

FOR IMMEDIATE RELEASE

4 December 2014

The Co-Operative Bank plc

Cancellation of General Meeting

As indicated in response to recent press queries about the outcome of the forthcoming PRA stress tests, which are still to be determined by the PRA, the Bank is considering whether modifications to the timing and strategies for the run-down of Non-core assets, which are particularly exposed to stress, would be appropriate. As previously stated, the Bank's plan was always designed to build resilience by disposing of or running down Non-core assets. Given positive developments in market pricing, it may now be possible to exit certain additional portfolios which are particularly susceptible to stress, at levels which can now be accommodated in our capital position, thereby significantly improving our resilience to a severe economic downturn ¹.

As a result of the above, the Board does not believe it is appropriate at this time for the Bank to ask shareholders to vote at the General Meeting² on 10th December 2014 on an LTIP scheme which includes measures which may no longer be appropriate. The Board has therefore determined to cancel the meeting on 10th December 2014 with the result that it is highly unlikely that the processes required to establish a 2014 LTIP will be completed in the time frame required. The Remuneration Committee is therefore considering appropriate alternatives to the 2014 LTIP and how any outstanding obligations may be met. The Deferred Bonus Plan which was to be put to shareholders at the December meeting (to allow deferrals to be met by the issue of new shares) will still proceed. Deferrals required by regulation to be fulfilled by a share-like instrument shall be met by the purchase of existing shares or a phantom scheme subject to Remuneration Committee, Board and regulatory approval.

The terms of a new LTIP to form part of Bank management's incentive compensation for 2015 will be determined by the Remuneration Committee and following consultation with stakeholders will be put to shareholders at our AGM in 2015.

¹ As evidenced by the sale of Illius at a premium to book value which we announced earlier this week

² The Co-Operative Bank (the 'Bank') called a General Meeting to vote on the terms of a long term incentive plan (LTIP) and the use of newly issued shares for its deferred bonus plan for the executive management of the Bank. This meeting, scheduled for Wednesday 10th December 2014 will be cancelled

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