

[•] 2017

CUBA P.L.C.

AND

LAW DEBENTURE TRUSTEES LIMITED

FIRST SUPPLEMENTAL TRUST DEED
modifying and restating the provisions of
the Trust Deed dated 20 December 2013 relating to 11 per
cent. Subordinated Notes due 2023

THIS FIRST SUPPLEMENTAL TRUST DEED is made on [•] 2017

BETWEEN:

- (1) **CUBA P.L.C.**, a company incorporated under the laws of England and Wales with registered number 00990937, whose registered office is at P.O. Box 101, 1 Balloon Street, Manchester M60 4EP (the "**Issuer**"); and
- (2) **LAW DEBENTURE TRUSTEES LIMITED**, a company incorporated under the laws of England whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX England (the "**Trustee**", which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of this Trust Deed) as trustee for the Noteholders (as defined below).

WHEREAS:

- (A) The Issuer issued the 11 per cent. Subordinated Notes due 2023 (the "**Notes**") in connection with which the Issuer and the Trustee have entered into a trust deed dated 20 December 2013 (the "**Principal Trust Deed**").
- (B) At a meeting of the holders for the time being of the Notes (the "**Noteholders**") duly convened and held on 21 August 2017, a resolution of the Noteholders was passed as an Extraordinary Resolution (the "**Extraordinary Resolution**") providing that the Principal Trust Deed be amended as set out herein.
- (C) The first supplemental trust deed referred to in the Extraordinary Resolution was a draft of this First Supplemental Trust Deed and the Trustee, having been duly authorised, directed, requested and empowered to do so by the Extraordinary Resolution, has agreed with the Issuer to enter into this First Supplemental Trust Deed.

NOW THIS DEED WITNESSETH and it is hereby agreed and declared as follows:

1. DEFINITIONS AND INTERPRETATION

All words and expressions defined in the Principal Trust Deed shall, where the context so requires and admits, have the same meaning in this First Supplemental Trust Deed and the principles of interpretation specified in Clauses 1.2 and 1.3 of the Principal Trust Deed shall, where the context so requires, also apply to this First Supplemental Trust Deed. In addition, capitalised terms used but not defined herein shall have the meanings given to such terms in the notice of Meeting given by the Issuer to the Noteholders dated 28 July 2017 (the "**Notice of Meeting**") as set out in Schedule 1 of this First Supplemental Trust Deed.

2. MODIFICATION

- 2.1 The Principal Trust Deed is hereby modified with effect on and from the date of this deed by the insertion of the following new paragraph 18(k) in Schedule 3 (*Provisions for the meeting of Noteholders*) of the Principal Trust Deed:

"(k) Power to sanction any proposal:

- (i) subject to certain conditions, for the irrevocable and unconditional, full and final waiver and release and forever discharge from the Settlement Date of (x) all Note Claims; and (y) 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, all claims that each Noteholder ever had, may have or hereafter can, shall or may have against any Relevant Person in relation to or arising out of or in connection with: (i) the preparation, negotiation or implementation of the Consent Solicitation and 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;
- (ii) that Relevant Persons may enforce the agreement of Holders to release liabilities and waive rights and entitlements, as described in (i) above, subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999; and
- (iii) for the modification, abrogation, compromise or arrangement in respect of the rights of all Noteholders against Relevant Persons necessary to give effect to the foregoing provisions of this paragraph (k).

All capitalised terms used but not defined in paragraph (k) above shall have the meanings given to such terms in (i) the notice of Meeting dated 28 July 2017 given by the Issuer to the Noteholders convening a meeting of the Noteholders to consider and, if thought fit, pass Extraordinary Resolutions sanctioning, inter alia, the Mandatory Cancellation (the "**Notice of Meeting**") and (ii) the Trust Deed, as amended from time to time."

3. **SUPPLEMENTAL TRUST DEED**

This First Supplemental Trust Deed is supplemental to the Principal Trust Deed and subject to the amendments to be effected to the Principal Trust Deed hereunder, the Principal Trust Deed and the Notes shall remain in full force and effect and the Principal Trust Deed and this First Supplemental Trust Deed shall be read and construed together as one deed.

4. **COUNTERPARTS**

This First Supplemental Trust Deed may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this First Supplemental Trust Deed may enter into the same by executing and delivering a counterpart.

5. **GOVERNING LAW AND JURISDICTION**

This First Supplemental Trust Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

6. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not party to this First Supplemental Trust Deed has no right under the Contract (Rights of Third Parties) Act 1999 to enforce any term of this First Supplemental Trust Deed, except and to the extent that this First Supplemental Trust Deed expressly provides for such Act to apply to any of its terms but this does not affect any right or remedy of any third party which exists or is available apart from that Act.

IN WITNESS whereof this First Supplemental Trust Deed has been executed by as a deed by the parties hereto and is intended to be delivered on the day and year first above written.

SIGNATORIES

EXECUTED as a **DEED** by)
CUBA P.L.C.)
acting by:)

In the presence of:

Witness name:

Signature:

Address:

The **COMMON SEAL** of
LAW DEBENTURE TRUSTEES
LIMITED

was hereunto affixed in the presence of:

Director
Authorised Signatory

SCHEDULE 1

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF HOLDERS. IF HOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD SEEK THEIR OWN FINANCIAL AND LEGAL ADVICE, INCLUDING IN RESPECT OF ANY TAX CONSEQUENCES, IMMEDIATELY FROM THEIR BROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT FINANCIAL, TAX OR LEGAL ADVISER.

The Co-operative Bank p.l.c.

(incorporated in England and Wales with registered number 990937)
(the “**Issuer**”)

NOTICE OF MEETING

to holders of its outstanding Notes listed in the table below
(the “**2023 Notes**” or “**Notes**”)

Description	ISIN	Outstanding principal amount
£206,000,000 11% Subordinated Notes due 2023	GB00BFXW0853	£206,000,000

NOTICE IS HEREBY GIVEN that a meeting (the “**Meeting**”) of the holders of the Notes (the “**Holders**”) convened by the Issuer will be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ at 10.00 a.m. (London Time) (or as soon thereafter as the Creditors’ Scheme Court Meeting (as defined below) shall have concluded or been adjourned) on 21 August 2017 for the purpose of considering and, if thought fit, passing the resolutions set out below, which will be proposed as Extraordinary Resolutions at the Meeting in accordance with the provisions of the conditions and the trust deed dated 20 December 2013 made between the Issuer and Law Debenture Trustees Limited as trustee (the “**Trustee**”) (the “**Trust Deed**”) in accordance with the following agenda:

1. the First Extraordinary Resolution shall be proposed and, if passed, the First Supplemental Trust Deed (as defined below) shall be immediately executed by the Issuer and the Trustee and prior to the Second Extraordinary Resolution being proposed to the Meeting; and
2. the Second Extraordinary Resolution shall be proposed.

Unless the context otherwise requires, capitalised terms used but not defined in this Notice shall have the meaning given in the Trust Deed, the terms and conditions of the Notes (the “**Conditions**”) or the Extraordinary Resolution, as applicable.

FIRST EXTRAORDINARY RESOLUTION

“THAT this Meeting of the Holders of the £206,000,000 11% Subordinated Notes due 2023 (ISIN: GB00BFXW0853) of The Co-operative Bank p.l.c. presently outstanding (the “**2023 Notes**” and the “**Issuer**” respectively) constituted by the Trust Deed dated 20 December 2013 (the “**Trust Deed**”) made between the Issuer and Law Debenture Trustees Limited (the “**Trustee**”) as trustee for the holders of the 2023 Notes (the “**Holders**” or “**Noteholders**”) hereby:

1. assents to and sanctions the modification of the provisions for meetings of the Noteholders as set out in Schedule 3 to the Trust Deed by the insertion of the following new paragraph 18(k):

“(k) Power to sanction any proposal:

(i) subject to certain conditions, for the irrevocable and unconditional, full and final waiver and release and forever discharge from the Settlement Date of (x) all Note Claims; and (y) 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, all claims that each Noteholder ever had, may have or hereafter can, shall or may have against any Relevant Person in relation to or arising out of or in connection with:

- (i) the preparation, negotiation or implementation of the Consent Solicitation and 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;

(ii) that Relevant Persons may enforce the agreement of Holders to release liabilities and waive rights and entitlements, as described in (i) above, subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999; and

(iii) for the modification, abrogation, compromise or arrangement in respect of the rights of all Noteholders against Relevant Persons necessary to give effect to the foregoing provisions of this paragraph (k)".

All capitalised terms used but not defined in paragraph (k) above shall have the meanings given to such terms in (i) the notice of Meeting dated 28 July 2017 given by the Issuer to the Noteholders convening a meeting of the Noteholders to consider and, if thought fit, pass Extraordinary Resolutions sanctioning, *inter alia*, the Mandatory Cancellation (the "**Notice of Meeting**") and (ii) the Trust Deed, as amended from time to time;

2. sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Holders appertaining to the 2023 Notes against the Issuer, whether or not such rights arise under the Trust Deed, involved in or resulting from or to be effected by, the modifications referred to in paragraph 1 of this Extraordinary Resolution and their implementation;
3. authorises, empowers and directs the Trustee to concur in the modifications referred to in paragraph 1 of this Extraordinary Resolution and, in order to give effect to and to implement the modifications referred to in paragraph 1, forthwith to execute a supplemental Trust Deed (the "**First Supplemental Trust Deed**") in the form of the draft produced to this Meeting and for the purpose of identification signed by the Chairman thereof with such amendments (if any) thereto as the Trustee shall require and to concur in, and to execute and do, all such other deeds, instruments, acts and things as may be necessary or appropriate to carry out and give effect to this Extraordinary Resolution and the implementation of the modifications referred to in paragraph 1 of this Extraordinary Resolution; and
4. discharges and exonerates the Trustee from all liability for which it may have become or may become responsible under the 2023 Notes or the Trust Deed relating to the 2023 Notes in respect of any act or omission in connection with the modifications referred to in paragraph 1 of this Extraordinary Resolution, their implementation, or this Extraordinary Resolution."

SECOND EXTRAORDINARY RESOLUTION

"THAT this Meeting of the Holders of the £206,000,000 11% Subordinated Notes due 2023 (ISIN: GB00BFXW0853) of The Co-operative Bank p.l.c. presently outstanding (the "**2023 Notes**" and the "**Issuer**" respectively) constituted by the Trust Deed dated 20 December 2013, as amended from time to time, (the "**Trust Deed**") made between the Issuer and Law Debenture Trustees Limited (the "**Trustee**") as trustee for the holders of the 2023 Notes (the "**Holders**" or "**Noteholders**"), if the First Extraordinary Resolution of even date herewith is duly passed and implemented, hereby:

1. assents to and sanctions the modification of the Conditions of the 2023 Notes as endorsed on the form of certificated note in Schedule 1 to the Trust Deed by the insertion of the following new Condition 6.7:

"6.7 MANDATORY CANCELLATION

- (i) Subject to satisfaction of the Consent Conditions and the PRA Consent having been obtained, on the Settlement Date (such date and the satisfaction of the Consent Conditions having been

notified to Noteholders) all of the Notes held by Retail Noteholders shall be cancelled, all of the rights of those Retail Noteholders under their Notes and the related rights under the Trust Deed, and all of the Issuer's liabilities and obligations to those Retail Noteholders under their Notes and related rights under the Trust Deed, shall be irrevocably cancelled and released, in each case in consideration of the payment of the Retail Cash Consideration to such Retail Noteholders on the terms set out in this Condition 6.7 (the "**Mandatory Cancellation**"). The Notes of Non-Retail Noteholders are not subject to the Mandatory Cancellation and are instead subject to the Creditors' Scheme.

- (ii) In addition, on the Settlement Date, each Retail Noteholder whose Notes are subject to the Mandatory Cancellation will be entitled to receive accrued interest on the aggregate principal amount of its Notes for the period from (and including) 20 June 2017 to (but excluding) 31 July 2017, and amounting to £0.1226 per £10 in principal amount of Notes which will be paid in cash and rounded to the nearest £0.01, (the "**Accrued Interest**").
 - (iii) The Retail Cash Consideration and Accrued Interest to be paid to each Retail Noteholder in respect of its Notes will be calculated by the Registrar. All determinations, including any determination that a Noteholder is or is not a Retail Noteholder by the Issuer, and all calculations performed by the Registrar in connection with the Mandatory Cancellation will, in the absence of manifest error, be conclusive and binding on Noteholders.
 - (iv) Notwithstanding Condition 12 and any other provision in the Conditions as regards the giving of notices, any notice given in connection with this Condition 6.7 shall be validly given upon the publication of such notice on the Regulatory News Service operated by the London Stock Exchange plc, and shall be deemed to have been given on the date of such publication.
 - (v) This Condition 6.7 shall apply notwithstanding any other contrary provision of the Conditions. In the event of any inconsistency between this Condition 6.7 and any other provision of the Conditions, this Condition 6.7 shall prevail.
 - (vi) All capitalised terms used but not defined in this Condition 6.7 shall have the meanings given to such terms in (i) the notice of Meeting dated 28 July 2017 given by the Issuer to the Noteholders convening a meeting of the Noteholders to consider and pass Extraordinary Resolutions sanctioning, *inter alia*, the Mandatory Cancellation (the "**Notice of Meeting**") and (ii) the Trust Deed, as amended from time to time;
2. waives any and all Events of Default, Potential Events of Default and any other breach of the Conditions of the 2023 Notes or the Trust Deed that have been, are or may be, triggered by or in connection with the Restructuring and Recapitalisation;
3. assents to and sanctions in respect of all Noteholders of 2023 Notes:
- (a) subject to certain conditions, to irrevocably and unconditionally, fully and finally waive and release and forever discharge from the Settlement Date (x) all Note Claims; and (y) 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, all claims that each Noteholder ever had, may have or hereafter can, shall or may have against any Relevant Person in relation to or arising out of or in connection with:
 - (i) the preparation, negotiation or implementation of the Consent Solicitation and 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) that Relevant Persons may enforce the agreement of Holders to release liabilities and waive rights and entitlements, as described in (a) above, subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999; and
 - (c) the modification, abrogation, compromise or arrangement in respect of the rights of all Noteholders of 2023 Notes against the Relevant Persons necessary to give effect to the foregoing provisions of this paragraph 3;
4. sanctions every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders appertaining to the 2023 Notes against the Issuer, whether or not such rights arise under the Trust Deed, involved in or resulting from or to be effected by, the modifications and other arrangements referred to in paragraphs 1 to 3 of this Extraordinary Resolution and their implementation;
 5. authorises, empowers and directs the Trustee to concur in the modifications and other arrangements referred to in paragraphs 1 to 4 of this Extraordinary Resolution and, in order to give effect to and to implement (i) the modifications referred to in paragraph 1, forthwith to execute a supplemental Trust Deed (the “**Second Supplemental Trust Deed**”) and (ii) the releases and waivers referred to in paragraph 3, forthwith to execute a deed poll (the “**Deed Poll**”), in each case in the form of the drafts produced to this Meeting and for the purpose of identification signed by the Chairman thereof with such amendments (if any) thereto as the Trustee shall require and to concur in, and to execute and do, all such other deeds, instruments, acts and things as may be necessary or appropriate to carry out and give effect to this Extraordinary Resolution and the implementation of the modifications and other arrangements referred to in paragraphs 1 to 4 of this Extraordinary Resolution;
 6. authorises, empowers and directs the Issuer and the registrar in respect of the 2023 Notes (the “**Registrar**”) (i) to execute, including on behalf of the Holders of the 2023 Notes, all such deeds, instruments, forms of transfer and other documents of any nature, (ii) to make any such entries in the register maintained in respect of the 2023 Notes and (iii) to do any and all acts and things, which in each case may be necessary or appropriate to give effect to (A) this Extraordinary Resolution and/or (B) the Mandatory Cancellation of the 2023 Notes referred to above;
 7. authorises the Registrar on behalf of the Issuer to arrange for any 2023 Notes not previously immobilised or blocked, to be immobilised or blocked in the Clearing Systems or on the records of the Registrar, from the Retail Confirmation Deadline, to facilitate the settlement of the Mandatory Cancellation on the Settlement Date. Any transfers of 2023 Notes in certificated form will not be reflected in the Register during such time;
 8. discharges and exonerates the Trustee and the Registrar from all liability for which either of them may have become or may become responsible under the 2023 Notes, the Trust Deed or the Registrar’s agreement relating to the 2023 Notes in respect of any act or omission in connection with the modifications and other arrangements referred to in paragraphs 1 to 4 of this Extraordinary Resolution, their implementation, or this Extraordinary Resolution or the giving effect to the Mandatory Cancellation of the 2023 Notes referred to above; and
 9. declares that the implementation of this Extraordinary Resolution shall be conditional on:
 - (a) the passing of this Extraordinary Resolution;
 - (b) the quorum required for, and the requisite majority of votes cast at, this Meeting being reached (in the determination of the Issuer) by Eligible Holders, irrespective of any participation at this Meeting by Ineligible Holders (and would also have been so reached if any Ineligible Holders who provide confirmation of their status as Ineligible Holders and waive their right to attend

and vote (or be represented) at this Meeting had actually participated, at the Meeting) and further resolves that, in the event the Extraordinary Resolution is passed at the Meeting but this condition is not satisfied, the Chairman of this Meeting is hereby authorised, directed, requested and empowered to adjourn the Meeting on the same basis (including quorum) as for an adjournment of the Meeting where the necessary quorum is not obtained, for the purpose of reconsidering resolutions 1 to 8 of this Extraordinary Resolution (with the exception of paragraph 9(b) of this Extraordinary Resolution) at the Adjourned Meeting, and in place of the foregoing provisions of paragraph 9(b) of this Extraordinary Resolution the relevant condition will be satisfied if the quorum required for, and the requisite majority of votes cast at, the Adjourned Meeting are reached by Eligible Holders irrespective of any participation at the Adjourned Meeting by Ineligible Holders (and would also have been satisfied if Ineligible Holders who provide confirmation of their status as Ineligible Holders and waive their rights to attend and vote (or be represented) at the Meeting had actually participated at the Meeting) (the “**Eligibility Condition**”).

In this Extraordinary Resolution:

“**Advisers**” means:

- (a) Clifford Chance LLP;
- (b) Paul Hasting (Europe) LLP and any other adviser retained to advise the Principal Investors via Paul Hastings (Europe) LLP;
- (c) Houlihan Lokey EMEA, LLP;
- (d) PJT Partners Inc;
- (e) UBS Limited;
- (f) Merrill Lynch International;
- (g) Linklaters LLP; and
- (h) Grant Thornton UK LLP,

and any of their directors, partners, employees and Affiliates;

“**Affiliates**” means, in respect of any other person or entity: (a) a Subsidiary of that person or entity or a Holding Company of that person or entity or any other Subsidiary of such a Holding Company; and (b) any Affiliated Entities of any of the persons or entities referred to in sub-paragraph (a) above;

“**Affiliated Entities**” means (a) in relation to a fund (the “**first fund**”), (i) a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, (ii) if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an associate of the investment manager or investment adviser of the first fund or which is a co-investment vehicle under common control with the first fund; and (b) in relation to any other person, a fund which is managed or advised by such person or any of its associates;

“**Beneficial Owner**” means a person who is the owner of (i) an interest in a particular principal amount of 2023 Notes held in a Clearing System, as shown in the records of the relevant Clearing System or its Direct Participants, or (ii) a 2023 Note in certificated form held outside the Clearing Systems;

“**Clearing Systems**” means Euroclear Bank S.A./N.V., Clearstream Banking S.A. and CREST;

“**Completion Time**” is as defined in the Restructuring Deed;

“**Consent Conditions**” means the conditions that must be satisfied in order for the Mandatory Cancellation of the 2023 Notes of Retail Noteholders to occur being:

- (i) the passing of both Extraordinary Resolutions and the satisfaction of the Eligibility Condition relating to the Second Extraordinary Resolution;

- (ii) (A) the Creditors' Scheme being approved by the requisite majority of the scheme creditors at the meeting convened in connection with the Creditors' Scheme and sanctioned by the Court; (B) an office copy of the sanction order being lodged with the Registrar of Companies at Companies House; and (C) the Creditors' Scheme becoming unconditional in accordance with its terms;
- (iii) (A) the Members' Scheme being approved by the requisite majority of the members at the meeting convened in connection with the Members' Scheme and sanctioned by the Court; (B) an office copy of the sanction order being lodged with the Registrar of Companies at Companies House; and (C) the Members' Scheme becoming unconditional in accordance with its terms;
- (iv) completion of the Equity Subscriptions; and
- (v) the passing of the Resolutions;

“Consent Instruction” means an instruction by which an Eligible Holder may participate in the Consent Solicitation on the terms set out in the Notice of Meeting;

“Consent Solicitation” means the invitation by the Issuer to Eligible Holders to consent to the passing of the Extraordinary Resolutions on the terms described in the Consent Solicitation Memorandum dated 28 July 2017;

“Creditors' Scheme” means the scheme of arrangement under Part 26 of the Companies Act 2006 between the Issuer and holders of the Issuer's £250,000,000 Fixed Rate Reset Callable Subordinated Tier 2 Notes due 2025 and Non-Retail Noteholders dated on or around the date hereof;

“CREST” means the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & Ireland Limited (previously CRESTCo Limited) is the operator (as defined in the CREST Regulations);

“CREST Regulations” means the Companies Act 1996 (Uncertificated Securities) Regulations 1996 (S.I. No 68/1996) and the UK Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), including any modifications thereof or any regulations in substitution therefor and for the time being in force;

“Direct Participant” means each person who is shown in the records of Euroclear Bank S.A./N.V. or Clearstream Banking S.A. as a Holder of an interest in the 2023 Notes, or a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations) as the context requires;

“Eligible Holder” means a Noteholder that is eligible to participate in the Consent Solicitation in accordance with the Solicitation Restrictions;

“Entitlement Record Date” means the date of the General Meeting, expected to be 21 August 2017 (or, if later, any date to which it is adjourned);

“Equity Subscriptions” means the equity subscription by qualifying shareholders of the Issuer and qualifying creditors of the Issuer pursuant to the Members' Scheme and Creditors' Scheme, respectively;

“Holdco” means Balloon Street Holdings Limited, a company incorporated in England and Wales (registered number 10865342), whose registered office is at P.O. Box 101, 1 Balloon Street, Manchester M60 4EP, which at completion of the Restructuring and Recapitalisation will be the new holding company of the Issuer;

“Holding Company” means in relation to a person or entity, any other person or entity in respect of which it is a Subsidiary;

“Ineligible Holder” means a holder of the 2023 Notes that is not eligible to participate in the Consent Solicitation on the basis that such holder is a person who is restricted from participating in the Consent Solicitation as a result of the Solicitation Restrictions, details of which can be obtained from the Information Agent (such Noteholder may still vote at the Meeting in accordance with its rights under the Conditions of the 2023 Notes and the Trust Deed);

“Information Agent” means Lucid Issuer Services Limited in its capacity as information agent appointed by the Issuer in connection with the Consent Solicitation;

“**Launch Date**” means dated 28 July 2017;

“**Maximum Cash Amount**” means the cap of £13,500,000 on the aggregate cash amount to be paid in respect of the Retail Cash Consideration to all Retail Holders;

“**Members’ Scheme**” means the scheme of arrangement under Part 26 of the Companies Act 2006 between the Issuer and shareholders of the Issuer dated on or around the date hereof;

“**Non-Retail Noteholder**” means a Noteholder that is not a Retail Noteholder;

“**Note Claims**” means all the rights, title and interest to and claims against the Issuer or the Trustee arising out of or in connection with the 2023 Notes;

“**Ordinary Shares**” means an ordinary share in the capital of the Issuer (with a nominal value of £0.05 each);

“**PRA Consent**” means the Prudential Regulation Authority’s consent under Articles 77 and 78(1) of the Capital Requirements Regulation (Regulation (EU) 575/2013) for the Issuer to cancel the 2023 Notes;

“**Relevant Persons**” means each of the Issuer and each of its Affiliates (together, the “**Bank Group**”), Holdco, any director, officer or employee of the Issuer, Holdco or any member of the Bank Group (in each case, (A) in respect of an employee, who is, at the Settlement Date, employed; or (B) in respect of an officer or director, who is, as at the date hereof, employed or holding office or was at any time, during the period from (and including) 13 February 2017 to the date hereof, employed or held office), the Co-operative Group Limited, 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), the Trustee, Computershare Investor Services PLC, the Advisers, the members of the Ad-Hoc Committee, the Initial Backstop Providers or any of their Affiliates;

“**Restructuring and Recapitalisation**” means the corporate and financial restructuring and recapitalisation of the Bank as defined in the Consent Solicitation Memorandum in the section entitled “*Part 4, Section A: Letter from the Chairman of the Bank*”;

“**Restructuring Deed**” means the restructuring deed in the form appended to, and which forms a part of, each of the Creditors’ Scheme and the Members Scheme;

“**Restructuring Implementation Documents**” means the documents listed in Schedule 1 of the Restructuring Deed;

“**Retail Cash Consideration**” means the cash amount that is payable on the Settlement Date pursuant to the Mandatory Cancellation to Retail Noteholders in respect of their 2023 Notes, such cash amount being subject (in aggregate) to the Maximum Cash Amount and, accordingly, shall be the lesser of:

- (i) £4.50 per £10 in principal amount of 2023 Notes; and
- (ii) the amount (rounded to the nearest £0.01) per £10 in principal amount of 2023 Notes calculated by (a) dividing the Maximum Cash Amount by the aggregate principal amount of 2023 Notes that will be subject to the Mandatory Cancellation, and (b) multiplying the resultant figure by 10.

“**Retail Confirmation**” means an instruction by which a Noteholder may confirm its status as a Retail Noteholder on the terms set out in the Notice of Meeting;

“**Retail Confirmation Deadline**” is expected to be 10.00 a.m. (London Time) on 30 August 2017, or, only if later, on the third Business Day following the date on which the sanction order in respect of the Creditors’ Scheme is delivered to the Registrar of Companies (subject to the right of the Bank to amend such date upon notice to Holders);

“**Retail Noteholder**” means a Noteholder (A) who as at 5.00 p.m. (London Time) on the Retail Record Date satisfied and, at 6.00 p.m. (London Time) on the Entitlements Record Date will continue to satisfy, the following conditions: (i) it is an individual person; (ii) it is the Beneficial Owner of less than £100,000 in aggregate principal amount of 2023 Notes; (iii) (a) if it is resident in the United States, it is not an “accredited investor” as defined in Regulation D of the United States Securities Act of 1933, as amended, or (b) if it is

not resident in the United States, it is not a “qualified investor” as defined in Directive 2003/71/EC (as amended); (iv) it is not a Sanctions Restricted Person; and (B) who (i) has validly confirmed the matters set out in paragraph (A) above in accordance with the procedures set out in the Notice of Meeting and the Consent Solicitation Memorandum; or (ii) has been assessed, on reasonable enquiry, by the Issuer to satisfy the criteria set out in paragraph (A) above (which assessment shall be conclusive and binding), on or prior to the Retail Confirmation Deadline;

“**Retail Record Date**” means 27 June 2017;

“**Settlement Date**” means the date on which the Restructuring and Recapitalisation is completed, as determined in accordance with the Restructuring Deed;

“**Solicitation Restrictions**” means the solicitation restrictions applicable to the Consent Solicitation, including with respect to the United States and United Kingdom, as more fully set out in the Consent Solicitation Memorandum, further details of which can be obtained from the Information Agent; and

“**Subsidiary**” has the meaning given to that term in section 1159 of the Companies Act 2006.”

The Directors of the Issuer have no interests in the 2023 Notes described in this Notice.

Set out below are the market values (as a percentage of their principal amount) of the 2023 Notes on or around the first dealing day in each of the six months prior to the date of this Notice (and 26 July 2017, which is the latest date for which information was available prior to the publication of this Notice):

<i>Date</i>	<i>Market Value* (%)</i>
1 February 2017	65.20
1 March 2017	58.49
3 April 2017	31.56
2 May 2017	39.93
1 June 2017	36.57
3 July 2017	46.68
26 July 2017	49.42

* Source: Bloomberg (mid level composite prices where available; otherwise, prices sourced to the extent available)

BACKGROUND TO THE CONSENT SOLICITATION

The Consent Solicitation is part of the corporate and financial restructuring and recapitalisation of the Bank as defined in the Consent Solicitation Memorandum in the section entitled “*Part 4, Section A: Letter from the Chairman of the Bank*” (“**Restructuring and Recapitalisation**”) by the Issuer, and is being carried out concurrently with the Creditors’ Scheme, the Members’ Scheme, the Equity Subscriptions and a General Meeting to pass the Resolutions (each as defined in the Consent Solicitation Memorandum). The Consent Solicitation consists of an invitation by the Issuer to Eligible Holders (as defined below) to approve the Proposals (as defined below) on the terms described in the Consent Solicitation Memorandum dated 28 July 2017 (the “**Consent Solicitation Memorandum**”).

The Consent Solicitation is only being made to Holders that are eligible to participate in the Consent Solicitation in accordance with the Solicitation Restrictions (an “**Eligible Holder**”). Holders not participating in the Consent Solicitation, including Holders that are not Eligible Holders (“**Ineligible Holders**”), may submit Retail Confirmations to confirm their status as Retail Noteholders, if applicable. The procedure for submitting a Retail Confirmation is the same as that for submitting a Consent Instruction as set out in this Notice.

Holders may obtain, from the date of this Notice, a copy of the Consent Solicitation Memorandum from the Information Agent, the contact details for which are set out below. In order to receive a copy of the Consent Solicitation Memorandum, a Holder will be required to provide confirmation as to his or her status as a Holder of the 2023 Notes (as defined below).

Detailed information regarding the Restructuring and Recapitalisation, the Issuer and the 2023 Notes is contained in a Consent Solicitation Memorandum dated 28 July 2017 prepared by the Issuer. The Consent

Solicitation Memorandum, the Supplemental Trust Deeds, the Deed Poll, the Lock-Up Agreement and the Restructuring Deed will be made available to Holders on the Issuer's website and can be accessed by Holders at www.co-operativebank.co.uk/retailnoteholders.

Holders who are unable to access the documents at that web link should contact the Registrar at the details below.

CONSENT SOLICITATION

The purpose of the Consent Solicitation is to consider and, if thought fit, approve the Extraordinary Resolutions set out herein in respect of the £206,000,000 11% Subordinated Notes due 2023 (the "**2023 Notes**") (the "**Proposals**"). The Consent Solicitation expires at 5.00 p.m. (London Time) on 18 August 2017 (as the same may be extended, the "**Expiration Deadline**"). All capitalised terms used but not defined herein regarding the Consent Solicitation have the meanings ascribed to those terms in the Consent Solicitation Memorandum.

Consent Conditions

The Consent Solicitation will be completed on the Mandatory Cancellation of the 2023 Notes, which is conditional on the following conditions (the "**Consent Conditions**") being satisfied:

- (a) the passing of both Extraordinary Resolutions in respect of the 2023 Notes by the Holders of the 2023 Notes, and the satisfaction of the Eligibility Condition relating to the Second Extraordinary Resolution in respect of the 2023 Notes;
- (b) (A) the Creditors' Scheme being approved by the requisite majority of the Scheme Creditors at the Creditors' Scheme Court Meeting and sanctioned by the Court; (B) an office copy of the sanction order being lodged with the Registrar of Companies at Companies House; and (C) the Creditors' Scheme becoming unconditional in accordance with its terms;
- (c) (A) the Members' Scheme being approved by the requisite majority of the Members at the Members' Scheme Court Meeting and sanctioned by the Court; (B) an office copy of the sanction order being lodged with the Registrar of Companies at Companies House; and (C) the Members' Scheme becoming unconditional in accordance with its terms;
- (d) the Equity Subscriptions being completed; and
- (e) the passing of the Resolutions at the General Meeting.

The Issuer will announce the results of the Meeting in respect of the 2023 Notes as soon as reasonably practicable after the Meeting and in any event no later than 14 days after the Meeting.

It is expected that the Issuer and the Trustee will execute (a) the First Supplemental Trust Deed following the passing of the First Extraordinary Resolution at the Meeting; and (b) the Second Supplemental Trust Deed after the Consent Conditions have been satisfied and prior to the Settlement Date. The Second Extraordinary Resolution to be proposed at the Meeting shall be conditional on the passing and implementation of the First Extraordinary Resolution proposed at the Meeting.

The implementation of the Proposals in respect of the 2023 Notes and the implementation of the proposals set out in the Creditors' Scheme, the Members' Scheme and the Resolutions, and the completion of the Equity Subscriptions, are inter-conditional and, accordingly, the Issuer will only effect the Mandatory Cancellation of the 2023 Notes held by Retail Noteholders if each of the Creditors' Scheme and the Members' Scheme are approved, sanctioned and become unconditional in accordance with their terms, the Resolutions are passed at the General Meeting and the Equity Subscriptions are completed as set out in paragraphs (b), (c), (d) and (e) above. The implementation of these inter-conditional steps of the Restructuring and Recapitalisation will take place in accordance with the Restructuring Deed. The Mandatory Cancellation will occur at "Restructuring Step 8" as set out in the Restructuring Deed following the capitalisation of the Bank.

Mandatory Cancellation

If the Consent Conditions are satisfied and the PRA consent is obtained, the Mandatory Cancellation will occur on the Settlement Date. The Mandatory Cancellation will occur at “Restructuring Step 8” as set out in the Restructuring Deed following the capitalisation of the Bank.

Upon Mandatory Cancellation, the 2023 Notes held by Retail Noteholders will be irrevocably cancelled and the rights, liabilities and obligations thereunder released in consideration of the payment of the Retail Cash Consideration to those Retail Noteholders (subject (in aggregate) to the Maximum Cash Amount).

The 2023 Notes of Non-Retail Noteholders are not subject to the Mandatory Cancellation and are instead subject to the Creditors’ Scheme.

Retail Cash Consideration

The Retail Cash Consideration is the cash amount that is payable on the Settlement Date to Retail Noteholders in respect of the 2023 Notes pursuant to the Mandatory Cancellation.

The Retail Cash Consideration is subject (in aggregate) to the Maximum Cash Amount and, accordingly, shall be the lesser of:

- (i) £4.50 per £10 in principal amount of 2023 Notes; and
- (ii) the amount (rounded to the nearest £0.01) per £10 in principal amount of 2023 Notes calculated by (a) dividing the Maximum Cash Amount by the aggregate principal amount of 2023 Notes that will be subject to the Mandatory Cancellation, and (b) multiplying the resultant figure by 10.

The Retail Cash Consideration to be paid to each Retail Noteholder in respect of its 2023 Notes will be calculated by the Registrar.

Eligibility for Retail Cash Consideration

To be eligible to receive the Retail Cash Consideration, a Holder must be a Retail Noteholder of the 2023 Notes.

A “**Retail Noteholder**” is a Noteholder (A) who as at 5.00 p.m. (London Time) on the Retail Record Date satisfied and, at 6.00 p.m. (London Time) on the Entitlements Record Date will continue to satisfy, the following conditions: (i) it is an individual person; (ii) it is the Beneficial Owner of less than £100,000 in aggregate principal amount of 2023 Notes; (iii) (a) if it is resident in the United States, it is not an “accredited investor” as defined in Regulation D of the United States Securities Act of 1933, as amended, or (b) if it is not resident in the United States, it is not a “qualified investor” as defined in Directive 2003/71/EC (as amended); (iv) it is not a Sanctions Restricted Person; and (B) who (i) has validly confirmed the matters set out in paragraph (A) above in accordance with the procedures set out in the Notice of Meeting and the Consent Solicitation Memorandum; or (ii) has been assessed, on reasonable enquiry, by the Issuer to satisfy the criteria set out in paragraph (A) above (which assessment shall be conclusive and binding), on or prior to the Retail Confirmation Deadline.

The Retail Cash Consideration is only payable to a Retail Noteholder of the 2023 Notes that:

- (a) has submitted (and not subsequently revoked in the limited circumstances in which such revocation is permitted) a Consent Instruction (i) that includes a valid confirmation of the relevant Holder’s status as a Retail Noteholder, and (ii) that is received by the Registrar on or prior to the Expiration Deadline;
- (b) has submitted a valid Retail Confirmation that includes a valid confirmation of the relevant Holder’s status as a Retail Noteholder, which is received by the Registrar on or prior to the Retail Confirmation Deadline; or
- (c) the Issuer has determined, on reasonable enquiry, to be a Retail Noteholder (which determination shall be conclusive and binding) on or prior to the Retail Confirmation Deadline.

The Issuer is allowing Holders to submit Retail Confirmations up to and including the Retail Confirmation Deadline (which is later than the Expiration Deadline and after the Meeting) in order to give Holders who

may be eligible for the Retail Cash Consideration as much time as practicable to identify themselves as Retail Noteholders. Holders who (i) fail to confirm their status as Retail Noteholders, or (ii) are not otherwise determined by the Issuer to be Retail Noteholders, in each case, on or before the Retail Confirmation Deadline will be deemed to be Non-Retail Noteholders and will be subject to the Creditors' Scheme and will not be eligible to receive the Retail Cash Consideration and Accrued Interest in cash.

Each Consent Instruction or Retail Confirmation, as applicable, must be submitted in respect of the entire principal amount of 2023 Notes beneficially owned by a Retail Noteholder and must include the Holder's name, address and telephone number and custodian's name (if applicable), in order for it to constitute a valid confirmation as to such Holder's retail status. Any Beneficial Owner which is submitting, or instructing any intermediary that will submit on its behalf to submit, a Consent Instruction, will submit or will instruct such intermediary to submit only one Consent Instruction in respect of the entire aggregate principal amount of 2023 Notes in respect of which it is the Beneficial Owner or, if it is acting as an intermediary it is submitting only one Consent Instruction per Beneficial Owner.

The Issuer reserves the right to request evidence from a Holder to support a Holder's confirmation as to Retail Noteholder status. All determinations, including any determination that a Holder is or is not a Retail Noteholder by the Issuer, and all calculations performed by the Registrar in connection with the Mandatory Cancellation will, in the absence of manifest error, be conclusive and binding on Holders.

Any Holder who considers that he or she is a Retail Noteholder or is unsure as to whether or not he or she is a Retail Noteholder should contact the Information Agent. Only Holders that have validly confirmed their status as Retail Noteholders or who have otherwise been assessed on reasonable enquiry by the Issuer to be a Retail Noteholder (in each case by no later than the Retail Confirmation Deadline) will receive the Retail Cash Consideration and Accrued Interest in cash in respect of their 2023 Notes. All other Holders will be deemed to be Non-Retail Noteholders and their holdings of 2023 Notes will be subject to the Creditors' Scheme.

In respect of 2023 Notes held in uncertificated form in the Clearing Systems, the aggregate amounts of the Retail Cash Consideration to be paid on Mandatory Cancellation in respect of the relevant 2023 Notes in each Clearing System will be paid, in immediately available funds, on the Settlement Date to such Clearing System for payment to the cash accounts of the relevant Retail Noteholders in the Clearing System. The payment of such aggregate amounts to the Clearing Systems will discharge the obligation of the Issuer to all Retail Noteholders holding 2023 Notes in the Clearing Systems in respect of the payment of the Retail Cash Consideration. In respect of 2023 Notes in certificated form, the Retail Cash Consideration will be paid either in immediately available funds on the Settlement Date to the relevant Retail Noteholder's bank account as notified to the Registrar or, if no such bank account has been notified to the Registrar, by cheque mailed to the relevant address of such Holder.

Accrued Interest

On the Settlement Date, the Issuer will pay Accrued Interest in respect of the 2023 Notes cancelled pursuant to the Mandatory Cancellation, from (and including) 20 June 2017 to (but excluding) 31 July 2017 and amounting to £0.1226 per £10 in principal amount of the 2023 Notes which will be paid in cash and rounded to the nearest £0.01. For the avoidance of doubt, the payment of Accrued Interest is not subject to the Maximum Cash Amount.

Settlement Date

If the Proposals are approved, the Supplemental Trust Deeds are executed and the other Consent Conditions are satisfied, the Mandatory Cancellation will occur on the Settlement Date which is expected to be 1 September 2017 and is expected to be the same day as the settlement of each of the Creditors' Scheme, the Members' Scheme and Equity Subscriptions. Retail Noteholders whose 2023 Notes are cancelled pursuant to the Mandatory Cancellation will receive payment of the Retail Cash Consideration and Accrued Interest on the Settlement Date.

GENERAL

Holders may obtain, from the date of this Notice, a copy of the Consent Solicitation Memorandum from the Information Agent, the contact details for which are set out below. Copies of (i) the Trust Deed; and (ii) the current draft of each of the First Supplemental Trust Deed and the Second Supplemental Trust Deed and the Deed Poll as referred to in the Extraordinary Resolutions set out above are also available for inspection by Holders (a) on and from the date of this Notice up to and including the date of the Meeting, at the specified offices of the Information Agent during normal business hours on any week day (Saturdays, Sundays and public holidays excepted) up to and including the date of the Meeting and (b) at the Meeting and at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ for 15 minutes before the Meeting. Any revised version of the draft First Supplemental Trust Deed, the Second Supplemental Trust Deed and the draft Deed Poll will be made available as described above and marked to indicate changes to the draft made available on the date of this Notice, and will supersede the previous draft of the relevant document and Holders will be deemed to have notice of any such changes.

In accordance with normal practice, the Trustee expresses no opinion as to the merits of the Proposals or any Extraordinary Resolution (which it was not involved in negotiating) or the impact of the Proposals or any Extraordinary Resolution on particular Holders. It has, however, authorised it to be stated that, on the basis of the information set out in this Notice, (which it recommends Holders to read carefully), it has no objection to each Extraordinary Resolution being submitted to the Holders for their consideration. The Trustee has, however, not been involved in formulating the Proposals or the Extraordinary Resolutions and makes no representation that all relevant information has been disclosed to Holders in this Notice. Accordingly, the Trustee urges Holders who are in any doubt as to the impact of the implementation of the Proposal and the Extraordinary Resolutions to seek their own financial, legal and other advice as they consider appropriate.

The attention of Holders is particularly drawn to the procedures for voting, quorum and other requirements for the passing of the Extraordinary Resolutions at the Meeting or any meeting held following any adjournment of any Meeting, which are set out in “Voting and Quorum” below. Having regard to such requirements, Holders should either attend the Meeting or take steps to be represented at the Meeting (including by way of submitting Consent Instructions) as soon as possible.

VOTING AND QUORUM

Holders who have submitted and not revoked (in the limited circumstances in which revocation is permitted) a valid Consent Instruction in respect of the Extraordinary Resolutions by 5.00 p.m. (London Time) on 18 August 2017 (the “Expiration Deadline”), by which they will have given instructions for the appointment of one or more representatives of the Registrar as their proxy to vote in favour of or against the Extraordinary Resolutions at the Meeting (or any adjourned such Meeting), or abstain from voting (as the case may be), need take no further action to be represented at the Meeting (or any such adjourned such Meeting)²⁹. If a Holder believes that they are not an Eligible Holder and wishes to vote in respect of the Proposals, they should contact the Information Agent.

Holders who have not submitted or have submitted and subsequently revoked (in the limited circumstances in which such revocation is permitted) a Consent Instruction in respect of the Extraordinary Resolutions should take note of the provisions set out below detailing how such Holders can attend or take steps to be represented at the Meeting (references to which, for the purpose of such provisions, include, unless the context otherwise requires, any adjourned such Meeting).

1. The 2023 Notes are either in certificated form or uncertificated form in CREST. A registered holding of 2023 Notes in certificated form will be represented by a certificate (each a “**Note Certificate**”). The only Holders for the purposes of 2023 Notes held in uncertificated form through CREST, Euroclear or Clearstream, Luxembourg (each a “**Clearing System**”) are CREST Participants appearing on the register of 2023 Notes (each such participant, together with each other registered Holder of the Notes appearing on such register, a “**Registered Holder**”). Each person (a “**Beneficial Owner**”) who is the owner of a particular principal amount of the 2023 Notes through a Clearing System or its respective Direct Participant (in the case of Euroclear or Clearstream, Luxembourg)

²⁹ In accordance with certain securities law requirements, Holders may continue to submit Consent Instructions up to 6 p.m. (New York Time) on 25 August 2017 but their votes will not be counted towards the quorum and voting thresholds of the Meeting.

should note that such person is not considered to be a Holder for the purposes of 2023 Notes and will only be entitled to attend and vote at the Meeting or to appoint a proxy to do so in accordance with the procedures set out below.

2. Any reference herein to a Beneficial Owner sending voting instructions to the relevant CREST Participant or arranging for a Corporate Letter of Representation (as defined below) to be issued to it by the relevant CREST Participant (together the “**Corporate Actions**”) shall mean:
 - (i) where the Beneficial Owner holds through a broker, dealer, commercial bank, trust company, custodian, nominee or intermediary in CREST, procuring that such party carries out such Corporate Actions on its behalf; and
 - (ii) where the Beneficial Owner holds through a Direct Participant or other broker, dealer, commercial bank, trust company, custodian, nominee or intermediary in Euroclear or Clearstream, Luxembourg, procuring that such Direct Participant or other party carries out such Corporate Actions (by issuing instructions in a form acceptable to such clearing Systems) through such Clearing Systems and before any deadlines specified by such Clearing Systems.
3. Where Corporate Actions are provided by a Direct Participant on behalf of a Beneficial Owner, the 2023 Notes held by that Beneficial Owner shall be blocked in accordance with the usual procedures of Euroclear and Clearstream, Luxembourg and the relevant Consent Instruction shall be sent directly to the Information Agent by the relevant Clearing System.

Notes in certificated form

1. A Registered Holder wishing to attend and vote at the Meeting in person must produce at such Meeting either, in the case of an individual Holder, a Note Certificate or, in the case of a corporate holder, a duly approved resolution of the directors or other governing body of such corporation authorising such person to act as the corporation’s representative (a “**representative**”) at the Meeting (a “**Corporate Letter of Representation**”) together, in each case, with satisfactory evidence of identity.
2. A Registered Holder not wishing to attend and vote at the Meeting in person may by instrument in writing in the English language (a “**form of proxy**”) in the form available from the Registrar, signed by the Registered 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 and delivered to the specified office of the Registrar not less than 48 hours before the time fixed for the meeting, appoint the Chairman of the Meeting (the “**proxy**”) to act on his or its behalf in connection with the Meeting (or any adjourned such Meeting).
3. Each Registered Holder appointing a proxy to vote on its behalf on the Extraordinary Resolutions must deliver to the Registrar, not later than 18 August 2017 a duly completed form of Consent Instruction to be submitted by Eligible Holders who hold 2023 Notes in certificated form outside the Clearing Systems and who wish to vote on the Proposals (a “**Certificated Holding Consent Instruction**”) together with the Note Certificate evidencing ownership of the 2023 Notes which are the subject of the Certificated Holding Consent Instruction.
4. A proxy or representative so appointed shall so long as such appointment remains in force be deemed, for all purposes in connection with the Meeting (or any adjourned such Meeting), to be the Holder of the 2023 Notes to which such appointment relates and the Holder of the 2023 Notes shall be deemed for such purposes not to be the Holder.

Notes in uncertificated form in CREST

1. Each person who is, in relation to CREST, a system-participant (as defined in the Companies Act 1996 (Uncertificated Securities) Regulations 1996 (S.I. No 68/1996) and the UK Uncertificated Securities Regulations 2001 (SI 2001 No. 2001/3755), including any modifications thereof or any regulations in substitution therefor and for the time being in force.) (a “**CREST Participant**”) that is a Registered Holder should, if it is not the Beneficial Owner of the 2023 Notes, seek instructions from the

Beneficial Owner(s) in accordance with its usual procedures. A CREST sponsored member wishing to vote in favour of or against the Extraordinary Resolutions or revoke (in the limited circumstances in which such revocation is permitted) any such vote should instruct its CREST sponsor to issue a “transfer to escrow” instruction pursuant to which CREST Participants may submit instructions in respect of 2023 Notes held in CREST pursuant to the terms of the Consent Solicitation (a “**TTE Instruction**” to the Registrar (or if a revocation, an “escrow account adjustment input” (AESN), transaction type “ESA”, an “**ESA Instruction**”) with the details set out below.

2. Each CREST Participant that is a Registered Holder, if it is the Beneficial Owner of the 2023 Notes, can vote in favour of or against the Extraordinary Resolutions by issuing a TTE Instruction with the details set out below, revoke by issuing an ESA Instruction with the details set out below, vote against either or both Extraordinary Resolutions by filling out the paper voting instruction referred to below, and attend the Meeting by bringing a Corporate Letter of Representation.
3. A Beneficial Owner wishing to ATTEND the Meeting must arrange for its CREST Participant to issue a Corporate Letter of Representation to it. Any such Letter of Representation should be on the headed paper of such participant, should detail the person attending and the principal amount of the 2023 Notes held by such person, and be signed by the CREST Participant. A CREST Participant submitting on behalf of multiple Holders may submit one TTE Instruction representing the instructions of all of its Holders, if it is accompanied by a spreadsheet setting out the name, address and telephone number of those Holders. A TTE Instruction must comply with paragraph 5 below.
4. A Beneficial Owner wishing to vote IN FAVOUR OF or AGAINST the Extraordinary Resolutions must send the voting instructions to its CREST Participant in accordance with such participant’s usual procedures requesting that such participant issues a TTE Instruction. Any voting instruction must be received by the CREST Participant by their specified deadline. A TTE Instruction must comply with paragraph 5 below.
5. Each TTE Instruction should specify Computershare (in its capacity as a CREST Participant under its participant ID referred to below) as the escrow agent to whom the 2023 Notes should be transferred. A TTE Instruction will not be valid unless and until it has settled and Computershare will not take any action in respect of any TTE Instruction until such time. The TTE Instruction must be properly authenticated in accordance with EUI’s specifications and must contain, in addition to the other information which is required for a TTE Instruction to settle in CREST, the following details:
 - (a) the principal amount of the 2023 Notes to be transferred to an escrow balance;
 - (b) the CREST Participant’s member account ID;
 - (c) the CREST Participant’s participant ID;
 - (d) the relevant corporate action ISIN number, being: GB00BFXW0853;
 - (e) Computershare’s participant ID, being: 8RA19;
 - (f) the relevant CREST member account ID of Computershare (in its capacity as a CREST receiving agent) from the table set out after sub-paragraph (i) below, corresponding to the option which the CREST Participant wishes to select and in accordance with any voting instructions provided by any Beneficial Owner;
 - (g) the corporate action number for the Consent Solicitation. This is allocated by EUI and can be found by viewing the relevant corporate action details in CREST;
 - (h) the standard TTE instruction of priority 80; and
 - (i) a name, address and telephone number, to be inserted in the shared note field.

For the purposes of sub-paragraph (g) above, the relevant CREST member IDs of Computershare relevant to a Holder of the 2023 Notes are set out in the table below. **A Beneficial Owner should elect the ID which corresponds to such Beneficial Owner’s preferred option:**

Option	CREST Member ID
<p>Option 1: <i>Retail Noteholders of the 2023 Notes:</i> Vote IN FAVOUR of the First Extraordinary Resolution and the Second Extraordinary Resolution at the Meeting by appointing a representative of the Registrar as your proxy to vote all of your 2023 Notes in favour of both Extraordinary Resolutions, and confirm status as a Retail Noteholder. YOU MUST SUBMIT THE RELEVANT STOCK TO RECORD YOUR VOTE CORRECTLY.</p>	<p>COBCAS01</p>
<p>Option 2 <i>Retail Holders of the 2023 Notes:</i> Vote AGAINST the First Extraordinary Resolution and the Second Extraordinary Resolution at the Meeting by appointing a representative of the Registrar as your proxy to vote all of your 2023 Notes against both Extraordinary Resolutions, and confirm status as a Retail Holder. YOU MUST SUBMIT THE RELEVANT STOCK TO RECORD YOUR VOTE CORRECTLY.</p>	<p>COBVTE02</p>
<p>Option 3 <i>Retail Noteholders of the 2023 Notes:</i> ABSTAIN from voting at the Meeting, and confirm status as a Retail Noteholder. YOU MUST SUBMIT THE RELEVANT STOCK TO RECORD YOUR VOTE CORRECTLY.</p>	<p>COBVTE03</p>
<p>Option 4: <i>Retail Noteholders of the 2023 Notes:</i> CONFIRM status as a Retail Noteholder only. YOU MUST SUBMIT THE RELEVANT STOCK TO RECORD YOUR STATUS CORRECTLY.</p>	<p>COBRET04</p>
<p>Option 5: <i>Holders of the 2023 Notes who are not Retail Noteholders:</i> (A) Vote IN FAVOUR of the First Extraordinary Resolution and the Second Extraordinary Resolution at the Meeting by appointing a representative of the Registrar as your proxy to vote all of your 2023 Notes in favour of both Extraordinary Resolutions, and confirm status as a Non-Retail Noteholder; and (B) Instruct to participate in the Creditors' Scheme (for further information see below). YOU MUST SUBMIT THE RELEVANT STOCK TO RECORD YOUR VOTE CORRECTLY.</p>	<p>COBVTE05</p>

Option	CREST Member ID
<p>Option 6: <i>Holders of the 2023 Notes who are not Retail Noteholders:</i> (A) Vote AGAINST the First Extraordinary Resolution and the Second Extraordinary Resolution at the Meeting by appointing a representative of the Registrar as your proxy to vote all of your 2023 Notes against both Extraordinary Resolutions, and confirm status as a Non-Retail Noteholder; and (B) Instruct to participate in the Creditors' Scheme (for further information see below). YOU MUST SUBMIT THE RELEVANT STOCK TO RECORD YOUR VOTE CORRECTLY.</p>	<p>COBVTE06</p>
<p>Option 7: <i>Holders of the 2023 Notes who are not Retail Noteholders:</i> (A) ABSTAIN from voting at the Meeting, and confirm status as a Non-Retail Noteholder; and (B) Instruct to participate in the Creditors' Scheme (for further information see below). YOU MUST SUBMIT THE RELEVANT STOCK TO RECORD YOUR VOTE CORRECTLY.</p>	<p>COBVTE07</p>
<p>Option 8: <i>Holders of the 2023 Notes who are not Retail Noteholders:</i> (A) CONFIRM status as a Non-Retail Noteholder only. (B) Instruct to participate in the Creditors' Scheme (for further information see below). YOU MUST SUBMIT THE RELEVANT STOCK TO RECORD YOUR STATUS CORRECTLY.</p>	<p>COBNON08</p>
<p>A Non-Retail Noteholder may be able to participate in the Equity Subscriptions pursuant to the Creditors' Scheme. The options available to a Non-Retail Noteholder are described in the Creditors' Scheme Circular and will need to be communicated separately by a Non-Retail Noteholder and in addition to any instructions submitted in respect of the above options. Non-Retail Noteholders should refer to the Creditors' Scheme Circular before making any decision as to how to vote in respect of the Creditors' Scheme.</p>	

Note: to vote differently in respect of each of the Extraordinary Resolutions proposed at the Meeting, please contact the Information Agent.

Any vote in favour of the Extraordinary Resolutions pursuant to a TTE Instruction as provided herein will automatically appoint the Chairman of the Meeting as the relevant CREST Participant's proxy to vote the 2023 Notes referred in such TTE Instruction in such way.

6. If the Issuer amends the Consent Solicitation or otherwise supplements the Consent Solicitation Memorandum (other than the terms of the Extraordinary Resolutions or the Meeting, which may not be amended) in any way that, in the opinion of the Issuer (in consultation with the Solicitation Agents), is materially prejudicial to the interests of Holders that have already submitted Consent Instructions before the announcement of such amendment, (subject to no such materially prejudicial

amendment being permissible at any time after 10.00 a.m. (London Time) on the second Business Day immediately preceding the Expiration Deadline) then such Consent Instructions may be revoked at any time from the date and time of such announcement until no earlier than 10.00 a.m. (London Time) on the second Business Day immediately following such announcement (subject to the earlier deadlines required by the Clearing Systems and any intermediary through which Holders hold their 2023 Notes).

7. Certificated Holding Consent Instructions relating to the 2023 Notes may be revoked only in the limited circumstances in which revocation is permitted. A Registered Holder must deliver to the Registrar, a written revocation instruction in such form as the Registrar deems appropriate and shall make available to Holders in the event that a revocation right arises.

The Registered Holder will be required to specify in the revocation instruction, amongst other information:

- (a) the name and address of the relevant Registered Holder and a telephone number; and
 - (b) the principal amount of the 2023 Notes for which the Certificated Holding Consent Instruction is being revoked.
8. Any Registered Holder who does not, exercise its right of revocation in the manner and time period specified above, shall be deemed to have waived such right of revocation and its original Certificated Holding Consent Instruction shall remain effective.
9. Consent Instructions relating to the 2023 Notes may be revoked (in the limited circumstances in which such revocation is permitted) by a Holder by sending voting instructions to its CREST Participant in accordance with such participants usual procedures requesting that such participant issues an ESA Instruction to settle in CREST. Any such ESA Instruction must contain the following details:
 - (a) the principal amount of the 2023 Notes to be withdrawn;
 - (b) the CREST Participant's member account ID;
 - (c) the CREST Participant's participant ID;
 - (d) the relevant corporate action ISIN number, being: GB00BFXW0853;
 - (e) Computershare's participant ID, being: 8RA19;
 - (f) the relevant CREST member account ID of Computershare (in its capacity as a CREST receiving agent) from the table set out above;
 - (g) the intended settlement date for the withdrawal;
 - (h) the transaction reference number of the Consent Instruction to be withdrawn;
 - (i) the corporate action number for the Consent Solicitation. This is allocated by EUI and can be found by viewing the relevant corporate action details in CREST;
 - (j) the standard TTE instruction of priority 80; and
 - (k) a name, address and telephone number, to be inserted in the shared note field.
10. Any such revocation of a TTE Instruction will be conditional upon Computershare verifying that the revocation is validly made. Accordingly, Computershare will, on behalf of the Issuer, reject or accept the revocation by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.
11. Holders not participating in the Consent Solicitation, including Ineligible Holders, may submit Retail Confirmations to confirm their status as Retail Noteholders, if applicable. A valid Retail Confirmation must include a confirmation from a Noteholder that it was at 5.00 p.m. (London Time) on the Retail Record Date and is at the time of the submission of the Retail Confirmation (i) an individual person; (ii) the Beneficial Owner of less than £100,000 in aggregate principal amount of 2023 Notes;

(iii) (a) if it is resident in the United States, not an “accredited investor” as defined in Regulation D of the United States Securities Act of 1933, as amended, or (b) if it is not resident in the United States, not a “qualified investor” as defined in Directive 2003/71/EC (as amended); and (iv) not a Sanctions Restricted Person (as defined in the Consent Solicitation Memorandum). The procedure for submitting and revoking a Retail Confirmation is the same as that for submitting a Consent Instruction as set out above. Noteholders that have any questions about the submission of Retail Confirmations should contact the Information Agent or the Registrar, the contact details for which are on the last page of this Consent Solicitation Memorandum.

12. The quorum required to consider the Extraordinary Resolutions at the Meeting is as follows:
- (a) *First Extraordinary Resolution*: one or more persons present and holding or representing a clear majority of the principal amount of the 2023 Notes for the time being outstanding, and at any Adjourned Meeting, one or more persons (whatever the principal amount of Notes represented or held by them); and
 - (b) *Second Extraordinary Resolution*: one or more persons present and holding or representing in aggregate not less than two-thirds of the principal amount of the 2023 Notes for the time being outstanding, and at any Adjourned Meeting, one or more persons present and holding or representing in aggregate not less than one-third of the principal amount of the 2023 Notes for the time being outstanding.

To be passed at the Meeting or any adjourned such Meeting, each Extraordinary Resolution requires a majority in favour consisting of not less than three quarters of votes cast.

The Second Extraordinary Resolution is conditional on the passing and implementation of the First Extraordinary Resolution.

If, in respect of a Meeting, the quorum required to consider the First Extraordinary Resolution is satisfied, but the quorum required to consider the Second Extraordinary Resolution is not satisfied, that Meeting shall proceed on the basis that the First Extraordinary Resolution only shall be proposed thereat and voted upon by Holders present or represented at that Meeting in accordance with the procedures set out in this Notice and the Trust Deed. In such circumstances, the Meeting shall stand adjourned in respect of the Second Extraordinary Resolution only and the provisions of paragraph 2 shall apply *mutatis mutandis*.

13. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman of the Meeting may decide) after the time appointed for such Meeting a quorum is not present in respect of the First Extraordinary Resolution and/or Second Extraordinary Resolution then the Meeting, in respect of the Extraordinary Resolution or both Extraordinary Resolutions (as the case may be), shall stand adjourned for such period, being not less than 14 clear days nor more than 42 clear days. Consent Instructions and forms of proxies which are submitted in accordance with the procedures set out herein and which have not been subsequently revoked (in the limited circumstances in which such revocation is permitted) shall remain valid for such relevant Adjourned Meeting. The holding of any Adjourned Meeting will be subject to the Issuer giving at least 10 clear days’ notice in accordance with the Conditions and the Trust Deed that such Adjourned Meeting is to be held.
14. The implementation of the Second Extraordinary Resolution is conditional on the passing and implementation of the First Extraordinary Resolution and on the quorum required for, and the requisite majority of votes cast at, the Meeting being reached by Eligible Holders, irrespective of any participation at the Meeting by Ineligible Holders (and would also have been passed if any Ineligible Holders who provide confirmation of their status as Ineligible Holders and waive their right to attend and vote (or be represented at) the Meeting had actually participated at the Meeting).
15. Every question submitted to the Meeting shall be decided in the first instance by a show of hands. Unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the Issuer, the Trustee or by one or more persons present being proxies or representatives or holding Notes and representing or holding in the aggregate not less than one-fiftieth of the principal amount of the 2023 Notes then outstanding a declaration by the Chairman that a resolution has been

carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact that without proof of the number or proportion of the votes recorded in favour of or against such resolution.

16. At the Meeting (a) on a show of hands every person who is present in person and is a proxy or a representative or produces a Note Certificate shall have one vote; and (b) on a poll every person who is so present shall have one vote in respect of each £10 principal amount of the 2023 Notes in respect of which he is a proxy or representative or in respect of each £10 principal amount of the 2023 Notes represented by the Note Certificate so produced.
17. If passed, an Extraordinary Resolution will be binding on all Holders, whether or not present at the Meeting and whether or not voting.
18. The Issuer shall give notice of the passing of the Extraordinary Resolutions to Holders within 14 days but failure to do shall not invalidate the Extraordinary Resolutions.

This Notice is given by The Co-operative Bank p.l.c. Holders should contact the following for further information:

The Solicitation Agents

Merrill Lynch International 2 King Edward Street
London EC1A 1HQ
United Kingdom

Telephone: +44 (0) 20 7996 5420
Attention: Liability Management Group
Email: DG.LM_EMEA@baml.com

UBS Limited 5 Broadgate
London EC2M 2QS
United Kingdom

Telephone: +44 (0) 20 7568 2133
Attention: EMEA Liability Management Group
Email: ol-liabilitymanagement-eu@ubs.com

Trustee

Law Debenture Trustees Limited Fifth Floor
100 Wood Street
London
EC2V 7EX

Telephone: +44 (0) 20 7606 5451
Attention: The Manager, Commercial Trust
Email: Trust.Management@lawdeb.com

Information Agent

Lucid Issuer Services Limited Tankerton Works
12 Argyle Walk
London WC1H 8HA
United Kingdom

Telephone: +44 20 7704 0880/0300 303 3491
Attention: David Shilson/Sunjeeve Patel
Email: co-op@lucid-is.com

The “0300” line is open from 8.30 a.m. to 5.30 p.m. (London Time) Monday to Friday (except UK public holidays). Calls may be recorded and randomly monitored for security and training purposes. Please note that the telephone operators cannot provide advice on the merits of the Consent Solicitation or any part of it, nor can they give financial, tax, investment or legal advice.

Registrar

Computershare Investor Services PLC Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

Telephone: 0370 889 3293

Dated: 28 July 2017