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The Co-operative Bank p.l.c.

7 April 2017

Sale and capital raise process moves forward to next phase

The Co-operative Bank p.l.c. (the "Bank") announced on 13 February 2017 that it was commencing a sale process alongside considering other options to build capital to meet the longer term capital requirements applicable to all UK banks. The Bank provided an update on progress on 24 March.

The Bank has received a number of non-binding proposals from strategic and financial parties. The Board has selected several parties to enter a further phase during which these parties will be provided with additional information. Each of the preliminary offers selected includes some form of liability management exercise.

In parallel, the Bank continues to have discussions with existing and other potential new investors on options to build capital.

The Bank continues to fully discuss both the sale process and the capital raise options with the Prudential Regulation Authority (PRA), which has welcomed the actions being taken.

There can be no certainty that any offer will be made for the Bank or as to the level of any proposal or offer that may be made nor that the Bank will pursue, or successfully implement, an equity raise and/or a liability management exercise of its outstanding public debt.

This announcement contains inside information. The person responsible for arranging the release of this announcement on behalf of the Bank is John Worth, Chief Financial Officer.

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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 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 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. customers are protected by the Financial Services Compensation Scheme in the UK.

Website

A copy of this announcement (subject to any restrictions relating to persons resident in restricted jurisdictions) will be available at www.co-operativebank.co.uk/investorrelations/ promptly and in any event by no later than 12

Noon on 10 April 2017. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

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