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The Co-operative Bank p.l.c.

24 March 2017

Update on Sale Process and Capital Raise

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.

Since then a number of credible strategic and financial parties have expressed interest in the sale process and are currently evaluating information on the Bank.

The Bank has requested that preliminary expressions of interest should be submitted in the first half of April.

Following an assessment of those preliminary expressions of interest, the Bank plans to proceed to a second phase of the sale process where selected parties will be provided with additional information in order to continue their due diligence with a view to making an offer for all of the issued ordinary share capital of the Bank. There can be no certainty that an offer for the Bank will be made, or that any offer that is made will be on terms acceptable to the Bank and its shareholders.

In parallel with the second phase of the sale process, the Bank will continue to have discussions with existing equity and debt security holders as well as new potential investors on a capital raise alternative to the sale process.

The Bank has fully discussed, and will continue to discuss, both the sale process as well as the liability management exercise and equity capital raise with the Prudential Regulatory Authority (PRA), which has welcomed the actions being taken.

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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 27 March 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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