

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

28 April 2021

CHANGE OF SHAREHOLDING IN THE CO-OPERATIVE BANK HOLDINGS LIMITED

J. C. Flowers & Co and Bain Capital Credit to become a significant shareholder, buying BlueMountain's stake

The Co-operative Bank p.l.c. today announces an anticipated change in the shareholders of its ultimate holding company, The Co-operative Bank Holdings Limited, resulting from the proposed purchase by J. C. Flowers & Co and Bain Capital Credit of the shares currently held by BlueMountain. The acquisition remains subject to regulatory approval and follows the announcement of the closure of BlueMountain's fund. BlueMountain currently holds 10.01 per cent of the A shares and 12.05 per cent of the B shares of The Co-operative Bank Holdings Limited. The acquisition would see J. C. Flowers & Co together with Bain Capital Credit become a significant investor in the Bank alongside its five other existing financial sponsor investors.

Nick Slape, Chief Executive Officer of the Co-operative Bank, commented:

"Since we began our turnaround, the backing of our long-term shareholders has enabled us to make significant progress and we are extremely grateful for all the support they have shown. We are delighted to welcome J.C. Flowers & Co and Bain Capital Credit and we are pleased that they share our positive view of the future possibilities for our Bank. This investment builds on the encouraging reception to our £200m debt issuance in November 2020 and is an endorsement of the progress achieved in our five year transformation plan to date, as we anticipate our Bank returning to a position of sustainable profitability from 2021.

"As our recent results show, we are on track with our transformation and the business continues to perform resiliently as we focus on supporting our customers during these challenging times. We head into the next stage of our transformation with growth in mortgage lending, a renewed and growing SME banking business and improved digitisation to better serve customers. Our commitment to being a leader in ESG has been central to our brand for decades, given our heritage in the co-operative movement, and we believe this sets us apart in the market as we work with all our stakeholders to realise our Bank's potential."

Commenting on the transaction, Tim Hanford, Head of Europe for J.C. Flowers & Co. said,

"We have followed the development of The Co-operative Bank over the last decade and are impressed by the progress that has been made by the management team and Board. We now look forward to partnering with them to take advantage of some of the opportunities available in this post-COVID UK banking environment."

Fabio Longo of Bain Capital Credit added,

"We are excited to partner with The Co-operative Bank and support management in their plan for continued growth and value creation. The Co-operative Bank is truly unique in its ethical positioning, which is backed by a loyal customer base. We look forward to supporting this value proposition to existing and future customers."

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This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014.

The person responsible for arranging the release of this announcement on behalf of The Co-operative Bank p.l.c. and The Co-operative Bank Finance p.l.c. is Catherine Green, Company Secretary.

About The Co-operative Bank

The Co-operative Bank p.l.c. provides a range of banking products and services to about 3.25m retail and c.90k small and medium sized enterprises ("SME"). The Bank is committed to values and ethics in line with the principles of the co-operative

movement. The Co-operative Bank is the only high street bank with a customer-led ethical policy, which gives customers a say in how their money is used. Launched in 1992, the Policy has been updated on five occasions, with new commitments added in January 2015 to cover how the Bank operates its business, products and services, workplace and culture, relationships with suppliers and other stakeholders and campaigning.

The Co-operative Bank p.l.c. is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Co-operative Bank p.l.c. eligible customers are protected by the Financial Services Compensation Scheme in the UK, in accordance with its terms.

About J.C. Flowers & Co.

J.C. Flowers & Co. is a leading private investment firm dedicated to investing globally in the financial services industry. Founded in 1998, the firm has invested more than \$16 billion of capital, including co-investment, in 58 portfolio companies in 18 countries across a range of industry subsectors including banking, insurance and reinsurance, securities firms, specialty finance, and services and asset management. With approximately \$6 billion of assets under management, J.C. Flowers & Co. has offices in New York and London. For more information, please visit www.jcfco.com.

About Bain Capital Credit

Bain Capital Credit is a leading global credit specialist with approximately \$42 billion in assets under management. Bain Capital Credit invests up and down the capital structure and across the spectrum of credit strategies. Our team of more than 200 professionals creates value through rigorous, independent analysis of thousands of corporate issuers around the world. In addition to credit, Bain Capital invests across asset classes including private equity, public equity, venture capital and real estate, and leverages the firm's shared platform to capture opportunities in strategic areas of focus. Bain Capital Credit's dedicated Private Credit Group focuses on providing complete financing solutions to businesses with EBITDA between \$10 million and \$150 million located in North America, Europe, and the Asia Pacific. Our dedicated global team affords us the ability to diligence the most complex situations and provide private capital to those companies.

For more information, visit www.baincapitalcredit.com.

Important notices

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The Co-operative Bank p.l.c. LEI: 213800TLZ6PCLYPSR448

The Co-operative Bank Finance p.l.c. LEI: 213800KNE8ER4N9BLF11