

## **The Co-operative Bank p.l.c.**

21 July 2016

### **Proposed acquisition of VocaLink Holdings Limited by MasterCard Inc.**

On 21 July 2016, MasterCard Inc. ("MasterCard") announced the proposed acquisition of VocaLink Holdings Limited ("VocaLink"). The Co-operative Bank p.l.c. (the "Bank") is a 3.3% shareholder of VocaLink, a payment systems company headquartered in the UK.

The Bank's share of the sale proceeds upon completion will comprise a mix of cash (approximately £25.1 million) and an earn-out consideration (up to £3.2 million) payable in 2019, conditional upon VocaLink achieving specific performance targets in 2018.

For the year ended 31 December 2015, the Bank did not receive any dividends from VocaLink. The Bank's shares in VocaLink are held as available-for-sale financial instruments valued at £2.4 million in the Bank's 2015 Annual Report and Accounts. Pre-completion, approximately £22.7 million will therefore be recognised through the available-for-sale reserve in Other Comprehensive Income in H1 2016. The Bank is currently expecting to ascribe nil value to the earn-out consideration upon completion. This treatment is in line with accounting standards. The earn-out will be recognised by the Bank once a reliable estimate of its value is available and further profit would be recognised at this time.

To provide context around the impact of the transaction, the pro forma impact of the sale proceeds had it completed on 31 March 2016 would have increased the Bank's 31 March 2016 Common Equity Tier 1 ratio by approximately 0.3%, from 14.1% to 14.4%.

The figures specified in this announcement are approximate, and the figures specified for the consideration are based on current estimates, and the actual amounts received by the Bank may differ, in accordance with the terms of the transaction documentation.

No amounts will be payable to the Bank until completion takes place. Completion is subject to certain conditions precedent and regulatory approvals and currently expected to take place before the end of Q2 2017 and potentially earlier.

As is customary, the Bank has provided certain undertakings, representations, warranties and indemnities in connection with the transaction.

For further detail, please refer to MasterCard's SEC filings made in connection with the proposed acquisition.

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#### **About The Co-operative Bank**

The Co-operative Bank p.l.c. provides a full range of banking products and services to almost 4 million retail and SME (Small and Medium Sized Enterprises) customers. The Bank is committed to values and ethics in line with the principles of the co-operative movement. The Co-operative Bank 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. customers are protected by the Financial Services Compensation Scheme (FSCS) in the UK.