

FOR RELEASE ON 27 MARCH 2015

The Co-operative Bank plc

CO-OPERATIVE BANK AGREES CEO CONTRACT UNTIL DECEMBER 2016

The Board of the Co-operative Bank today announces that it has agreed an employment contract to retain the services of Chief Executive Niall Booker until 31 December, 2016. The principal terms of the CEO's current remuneration package, agreed on his joining the Co-operative Group in 2013, come to an end in June 2015.

Dennis Holt, Chairman, said, "The Co-operative Bank's survival was in doubt when Niall joined the Bank in June 2013 and the progress we have made from that crisis point is in no small part due to his leadership through the turmoil. There is still a considerable task ahead of the Bank as it continues to build its resilience, to restore its brand and to transform the organisation into a sustainable business. The Board is confident that Niall will continue to provide the direction required as we progress our plan and I am delighted that he has committed to lead the Co-operative Bank over the next period of its turnaround. The incentive structure agreed with Niall will continue to support the restoration of the Bank as a resilient, sustainable and soundly-capitalised financial institution in line with the objectives of our shareholders, our regulators and our customers." He added, "This announcement gives us a new level of certainty and the opportunity to address issues of succession in due course."

To reflect the situation of the Bank and the contractual arrangements agreed when Niall Booker joined as Chief Executive in June 2013, the majority of the Chief Executive's compensation was fixed with the role based element paid in quarterly instalments and linked to the Bank's capital position being maintained. A compensation package has therefore been agreed that places a much greater emphasis on variable compensation tied to a full range of key performance metrics as the Bank progresses its turnaround. As such, the new contract significantly increases the impact of variable pay and incentives such that the level of on target payout is considerably less than the current arrangements and annual total potential compensation is broadly level on a maximum payout basis.

Details of the terms of executive compensation and the proposed new Long-Term Incentive Plan for 2015, as determined by the Remuneration Committee, will be published as part of the Co-operative Bank's annual report and accounts on 27 March 2015. The terms of the new Long-Term Incentive Plan have been developed in consultation with stakeholders and will be put to shareholders at the Bank's AGM later in the year.

ENDS

Media - Lansons

Tony Langham - 07979 692287

David Masters - 07825 427514

The Co-operative Bank Investor Relations

Jonathan Berger

07595 567502

About The Co-operative Bank

The Co-operative Bank plc provides a full range of banking products and services to almost 5 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 plc customers are protected by the Financial Services Compensation Scheme (FSCS) in the UK.