

## Balanced Savings Plan (Issue 25) terms and conditions

The conditions set out below, together with any other conditions which may be implied by law, form the agreement between you and us, The Co-operative Bank p.l.c. They tell you how your Balanced Savings Plan works and what your and our obligations are once you invest in the Balanced Savings Plan with us.

### Definitions

- account means your Balanced Savings Plan operated and maintained by us;
- business day means any day other than Saturday, Sunday and bank holidays in England and Wales;
- AER is the notional rate which illustrates the contractual interest rate as if paid and compounded on an annual basis;
- customer security details means your security code and secure personal information registered with us for use when you become a customer;
- group means us, our parent company The Co-operative Group Limited (The Co-operative), Co-operative Insurance Society Limited (CIS) and any company or companies The Co-operative Bank, The Co-operative or the CIS wholly or partly own at any time or transfer its rights and obligations to and any other independent Cooperative Societies;
- guaranteed when used with the Balanced Savings Plan in these conditions and any brochure or literature means our ordinary contractual obligations to repay the capital sum invested by way of initial deposit. You have the same rights as any other depositor with us;
- index means the FTSE 100 Index.
- information includes any information about you or anyone associated with you, which we or the group hold now or in the future as a result of the application process or other dealings with us or the group, searches or checks at credit reference or fraud prevention agencies, products and services you hold within the group and any transactions for goods or services arising out of your account (including the supplier and the type of goods or services), and such information may include sensitive information as defined in the Data Protection Act 1998;
- plan means accounts where 50% of your money is placed in a Fixed Term Deposit account for one year and where the other 50% is placed in a Guaranteed Savings Bond (Issue 25) for five years;
- we, us or our means The Co-operative Bank p.l.c., P.O. Box 101, 1 Balloon Street, Manchester, M60 4EP and any organisation to which we transfer our rights and/or obligations;
- you or your means the investor(s) who is (are) named in and has (have) signed the application form.

### 1. Eligible Investors

1.1 Applicants must be over the age of 16 years at the time of application for the plan and must be a UK resident. Applications may only be made as a sole beneficiary or as joint beneficial owners.

1.2 We do not accept applications on behalf of corporate bodies, clubs and societies.

1.3 Any money you put into the plan must be:

- in sterling; or
- by a recognised UK Bank cheque; or
- a Co-operative Bank account transfer.

We are obliged to confirm your true identity and reserve the right to decline any application or deposit.

### 2. Applications in Joint Names

You may invest in joint names with one other person. We may accept and act on instructions provided by one of you by telephone or in writing even if the other disagrees. All subsequent correspondence will be addressed to the first named party on the application form.

### **3. Investment**

3.1 The minimum investment in the plan is £3,000; the maximum is £1,000,000.

Investments must be in whole pounds. We will only accept one deposit from you into your account although you may make more than one application per person.

3.2 The amount invested in the plan will be split in equal proportions, with 50% being placed in a Fixed Term Deposit account and the remaining 50% being placed in the Guaranteed Savings Bond (Issue 25) with interest applied in accordance with section 7 below.

3.3 The plan is only available for applications received by 25/08/2007 and cleared by 19/10/2007.

3.4 The plan is a limited offer, subject to availability and may be withdrawn at any time prior to 19/10/2007.

### **4. Issue**

4.1 The Fixed Term Deposit account will be opened subject to clearance of your cheque or Co-operative Bank account transfer and interest will start to accrue in accordance with section 7 below, the business day following clearance.

4.2 The Guaranteed Savings Bond (Issue 25) will be issued on 02/11/2007. Subject to clearance of your cheque or Co-operative Bank account transfer your letter of confirmation will be sent to you within 3 weeks.

### **5. Term**

5.1 The Fixed Term Deposit account will start on the day your cheque/funds have cleared (we will write to you to confirm this date) and will continue for one year.

5.2 The Guaranteed Savings Bond (Issue 25) is a fixed-term investment and the term is fixed for a period from 02/11/2007 to 02/11/2012.

### **6. Maturity**

6.1 Your Fixed Term Deposit account will mature one year from the day your cheque/ funds have cleared.

6.2 The Guaranteed Savings Bond (Issue 25) will mature on 02/11/2012 and your investment, plus any interest payable, will be paid out subsequently.

6.3 We will contact investors, before maturity to request instructions as to how to process the funds from the plan. Proceeds will only be paid out to the same named person as on the confirmation letter. At the same time we will notify investors of reinvestment options. Until such a time as specific instructions are received, any balance will be held in an interest bearing Co-operative Bank account. In the event of loss of the letter of confirmation, the investor should contact us and we will arrange for a duplicate to be produced, for which a charge may be made.

### **7. Interest Payable**

7.1 We will pay interest at 6.75% gross/AER fixed for one year on the Fixed Term Deposit account to you at the end of the 12-month period.

7.2 At the end of the term the gross rate of interest payable on the Guaranteed Savings Bond (Issue 25) will be 20% gross (3.71% gross/AER) or 50% of any average rise in the FTSE 100 index, whichever is greater. To work out the average index rise we use the following calculation:

(Average FTSE 100 Index 02/11/2011 to 02/11/2012\*)-

FTSE 100 Index at 02/11/2007

X100

FTSE 100 Index at 02/11/2007

\* This is the simple arithmetic average of the Index measured at close of business on each business day commencing on 02/11/2011 and ending on 02/11/2012.

If the average percentage change of the Index is zero or negative, no interest shall be payable, but the capital invested will be returned in full. No interest will be paid during the life of the Guaranteed Savings Bond (Issue 25).

### **8. Market Disruptions**

8.1 If at any time during the term there is any disruption in the trading in such securities which comprise the Index and/or a failure to calculate or announce the Index (each a "Market

Disruption Event”) which shall in the determination of the Bank be material, then we may, at our discretion, be entitled to take the level of the Index on the next succeeding business day when a Market Disruption Event does not occur.

8.2 If the Index is discontinued we may at our discretion use the successor Index or an alternative replacement.

8.3 If the method of calculation changes we may use a different method of calculating the value of shares quoted on the Index.

## **9. Taxation of Interest Earned**

9.1 We will pay interest net of lower rate tax unless you are eligible to receive gross interest in which case you must complete and send to us the appropriate HM Revenue & Customs declaration. For further details regarding eligibility please refer to [hmrc.gov.uk](http://hmrc.gov.uk).

9.2 Higher rate taxpayers will have an additional liability on the interest paid charged at the difference between the higher rate and the lower rate tax.

9.3 You are responsible for discharging any obligation to tax authorities in respect of declaration of any interest earned from the plan.

9.4 We reserve the right to change the arrangement described in this section if there should be a change in the tax legislation.

## **10. Early Withdrawal**

10.1 Once invested you cannot withdraw your money for:-

- one year for Fixed Term Deposit account; and
- five years for the Guaranteed Savings Bond (Issue 25).

10.2 In the event of death of a sole account holder;

- the plan may be transferred into the name(s) of any other person nominated by your personal representatives provided the nomination is in accordance with your instruction or:
- the plan may be closed by your personal representative and the amount initially invested in the plan will be repaid.

10.3 In the event of death of a joint account holder:

- if a joint account holder dies, the plan will be transferred into the name of the surviving account holder.

## **11. Using and Sharing Your Information**

Your information may be held by us in any form and on any Group database and used by us and the group for the purposes set out below.

11.1 We and the group may use, analyse and access your information to maintain and develop our relationships with you. Information shared with the credit reference and fraud prevention agencies may be accessed by other organisations and used by us and them to prevent fraud and money laundering.

This may include the following purposes:

- checking details on applications for credit and credit related facilities.
- to make credit decisions about you and anyone to whom you are linked financially or other members of your household;
- managing credit and credit related facilities;
- to consider and implement business, products and technology developments;
- to undertake statistical analysis, financial risk assessment, money laundering checks (which may include telephoning you), compliance and regulatory reporting, fraud prevention and recovering debt;
- checking details on insurance proposals and claims such as motor, household, credit and life and other insurance proposals and insurance claims for you and anyone else linked to your insurance proposal or claim
- to help us identify products and services which may be of interest to you (unless you have asked us not to);
- meeting any obligations we may have under the card scheme your card is issued under;
- checking details of job applicants and employees.

11.2 We may link your information between your account(s) and other products and services

you have with us or the group and with information about others with whom you have a financial link.

11.3 We and the group may identify and tell you by letter, telephone, fax, including automated dialling, e-mail or any other means of communication about products and services which may be of interest to you and which are offered by us, the group or other carefully selected organisations or companies (if you do not wish to receive such information please write to us at Customer Services, The Co-operative Bank p.l.c, P.O. Box 200, Skelmersdale, WN8 6NY for more details, but please note this may mean you will not receive information about business product or service developments which may be of benefit to you). You do agree that we can forward any newsletter, statement message, new terms and conditions or information about any changes to the way your account(s) operate or provide information on card carriers.

11.4 We will disclose information outside the group only:

- where you have provided your agreement;
- to our agents or subcontractors for operational reasons;
- to our affinity partner(s) if you have an affinity product(s);
- to any persons, including, but not limited to, insurers, who provide a service or benefits to you or for us in connection with your account(s);
- to licensed credit reference agencies as set out below;
- to fraud prevention and other agencies to help prevent crime or where we suspect fraud;
- if compelled to do so by law;
- for the purpose of compliance and regulatory reporting (for example to the Banking Code Standards Board) and to confirm your identity for money laundering purposes, which may include checking the electoral register;
- to any person we will or intend to transfer our rights or obligations; if your card or PIN are lost or stolen, or to meet any obligations we may have under any card scheme your card is issued under.

11.5 We may disclose your information to licensed credit reference and/or fraud prevention agencies to help make financial or insurance proposals and claims decisions (this will be during the application process and on an ongoing basis, to decide whether to continue to make products or services available to you or adjust any level of credit) for you and anyone with whom you are linked financially or other members of your household – our enquiries or searches may be recorded – and credit reference agencies may supply us with financial information.

11.6 We may also disclose information to licensed credit reference agencies about how you conduct your account(s) and this information may be shared with other financial institutions to help make financial decisions about you and anyone with whom you are linked financially or other members of your household.

If you borrow and do not repay in full and on time, we may tell credit reference agencies who will record the outstanding debt.

11.7 A link between joint applicants and/or any individual identified as your financial partner will be created at credit reference agencies, which will link your financial records. You and anyone else with whom you have a financial link understand that each other's information will be taken into account in all future applications by either or both of you. This linking will continue until one of you successfully files a disassociation at the credit reference agencies.

11.8 You agree that your information may be transmitted to, from and/or through any country as a result of your use of your account(s) and any services which form part of your account(s) irrespective of the levels of data protection provided in any particular country and at your own risk. If we transfer your information to an agent or subcontractor who provides a service to us in another country outside the European Economic Area we will ensure they agree to treat your information with the same level of protection as us.

11.9 If you write to us and pay a fee you have the right of access to your information held by us. Write to us at Customer Care, The Co-operative Bank p.l.c, P.O. Box 101, 1 Balloon Street, Manchester, M60 4EP.

11.10 You have a right of access to your information held by credit reference and fraud prevention agencies on payment of a fee. If you ask we will tell you the name and address of

the credit reference and fraud prevention agencies we may use.

11.11 We and other organisations may access and use from other countries the information recorded by fraud prevention agencies

11.12 Law enforcement agencies may access and use this information.

11.13 We may record and/or monitor telephone calls to enhance security, sort out complaints, improve our customer service and for staff training purposes.

## **12. Customer Security Details**

12.1 As part of this agreement you (in the case of joint accounts, each of you) must register customer security details for use when you become a customer.

12.2 When you use your customer security details you are authorising us to carry out all your instructions given over the telephone or in branch whether or not given or confirmed by you.

12.3 We will only accept instructions if your customer security details are used as requested and accepted. Any failure or error in relation to the use of your customer security details will result in access being blocked. If this happens, you must immediately contact us by telephone on 08457 212 212.

12.4 You must do all you can to stop anyone else using your customer security details and must not:-

- write them down;
- tell them to anyone, even to a joint account holder.

12.5 If you suspect that someone knows your customer security details, you must immediately contact us by telephone on 08457 212 212.

12.6 The maximum you will have to pay us for our losses if your customer security details are used by someone else without your permission is £50.

12.7 If the customer security details are used by someone with your permission or as a result of your fraud or gross negligence you may have to repay us for all our losses.

12.8 We may ask you and you agree to assist us in our efforts to recover any loss as a result of unauthorised use of your customer security details.

12.9 For your protection, we reserve the right to suspend access if:

- incorrect customer security details are used to attempt to access your Plan;
- we suspect an unauthorised person is attempting to access your Plan.

The services available to you using customer security details may vary over time and we may suspend or terminate any services available but will inform you of any changes in accordance with 16.2.

## **13. DISCLAIMERS**

13.1 FTSE DISCLAIMER The Guaranteed Savings Bond (Issue 25) is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or by the London Stock Exchange Plc (the "Exchange") or by The Financial Times Limited ("FT") and neither FTSE nor Exchange nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the Index and/or the figure at which the said Index stands at any particular time on any particular day or otherwise.

The Index is compiled and calculated by FTSE. However, neither FTSE nor Exchange nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the Index and neither FTSE or Exchange or FT shall be under any obligation to advise any person of any error therein."

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## **14. Rights to Underlying Shares**

You have no rights to any shares or [dividend] income in respect of shares in any company in the Index as a result of investing in the Guaranteed Savings Bond (Issue 25).

## **15. Over subscription**

In the event of oversubscription, we may not accept your application or deposit. If this occurs your funds will be returned to you immediately.

## **16. Changes**

16.1 We may make changes to this agreement or introduce any fees or charges in relation to your use of or our administration of the account at any time.

16.2 If the change is to your disadvantage we will give you 30 days' notice in writing before we make any changes. We will, however, let you know about any other changes within 30 days of the change.

## **17. General**

17.1 We may transfer our rights and/or duties under this agreement to any person. You may not transfer your rights or duties under this agreement to any person.

17.2 Any terms and conditions of your account will be in English, governed by English Law and we will communicate with you in English.

17.3 You may be liable for other taxes or costs that are not paid by or via us e.g. higher rate tax.

17.4 The Co-operative Bank plc is covered by the Financial Services Compensation Scheme (FSCS), which would pay compensation of up to £85,000 to eligible depositors in the event of the bank becoming insolvent. **smile** and Britannia are trading names of The Co-operative Bank and, as such, protection provided to depositors by the FSCS is limited to £85,000 for the total amount of combined deposits held with The Co-operative Bank, **smile** and Britannia. Certain customers are not covered by the FSCS. The exclusions include large businesses or organisations, large companies, large mutual associations and local authorities: visit [www.fscs.org.uk](http://www.fscs.org.uk) for further details.

17.5 You also have a right to cancel your account 14 days from when your Guaranteed Savings Bond is opened. If you wish to cancel please write to us at Customer Services, The Co-operative Bank p.l.c., PO Box 200, Skelmersdale, WN8 6NY. You will have to repay us any amount you owe us including any interest and charges and, if appropriate, cut up any cards. If you choose not to cancel, the terms and conditions including any interest rates and account charges will apply.

17.6 The minimum duration for Fixed Term Deposit is 1 year.

The minimum duration for the Guaranteed Savings Bond is 5 years.

17.7 If you have a complaint please telephone us on 08457 212 212 or write to Customer Services Manager, The Co-operative Bank p.l.c., Delf House, Skelmersdale, WN8 6GH.