compliance with the restrictions set forth in paragraph 2(f) of this Annex B;
- (i) if it is a U.S. Person, it and any subsequent holder of Subscription Shares will notify any person to whom it subsequently re-offers, resells, pledges, transfers or otherwise disposes of the Subscription Shares of the foregoing restrictions on transfer set forth in paragraph 2(f) of this Annex B;
- (j) if it is a U.S. Person, it is not a participant-directed employee plan described in subsection (a)(1)(i)(D), (E) or (F) of Rule 144A;

- (k) if it is a U.S. Person, the receipt of Subscription Shares by such person is not part of a plan or scheme to evade the registration requirements of the Securities Act;
- (l) if it is a U.S. Person, it understands that the offer to it of Subscription Shares has not been registered under the Securities Act and that such offer is being made to it and a Nominated Recipient in reliance on an exemption from, or in transactions not subject to, the registration requirements of the Securities Act. As a result, the Subscription Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States;
- (m) if it is a U.S. Person, it has or has access to all information that such person believes is necessary, sufficient or appropriate in connection with its acquisition of its Subscription Shares. Such person has made an independent decision to acquire its Subscription Shares based on the information concerning the business and financial condition of the Bank, Holdco, and the other members of the Bank Group and other information available to such person, which it has determined is adequate for that purpose;
- (n) if it is a U.S. Person, it understands that the representations, warranties and agreements in paragraphs 5(g) to 5(m) are required in connection with United States securities laws and other applicable laws and that the Bank, Holdco and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. It agrees that, if any of the acknowledgements, representations and warranties made in connection with its receipt of its Subscription Shares are no longer accurate, it will promptly, and in any event prior to the issuance of its Subscription Shares, notify the Bank and Holdco in writing;
- (o) it confirms that it will acquire an interest for its own account as principal, or for the account of one or more other persons who are able to and who shall be deemed to make all of the representations and agreements in this Account Holder Letter and for whom it exercises sole investment discretion;
- (p) it will not acquire its Subscription Shares with a view to distribution thereof or with any present intention of offering or selling any of its Subscription Shares, except as permitted above, provided that the disposition of its property and property of any accounts for which it is acting as fiduciary will remain at all times within its control;
- (q) it understands that any subsequent transfer of Subscription Shares by it is subject to the restrictions and conditions set forth in the constitutional documents of Holdco and it agrees to be bound by, and not to resell, pledge or otherwise transfer any Subscription Shares except in compliance with such restrictions;
- (r) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investing in the Subscription Shares, and is experienced in investing in capital markets and is able to bear the economic risk of investing in its Subscription Shares, and has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to its investment in its Subscription Shares, and is able to sustain a complete loss of its investment in its Subscription Shares;
- (s) in making its decision to acquire its Subscription Shares, it has made its own investment decision regarding its Subscription Shares (as applicable) (including, without limitation, the income tax consequences of purchasing, owning or disposing of its Subscription Shares in light of its particular situation and tax residence(s) as well as any consequences arising under the laws of any taxing jurisdiction) based on its own knowledge (and information such person may have or which is publicly available, including by way of the Explanatory Statement) with respect to the Bank, Holdco and the other members of the Bank Group and the Subscription Shares;
- (t) either (i) it is the beneficial owner of, and has full power to vote in respect of and to dispose of (free and clear of any and all encumbrances of whatsoever nature) (or is able to direct the legal

and beneficial owner of) that principal amount of Subordinated Notes set forth in Part 1, Section 2 (*Holding Details*) of this Account Holder Letter; or (ii) it has been engaged to perform investment management services on behalf of the beneficial owner of, and has full power to vote in respect of and to dispose of (free and clear of any and all encumbrances of whatsoever nature) that principal amount of Subordinated Notes set forth in Part 1, Section 2 (*Holding Details*) of this Account Holder Letter;

- (u) it satisfies any and all standards for investors making an investment in the Subscription Shares imposed by the jurisdiction of its residence or otherwise;
- (v) it is empowered, authorised, and qualified to elect to receive Subscription Shares;
- (w) it will comply with all laws that apply to it in any place in which it accepts, holds or sells any of its Subscription Shares. Such person or Nominated Recipient has obtained all consents or approvals that it needs in order to receive its Subscription Shares, and neither Bank nor Holdco are responsible for compliance with these legal requirements;
- (x) it has complied with all of its obligations in connection with money laundering and terrorist financing, including, without limitation under the UK Proceeds of Crime Act 2002, the UK Terrorism Act 2000, the UK Criminal Justice Act 1993, the UK Money Laundering Regulations 2007 and, if it is making payment on behalf of a third party, satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the regulations; it complies with the UK Bribery Act 2010; and it is not currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department;
- (y) if it is a “financial intermediary”, as that term is used in Article 3(2) of the EU Prospectus Directive, it has not elected for its Subscription Shares, and will not subscribe for Subscription Shares on a non-discretionary basis on behalf of, nor will its Subscription Shares be acquired with a view to its offer or resale to, persons in circumstances which may give rise to an offer of shares to the public, other than their offer or resale to Qualified Investors in a member state of the European Economic Area which has implemented the EU Prospectus Directive;
- (z) it has not offered or sold and, prior to the expiry of a period of six months from the Settlement Date, will not offer or sell any Subscription Shares to persons in the United Kingdom except to “Qualified Investors” (as defined in Section 86(7) of the Financial Services and Markets Act 2000 (“**FSMA**”) or otherwise in circumstances which have not resulted and which will not result in an offer of transferable securities to the public in the United Kingdom within the meaning of Section 85(1) of FSMA;
- (aa) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) relating to the Subscription Shares in circumstances in which Section 21(1) of FSMA does not require approval of the communication by an authorised person;
- (bb) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Subscription Shares in, from or otherwise involving the United Kingdom;
- (cc) it is entitled to subscribe for or otherwise acquire its Subscription Shares under the laws of all relevant jurisdictions which apply to it and it has fully observed such laws and obtained all such governmental and other guarantees and other consents which may be required thereunder and complied with all necessary formalities;
- (dd) it acknowledges that the Subscription Shares have not been and will not be registered under the securities legislation of any Non-US Excluded Territory and, subject to certain exceptions, may

not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within any Excluded Territory;

- (ee) it acknowledges that to the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Subscription Shares;
- (ff) it acknowledges that any rights and remedies of the Bank and Holdco hereunder are in addition to any rights and remedies which would otherwise be available to any of them, and the exercise or partial exercise of one will not prevent the exercise of others;
- (gg) it authorises Holdco or any person authorised by them, as their agent, to do all things necessary to effect registration of any of the Subscription Shares subscribed by it into its name(s) and authorises any representative of Holdco to execute and/or complete any document required for that purpose;
- (hh) it is able to bear the economic risk of an investment in the Subscription Shares for an indefinite period and are able to sustain a complete loss on its investment in its Subscription Shares and it has concluded on the basis of information available to it that it is able to bear the risks associated with such investment; and
- (ii) it has not and will not solicit offers for, or offer or sell, Subscription Shares by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Securities Act.

**PART 6: EXECUTION OF ACCOUNT HOLDER LETTER  
BY ACCOUNT HOLDER OR CREST PARTICIPANT**

Full name of Account Holder or CREST Participant  
(as applicable).....

Account Number of Account Holder at Euroclear or  
Clearstream/CREST Member ID .....

Authorised Employee of Account Holder or CREST  
Participant (as applicable) .....

(print name)

Telephone no. of Authorised Employee (with country code) .....

E-mail of Authorised Employee .....

Authorised Employee Signature.....

(sign)

Date.....

**Before returning this Account Holder Letter or any part of this Account Holder Letter, please make certain that you have provided all the information requested.**

**Account Holders and CREST Participants must ensure that Blocking Instructions are submitted via the relevant Clearing System:**

- **With respect to Scheme Creditors who wish to vote on the Creditors' Scheme, by no later than 5.00 p.m. (London time) on 16 August 2017.**
- **With respect to Scheme Creditors who wish to participate in the Scheme Creditors' Equity Subscription, and on whose behalf Blocking Instructions have not already been submitted for the purposes of voting, by no later than 5.00 p.m. (London time) on the day of the Creditors' Scheme Meeting (which is anticipated to be 21 August 2017).**

**In order to vote in respect of the Creditors' Scheme, Part 2 (*Voting*) of this Account Holder Letter must be delivered online via [www.lucid-is.com/co-op](http://www.lucid-is.com/co-op) or by email to the Information Agent using the contact details set out in this Account Holder Letter and must be received by the Information Agent by no later than 5.00 p.m. (London time) on 17 August 2017 (or submitted at the registration desk at the Creditors' Scheme Meeting prior to the commencement of the Creditors' Scheme Meeting).**

**In order to elect to subscribe for any Subscription Shares in accordance with the Creditors' Scheme, Part 3, Section 1 (*Election to Subscribe*) of this Account Holder Letter must be delivered online via [www.lucid-is.com/co-op](http://www.lucid-is.com/co-op) or by email to the Information Agent using the contact details set out in this Account Holder Letter and must be received by the Information Agent by no later than the Subscription Deadline (which is anticipated to be 22 August 2017).**

**Acceptance of Part 5 (*Securities Confirmation Form*) of this Account Holder Letter by the Information Agent is subject to receipt by the Information Agent of evidence satisfactory to it that the Scheme Creditor held the Subordinated Notes to which Part 5 (*Securities Confirmation Form*) of this Account Holder Letter relates on the Subscription Record Date and that the Scheme Creditor did not transfer the Subordinated Notes between the Subscription Record Date and the Settlement Date unless the Bank, in its sole discretion, elected to recognise a transfer of Subordinated Notes after the Subscription Record Date.**



**The Account Holder or CREST Participant (as applicable) may complete and submit this Account Holder Letter or any part of this Account Holder Letter on behalf of the Scheme Creditor if the Account Holder or CREST Participant (as applicable) has authority to do so.**

**Pdf copies of this Account Holder Letter will be accepted and originals are not required.**





