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JUNE 2011

The Co-operative Bank
RMBS Investor Presentation

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Executive Summary

- The Co-operative Bank plc (“Co-operative Bank”) is pleased to discuss its RMBS funding programmes:
- Prime RMBS: Silk Road Finance Number One
- Non-conforming RMBS: The Leek Programme

Co-op Bank Credit Ratings	S-Term	L-Term	Outlook
Moody's	P-1	A2	Negative
Fitch	F2	A-	Stable
DBRS	R-1	A	Stable

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The **co-operative**



Food

Travel

Pharmacy

Funeralcare

Financial services

Bank

Insurance

Investments

Smile

Britannia

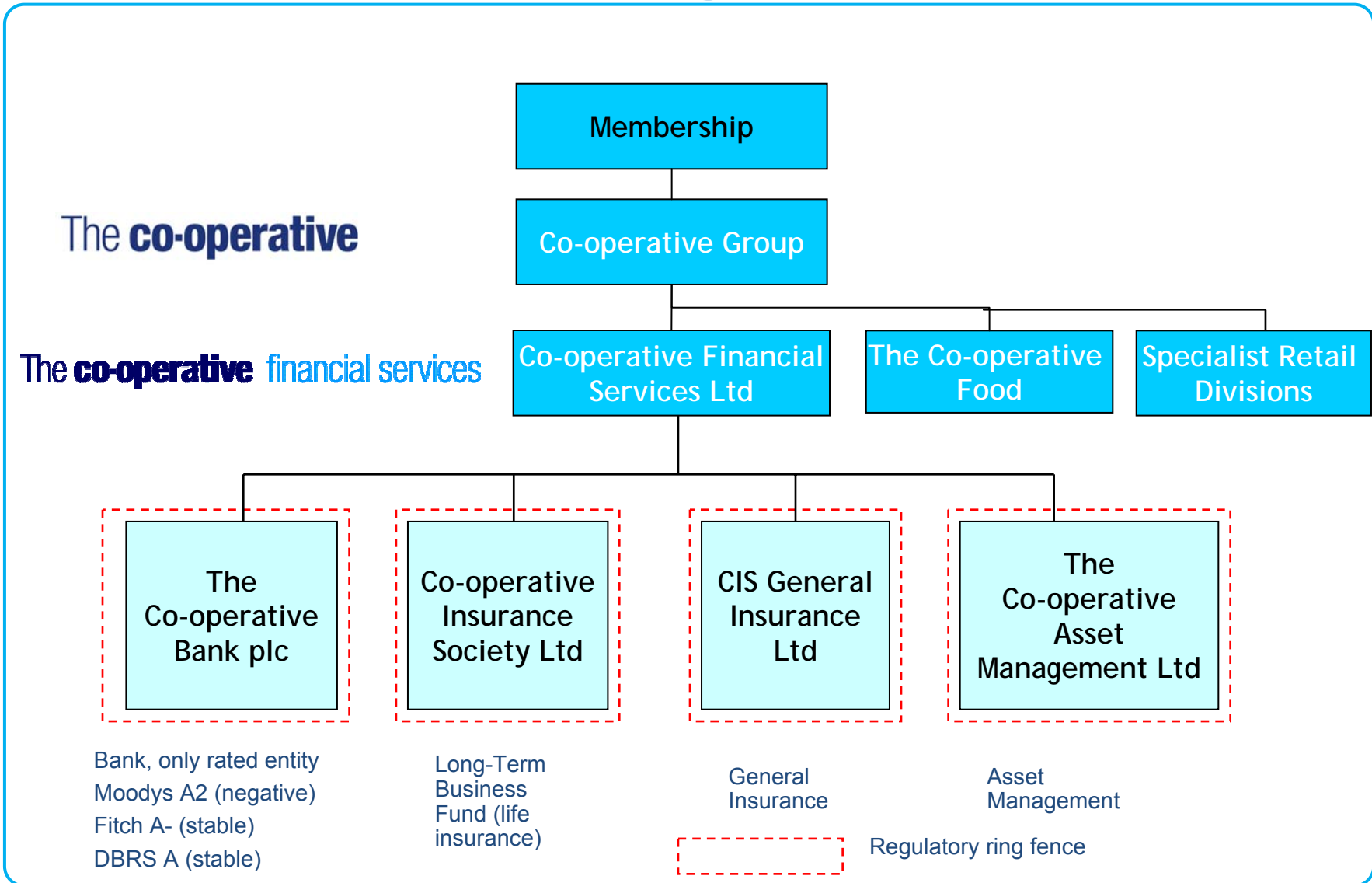
- The Co-operative Financial Services is wholly owned by The Co-operative Group, the world's largest consumer-owned business, with around 6 million members, 117,000 employees and 4,500 UK retail outlets

The **co-operative**
financial services

The world's most sustainable bank

Britannia

The Co-operative Group – Organisation Structure



CFS Headlines

- Robust financial performance
 - Underlying operating profit up on 2009
 - Income improved despite impact of low interest rates (net interest margin 138bps, up 14bps on like-for-like basis)
 - Tight cost control
 - Impairment down (36% on 2009 like-for-like basis)
- Balance sheet reflects underlying strength
 - Well-managed asset quality (22% reduction in late arrears)
 - Core tier 1 ratio strengthened (9.6% at Dec-10)
 - Improved liquidity and funding, customer funding ratio increased (107%)
- Building a platform for growth and transformation
 - Delivered significant cost synergies in 2010, ahead of expectations
 - Moving towards integrated customer proposition
- High customer advocacy (7.5% ahead of our competitors)
- 89% of our people are proud to work for us

Stable Bank Capital

- Core tier 1 ratio of 9.6% (2009: 8.7%)
- Continued stable Bank capital
- Rigorous stress testing via ICAAP and reviewed by FSA
- Reverse stress testing undertaken per FSA requirements
- Implementation of new FSA Capital Planning Buffer requirements
- Sufficient capital to fund banking Transformation programme

	Dec-10	Dec-09
Total capital ratio	14.0%	13.5%
Core tier 1 ratio	9.6%	8.7%

Bank Financial Performance

Like-for-like performance

- Underlying profit up 11%
- Income remained resilient despite ongoing margin pressures
- Significant reduction on impairment
- Profit before tax, distributions and fair value amortisation steady after adjusting for gain on sub debt buy-back in 2009
- Tight cost control

Like - for - like P&L	2010 £m	2009 £m	Change %
Income	822	852	(4%)
Operating costs - steady state	(556)	(544)	(2%)
Impairment losses	(96)	(154)	38%
Underlying operating profit	171	154	11%
Significant items & change costs	(82)	(77)	(6%)
PPI Provision	(4)	-	-
Sub debt buy-back	-	58	-
FSCS	(12)	(2)	(505%)
Other	1	(0)	450%
Profit before tax, distributions & fair value amortisation	74	133	(44%)
Fair-value amortisation	(14)	99	(114%)
Profit before taxation & distributions	60	232	(74%)

Bank Balance Sheet

- Customer funding ratio* improved to 107% (2009: 104%)
 - Customer assets up 3%
 - Customer deposits up 5%
- Term customer funding up 17%
- Current accounts up 13%
- Excellent funds retention/attraction (e.g. ISA retention 97%)
- Increase in pool of high quality liquid assets to 9.7% (2009: 5.6%)

* Excluding securitised loans

	2010 £m	2009 £m	Change %
Loans and advances to customers	35,145	34,231	3%
Investments	9,033	10,432	-13%
Other assets	1,403	1,476	-5%
Total assets	45,581	46,139	-1%
Amounts owed to customers	34,303	32,805	5%
Wholesale liabilities	2,939	6,082	-52%
Debt securities in issue	4,212	3,334	26%
Other liabilities	1,079	1,094	-1%
Minority interest	32	34	-6%
Other borrowed funds	975	947	3%
Equity	2,041	1,843	11%
Total liabilities & equity	45,581	46,139	-1%

Customer assets	34,978	34,165	2%
Less securitised assets	(2,833)	(2,692)	5%
Customer deposits	34,303	32,805	5%
Customer funding ratio	107%	104%	3%

Repeat Issuance in the RMBS market

- Co-operative Bank sponsored programmes have issued regularly in the RMBS market
- Quarterly reporting is available on Bloomberg and the website @ www.britannia.co.uk/bts
- Leek 20, 21 and 22 notes fully retained by the Co-operative Bank
- Experienced team established covering all aspects of cash flow administration

Status	Name	Date Issued	Currencies of Notes Issued	Amount Issued (£ equivalent)	Amount Outstanding (£ equivalent) *
Outstanding	Leek Finance 17	Apr-2006	£/ US\$/ Euros	1,168	495
	Leek Finance 18	Oct-2006	£/ US\$/ Euros	1,048	589
	Leek Finance 19	Apr-2007	£/ US\$/ Euros	833	572
	Silk Road 1	Feb-2010	£	2,500	2,080
	Dovedale Finance 1	Jul-06	£/ Euros	102	11
				5,651	3,747
Fully Retained	Leek Finance 20	Jul-2008	£	1,489	1,220
	Leek Finance 21	Oct-2008	£	1,315	1,078
	Leek Finance 22	Jan-2009	£	501	450
				3,305	2,748
Retired	Leek Finance 1	Dec-1996	£	795	repaid
	Leek Finance 2	May-1999	£	173	repaid
	Leek Finance 3	Jul-2001	£	312	repaid
	Leek Finance 7	Apr-2002	£	389	repaid
	Leek Finance 10	May-2003	£/ US\$	375	repaid
	Leek Finance 11	Oct-2003	£/ US\$/ Euros	375	repaid
	Leek Finance 12	Mar-2004	£/ US\$/ Euros	704	repaid
	Leek Finance 14	Oct-2004	£/ US\$/ Euros	1,046	repaid
	Leek Finance 15	Apr-2005	£/ US\$/ Euros	1,080	repaid
	Leek Finance 16	Oct-2005	£/ US\$/ Euros	961	repaid
				6,210	

* Outstanding balances as per Investor Reports: 21 March, 2011

** On 28th March 2011, the Co-operative Bank announced its intention to redeem the outstanding Dovedale notes at par on 21st September 2011

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Silk Road Finance No 1 Highlights

First Prime RMBS Transaction from the Co-op Bank

- First public RMBS issuance from the Co-operative Bank, via Silk Road Finance Number One PLC
- **£2.5bn Class A1 GBP notes** subscribed for with pass-through principal cash flows and an expected maturity date of 21st Mar 2015
- Class A1 notes listed with UKLA and issued under Reg S format
- Class A1 notes rated AAA/Aaa by Fitch/ Moody's with a **coupon of 140bps** over sterling 3 month Libor
- If the Class A1 notes are not redeemed in full by the Issuer on the expected maturity date, noteholders will benefit from an investor redemption option to have their notes redeemed by the Issuer on the transfer date at a price of par plus accrued interest less Class A PDL¹
- The Class A1 notes margin will step down to 55 bps after 21st Mar 2015
- Silk Road 1 currently trading @ DM, GBP 3Month Libor + 140bps (1st June 2011)

Prime Collateral

- First lien, owner-occupied residential prime mortgage loans **originated directly under the Britannia brand** and serviced by the Co-operative Bank
- Weighted average **current LTV non-indexed of 60.8%**, weighted average **indexed current LTV of 64.6%**, weighted average seasoning 29.05 months and repayment mortgages represent 68.21% of the pool

Transaction Parties

- Servicer: Co-operative Bank
- Interest Rate Swap Providers: Co-operative Bank and J.P. Morgan Securities Ltd

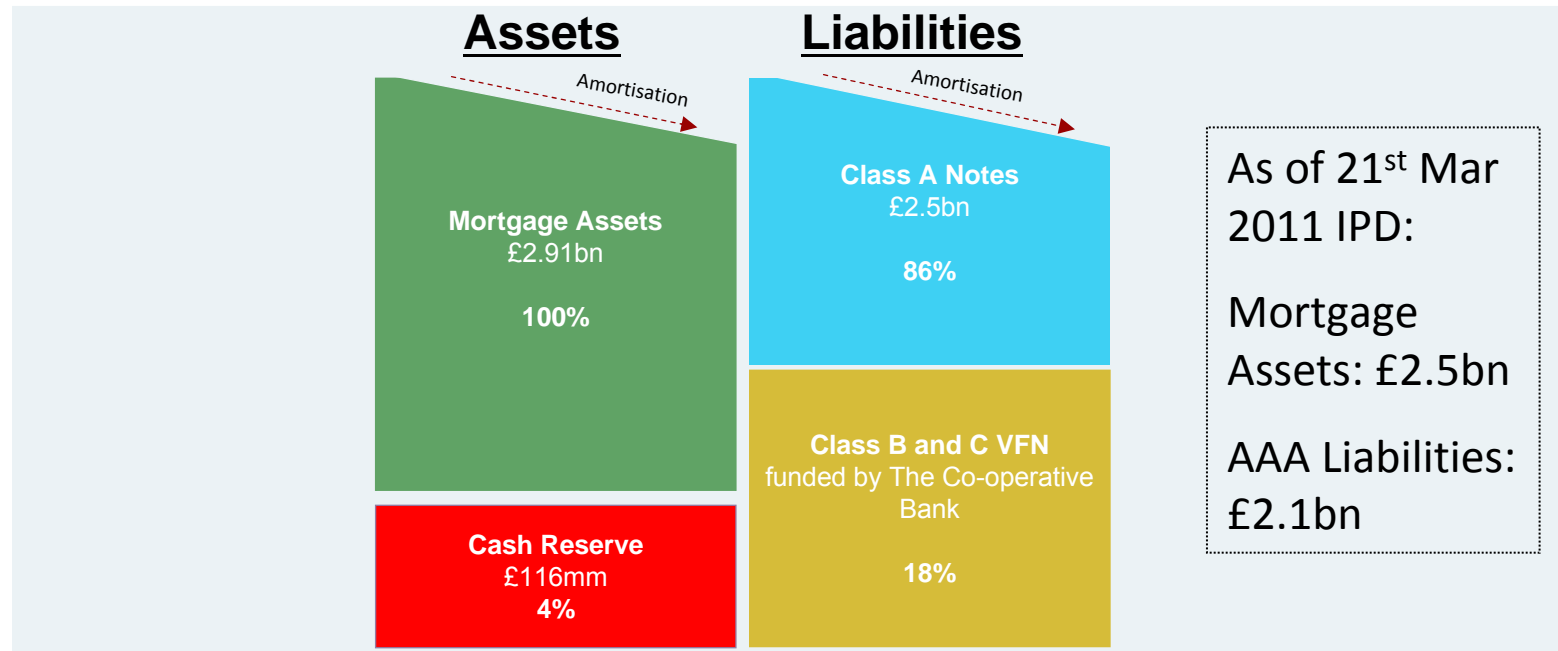
Structural Support

- Excess Spread. Fully funded (4% of mtge balances- £116m) General Reserve Fund. Yield reserve fund if required. Liquidity reserve fund to divert principal receipts to revenue waterfall. Note subordination
- Set-off risk sized through over-collateralisation. Fixed interest rate risk hedged through rating agency compliant swap with JP Morgan Securities Ltd. SVR/ Bank Base rate basis risk hedged with the Co-operative Bank - no rating agency credit received.

1- Commitment to redeem is subject to (i) no event of default on the Class A notes and (ii) redemption price being funded by the Co-operative Bank through a variable funding note

Silk Road Finance No 1

Structure Overview at Closing (Feb 2010)



- Standalone, static pool, pass-through RMBS structure. Principal receipts retained by the Issuer during the first 6 months of the transaction to fund further advances and flexible drawings. Mortgage yield (post swaps) at closing of 3ML+1.62%
- In the event of further advances, flexible drawings or product switches, a yield reserve will be funded to supplement Available Revenue Receipts such that, over first five years of the transaction, the mortgage yield less servicing cost and AAA liability cost is at least 30bps. The yield reserve balance is currently zero
- Class A1 notes will benefit from a noteholder redemption option whereby the noteholder has the option to have their notes redeemed by the issuer at a price of par plus accrued interest less Class A PDL¹ should the Issuer fail to exercise the call on the step-down date

¹ - Commitment to redeem is subject to (i) no event of default on the Class A notes and (ii) redemption price being funded by the Co-operative Bank through a variable funding note

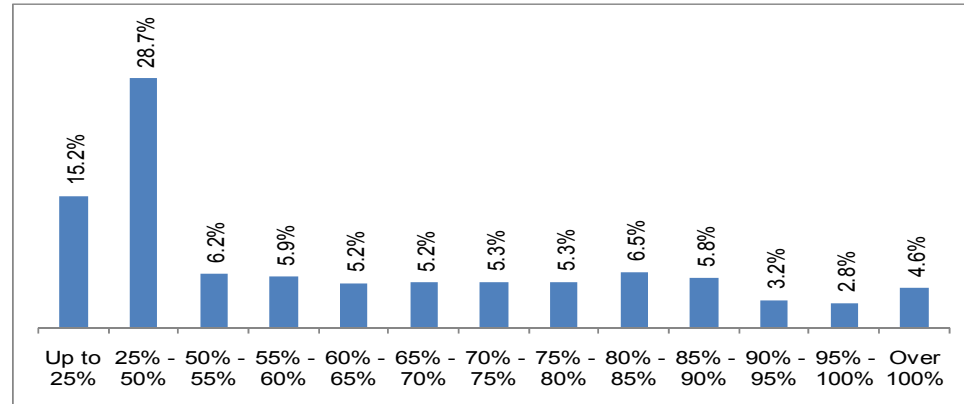
Silk Road 1: Mortgage Collateral Summary at Closing

- All collateral originated directly through the Britannia brand. No BTL, Self Cert, Adverse Credit Loans

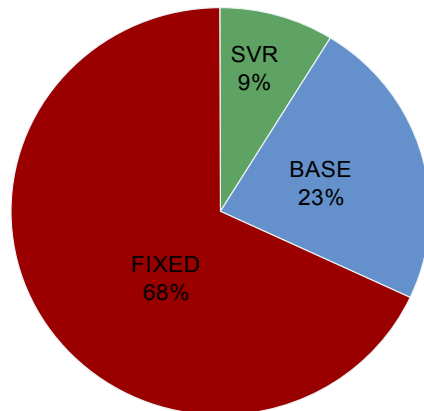
Summary

Pool Size	£2,906,989,310
Closing Date	25th February 2010
Number of Mortgages	26,550
Average Loan Balance	£109,491
WA Non-indexed CLTV	60.8%
WA Indexed CLTV	64.6%
WA Seasoning (Months)	26
Repayment Mortgages	73.1%

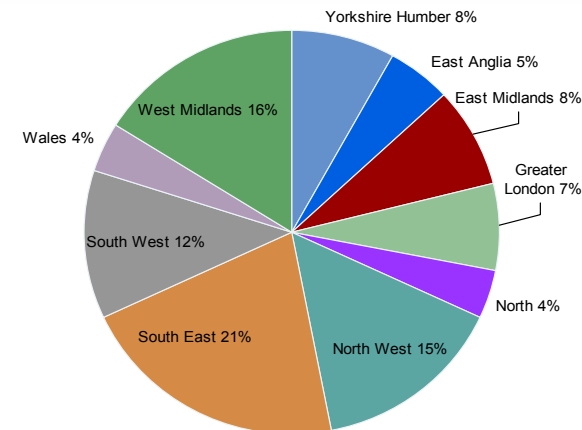
Current Indexed LTV



Product Group



Geographic Distribution



Silk Road 1 Closing Pool Statistics: Comparison

Summary

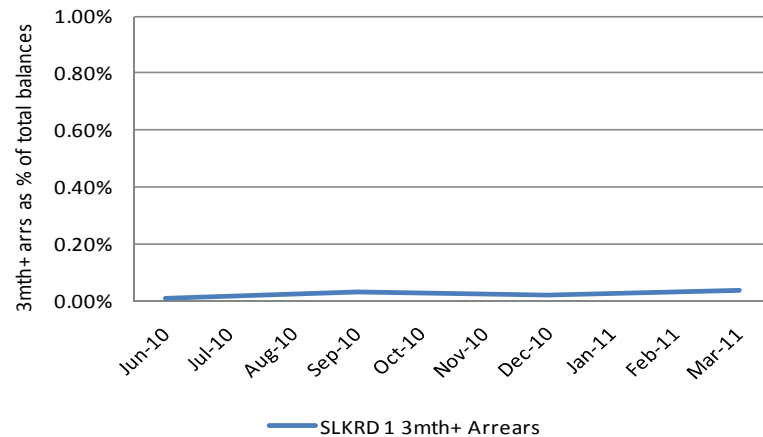
Transaction	Silk Road Finance 1	Skipton	Yorkshire	Arran	Fosse	Permanent
Structure	Standalone SPV	Standalone SPV	Standalone SPV	Standalone SPV	Master Trust	Master Trust
Maturity Repurchase/Investor Redemption	Yes	No	No	No	No	Yes
Balance of Mortgages	£2,906,989,310	£1,488,282,801	£916,277,141	£4,627,416,392	£18,836,596,843	£39,311,661,815
Number of Mortgages Accounts	26,550	18,463	7,298	33,286	209,976	469,609
Average Loan Balance	£109,491	£80,609	£125,552	£139,019	£89,708	£142,637
WA Current LTV (Indexed)	64.6%	N/A	65.3% ¹	N/A	61.3%	N/A
WA Current LTV (Unindexed)	60.8%	62.7% ¹	63.0% ¹	69.7% ¹	60.2% ¹	65.8% ¹
WA Seasoning (months)	26	39.1	24.3	8.5	58.1	60.9
First ranking mortgage	100%	100%	100%	100%	100%	100%
WA Remaining Term (months)	232	218	238	266	217	205
Non-Repayment Loans	26.8%	34.5%	23.7%	26.0%	39.3%	43.7%
London & South East	27.7%	22.3%	41.1%	46.5%	35.31%	29.3%
East and West Midlands	23.4%	13.8%	15%	10.3%	14.0%	21.4%
North, North West, Yorkshire & Humber	27.5%	29.4%	22.5%	17.1%	16.3%	25.2%
Other Regions	22.4%	34.4%	21.3%	26.1%	34.4%	24.1%

Source: Silverstone 2009-1 final terms, Fosse 2010-2 final terms, Permanent 2010-1 final terms, Arkle 2010-1 final terms

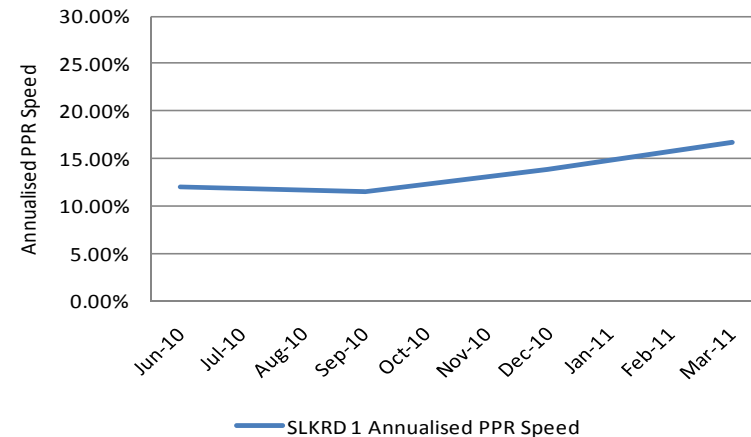
¹ - Moody's

Silk Road 1: Performance

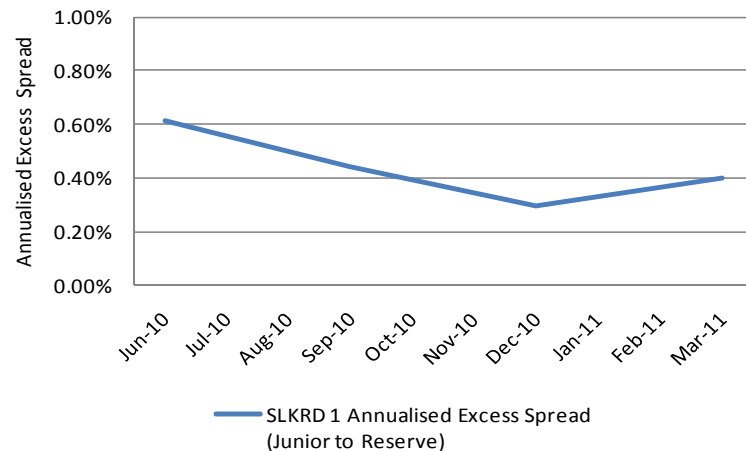
SLKRD 1 3mth+ Arrears



SLKRD 1 Annualised PPR Speed



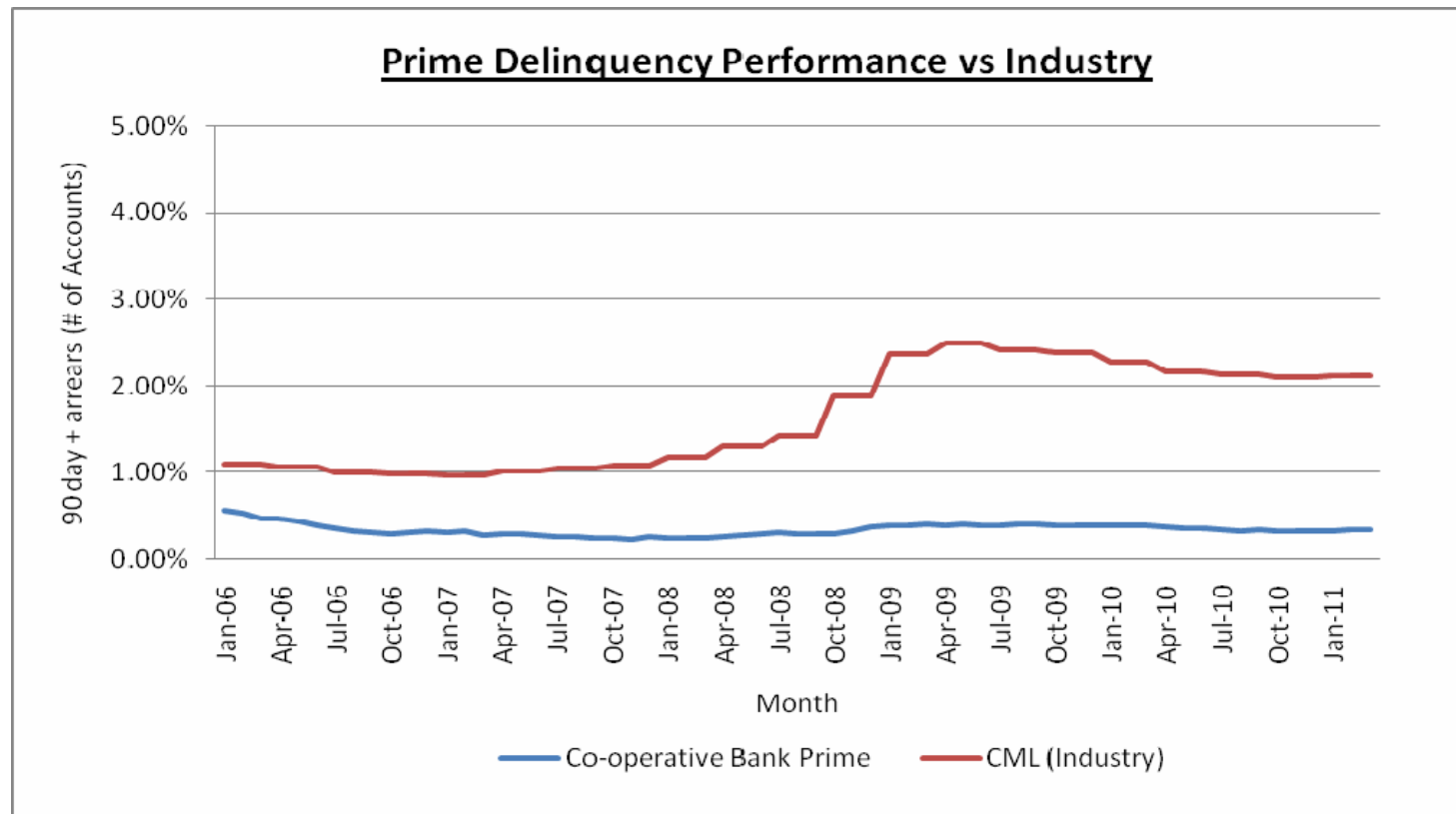
SLKRD 1 Annualised Excess Spread



- Arrears, Principal Payment and Excess spread comparable to UK Prime RMBS peer group
- No severe delinquencies. Less than 5 basis points (3mths plus) is most severe position to date
- Consistent principal payment rates in 10-16% range evident
- Stable excess spread

Sources: Silk Road Finance No. 1 Investor Reports: www.britannia.co.uk/bts

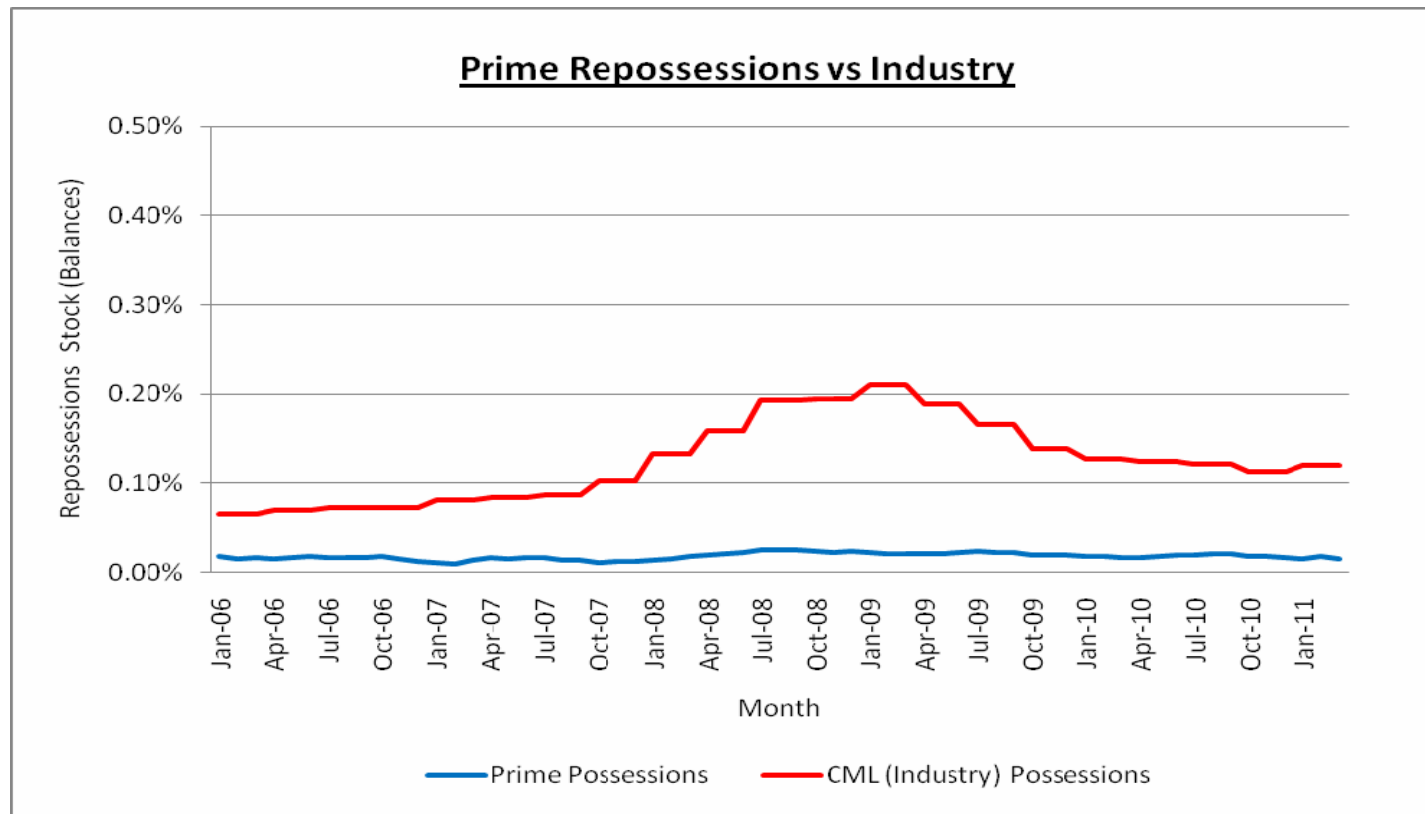
Prime Mortgage Performance: Delinquencies



Sources: CML, Co-operative Bank

- Prime loans arrears continue to outperform the industry (CML)
- Less than 50bps of loans have significant arrears (90 day + delinquencies)

Prime Mortgage Performance: Repossessions



Sources: CML, Co-operative Bank

- Prime repossession stock: 27 accounts as at March 2011. Number of Prime accounts in the residential mortgage book: c185k

Prime Underwriting Criteria

- Key lending guidelines for mortgages are:

Borrower

- All residential products are granted on the basis of a combination of affordability and income
- Borrower must be 18 years of age or older, in receipt of suitable income and with a permanent right to reside in the UK
- The customer must be less than 75 at the maturity of the mortgage and be able to evidence affordability into retirement
- Ongoing financial commitments are annualised and deducted from income before application of affordability calculations
- Credit searches are conducted for all known addresses

Collateral

- Located in England, Wales, Scotland and Northern Ireland
- Secured by first legal charge and fully insured to the valuers recommended level
- At least one mandatory valuation by approved valuation method

Loan

- Original term of 5 - 40 years
- All loans over £250k assessed by manual underwriting only
- Maximum LTV of 90% (including fees)
- Repayment, Interest Only or a combination of both

Prime Arrears, Possession & Sale Timeline

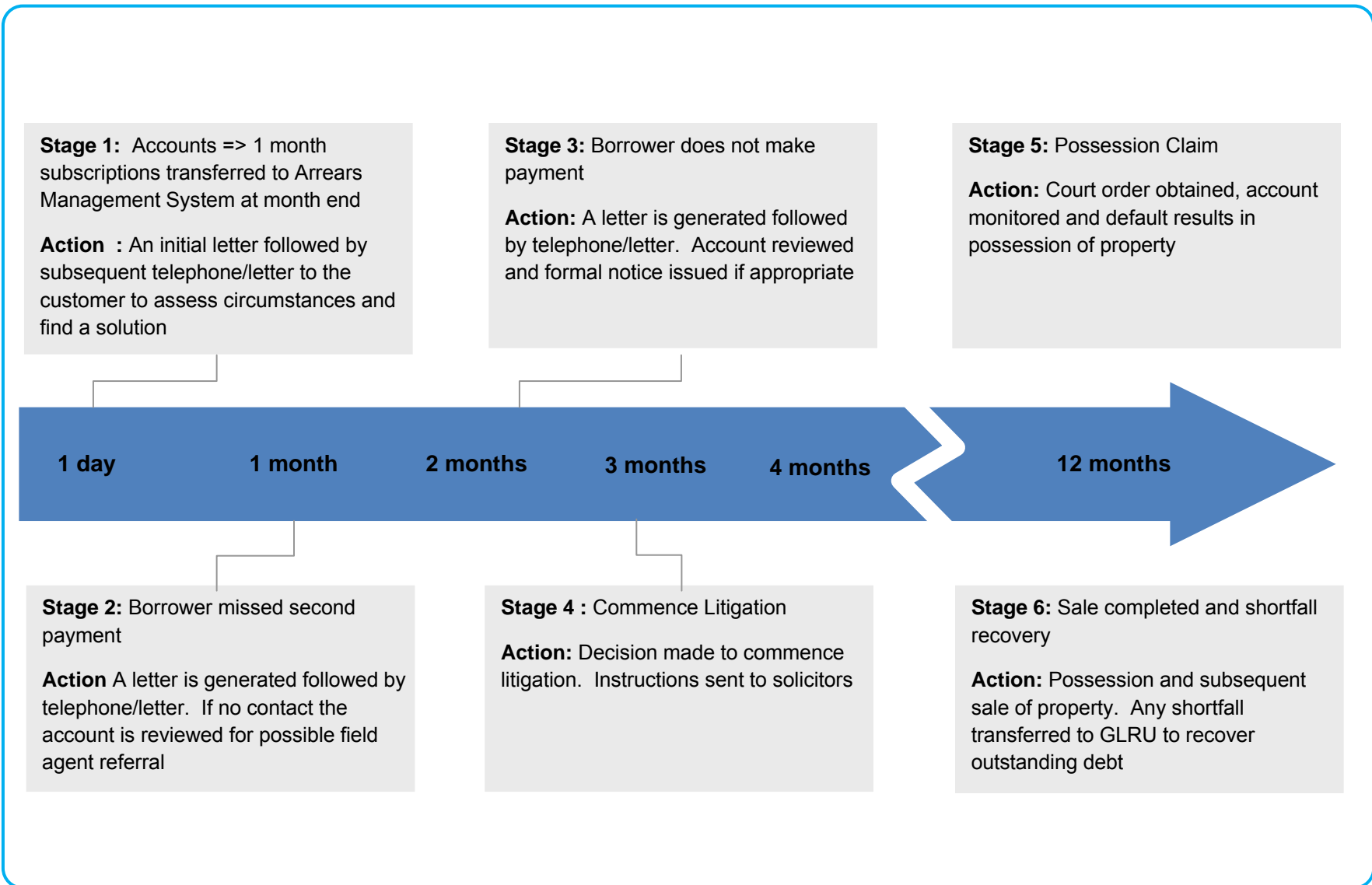


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Leek Note Restructuring: Leek 17, 18 & 19

Background

- Manage capital impact of fair value unwind of 'Leek Notes'
- Outstanding notes will not be called at step up and call date
- Leek companies entered into a Consent Solicitation exercise (March 2011), subsequently approved via Noteholder vote on May 11th to restructure the Notes. Restructuring effective 6th June

Restructure of Notes

- Maturity date of restructured notes 5 years after the original step-up date via Investor Put option to the Co-operative Bank
- Additional c£150m of UK gilts added to each series of Leek Notes
- AAA Investors will receive an enhancement to the redemption price through a premium payment at the final AAA IPD
- Removal of S&P

Rationale

- Leek restructure ensures the Co-operative Bank manages and maintains appropriate levels of capital
- Our commitment to Investors has been the key driving force
- The restructuring process ensures the Co-operative Bank (post non-call announcement) delivers Investors with:
 - 1) Certainty of maturity
 - 2) Enhanced value in Secondary Markets
- Market response to the action has been solid with Leek 17-19 AAAs currently trading in 95-97 range, with the subordinate notes trading in the high 80s

Leek 17-19: Statistics & Credit Enhancement

		Leek 17	Leek 18	Leek 19	Total
Statistics	AAA Outstanding Balance (£,000)	338,657	438,336	410,566	1,187,559
	AA Outstanding Balance (£,000)	73,593	68,562	69,220	211,375
	A Outstanding Balance (£,000)	49,528	43,315	46,665	139,507
	BBB Outstanding Balance (£,000)	33,451	38,820	28,362	100,634
	BB Outstanding Balance (£,000)	-	-	17,554	17,554
	TOTAL (£,000)	495,229	589,033	572,367	1,656,628
	RF Outstanding (£,000)	27,690	26,939	17,916	72,545
	RF as % of Outstanding Balance (%)	5.6%	4.6%	3.1%	
	Provisions ("P") (£,000)	7,972	6,371	4,020	18,362
	P as a % of Outstanding Balance (%)	1.6%	1.1%	0.7%	
	AAA Pool Factor	42.9%	62.8%	80.0%	

Post Restructuring Credit Enhancement	Gilt Injection (£,000)	137,490	163,050	158,260	
	Class A Credit Enhancement Incl Provisions ("CE")	66.6%	58.9%	59.8%	
	Class M CE	51.7%	47.3%	47.7%	
	Class B CE	41.7%	39.9%	39.5%	
	Class C CE	35.0%	33.3%	34.5%	
	Class D CE	-	-	31.5%	
	Average CE uplift post restructuring	27.8%	27.7%	27.7%	

Pre Restructuring Enhancement	Class A Credit Enhancement Incl Provisions ("CE")	38.8%	31.2%	32.1%	
	Class M CE	24.0%	19.6%	20.0%	
	Class B CE	14.0%	12.2%	11.9%	
	Class C CE	7.2%	5.7%	6.9%	
	Class D CE	-	-	3.8%	

Balances as at March 2011

Leek Programme: Overview

Sponsors

- Origination
 - Platform, the Co-operative Bank's wholly owned subsidiary, has considerable experience in the non-conforming mortgage market, and has better credit performance relative to its peer group, as demonstrated by the Fitch UK Non-Conforming delinquency indices
- Servicing
 - The Co-operative Bank's wholly owned subsidiary, WMS, to which servicing is delegated, has considerable experience with over £11 billion of assets under management
 - The Co-operative Bank guarantees the servicing and cash administration obligations for all Leek deals in line with the relevant administration and mortgage sale agreements
- Following Britannia/ Co-operative Bank PLC merger (Aug '09), Platform's and WMS's responsibilities to the Leek transactions remain as before, with those entities now subsidiaries of the Co-operative Bank plc. The guarantees and reps and warranties previously provided by Britannia have been transferred to obligations of the Co-operative Bank plc¹

Collateral & Structure

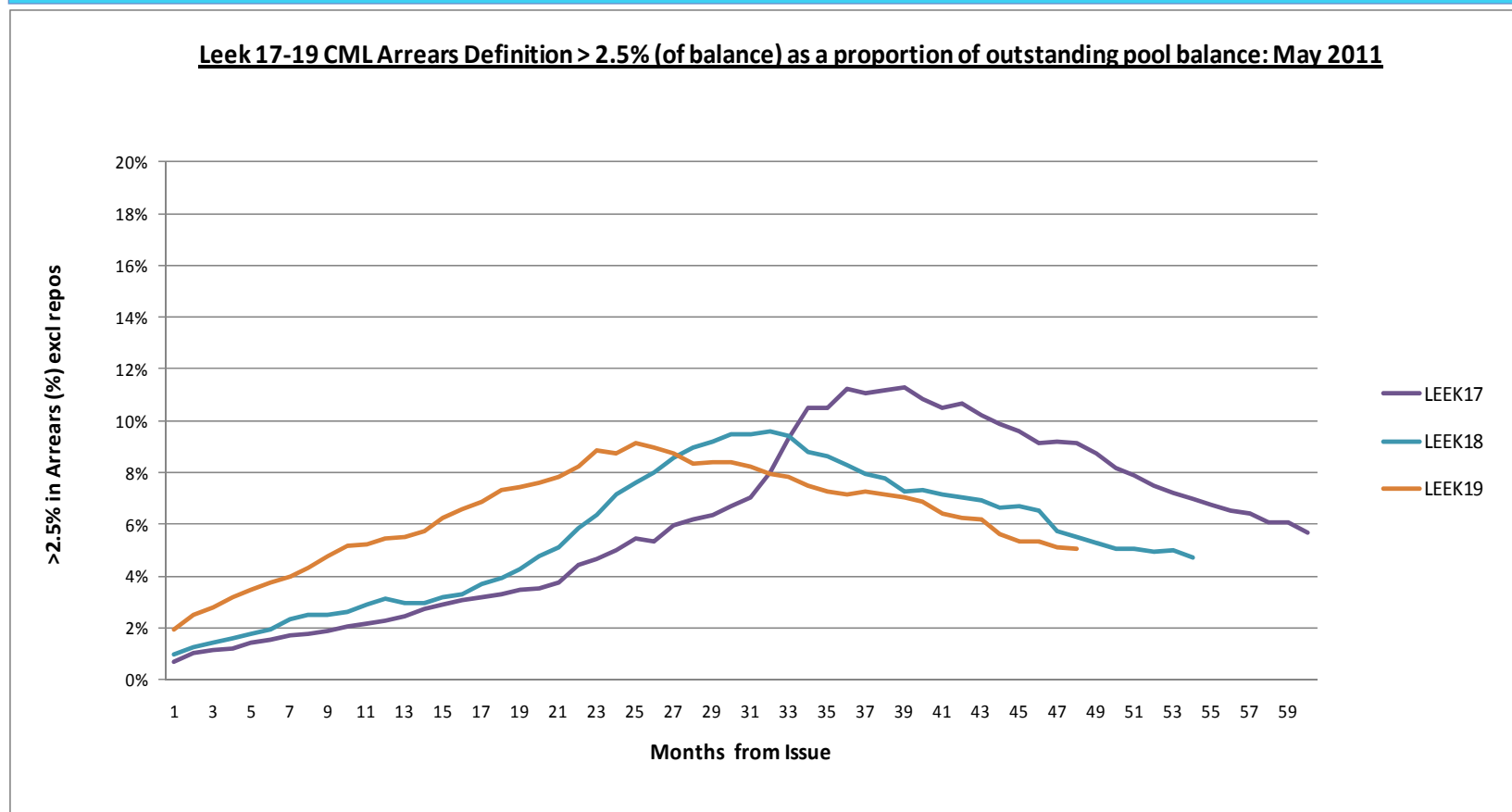
- The Leek programme is structured as follows:
 - No pre-funding
 - Redemption is sequential
 - No Interest Only Strips, no MERCs and no available funds cap
 - Provisioning mechanism- conservatively capturing excess spread prior to losses generating enhanced over- collateralisation
 - Credit enhancement provided through subordination, reserve fund and excess spread
 - No reserve fund amortisation

Source: ¹ Section 97(6) of the Building Society Act 1986

Leek Programme: Arrears Performance

- Leek deals comprise a mix of self-certified loans, BTL loans and non-conforming loans (the majority of which are near-prime from the “top slice” of the non-conforming market) – this collateral mix is reflected in the strong performance of Co-operative Bank sponsored RMBS

Loans with arrears balance > 2.5% of loan balance as a proportion of outstanding pool balance



Source: www.britannia.co.uk/bts

Leek Programme: Servicing

- Western Mortgage Services Limited (WMS) is the primary servicer for all Leek transactions

WMS background

- WMS was established in 1996, and has been involved with the non-conforming market since that date.
- Prior to the establishment of WMS, most of the WMS management team worked together for over 15 years at Western Trust and Savings
- WMS is a wholly owned subsidiary of the Co-operative Bank
- In December 2001 Platform's servicing operations were transferred to WMS.
- WMS has over £11 billion of mortgage assets under management
- Based in Plymouth with 390 dedicated staff, WMS provides servicing operations for Platform, as well as several smaller non-affiliated mortgage providers

Administrations duties carried out by WMS

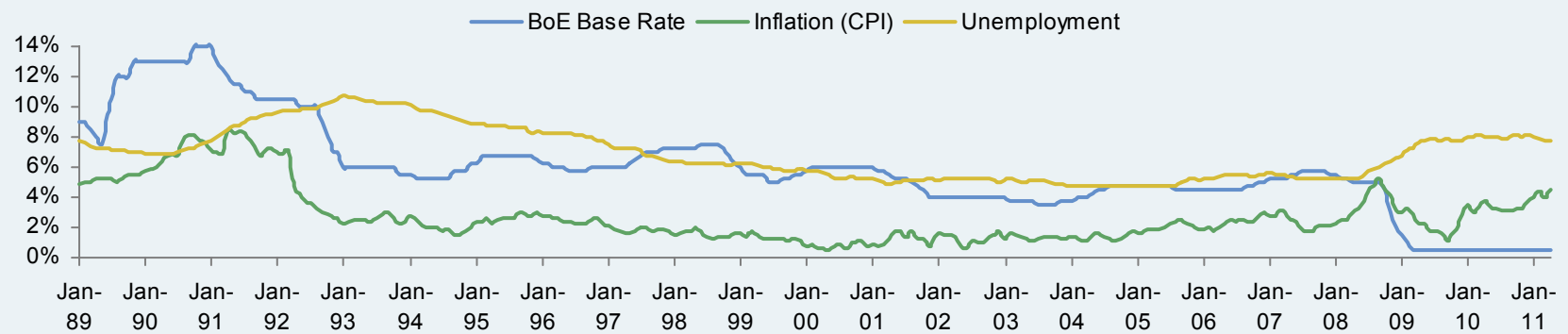
- WMS will carry out all aspects of a loan's administration, including:
 - Undertaking of the welcome duties
 - Collection of monthly payments from borrowers
 - Arranging annual renewal of building insurance
 - Dealing with enquiries from borrowers
 - Administering the payment of arrears amounts
 - Handling of the litigation, repossession and sale process

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UK Economy – 1990s vs 2011

Economic Data



Source: Bank of England, Office of National Statistics

	Early 1990S	2011
Interest Rate	<ul style="list-style-type: none"> Bank Base Rate rose to a peak of 14.0% at the end of 1989 from 5.0% in 1977 	<ul style="list-style-type: none"> Bank Base Rate of 0.50%, a historic low
Inflation	<ul style="list-style-type: none"> Rapid economic growth induced inflation levels of up to 8.5% CPI/ 9.5% RPI 	<ul style="list-style-type: none"> Modest inflationary pressure with 4.5% CPI / 5.2% RPI
Housing Supply	<ul style="list-style-type: none"> New housing construction remained high 	<ul style="list-style-type: none"> Low levels of new house builds, contributing to the shortage of housing supply
Unemployment	<ul style="list-style-type: none"> Rising unemployment levels to approx. 3 million until mid-1990's 	<ul style="list-style-type: none"> The total number of unemployed people fell by 36,000 over the quarter to reach 2.46 million.

Source: Bank of England, Office of National Statistics, Council of Mortgage Lenders

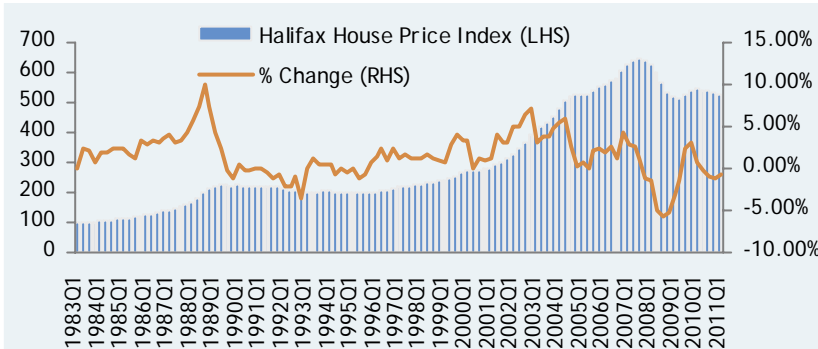
General Overview of UK Housing and Mortgage Markets

Housing market

- Regulation of UK mortgages by the FSA was introduced at the start of November 2004
- Gross mortgage advances totalled £143.5 billion in 2009 and £136 billion in 2010.
- There were 1.0 million property transactions in the UK during 2008, 0.9 million property transactions during 2009 and 0.98 million in 2010 (please note that from 2008, HMRC only counts property transactions with value £40,000 or above).
- House prices were 0.7% lower in the first quarter of 2011 and decreased of 1.1% in the fourth quarter of 2010, according to the Halifax House Price Index (Seasonally adjusted quarterly data)

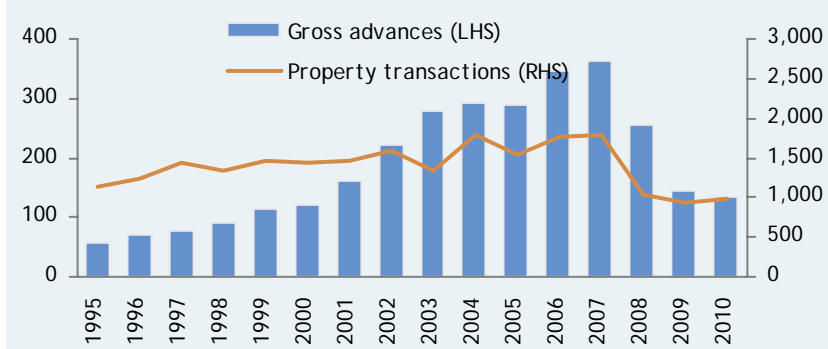
Source: CML, Department of Communities and Local Government, Halifax House Price Index

UK House Prices



Source: Halifax House Price Index

Gross advances Property transactions in the UK housing market



Source: CML, Department of Communities and Local Government
*From 2008, HMRC only counts property transactions with value £40,000 or above

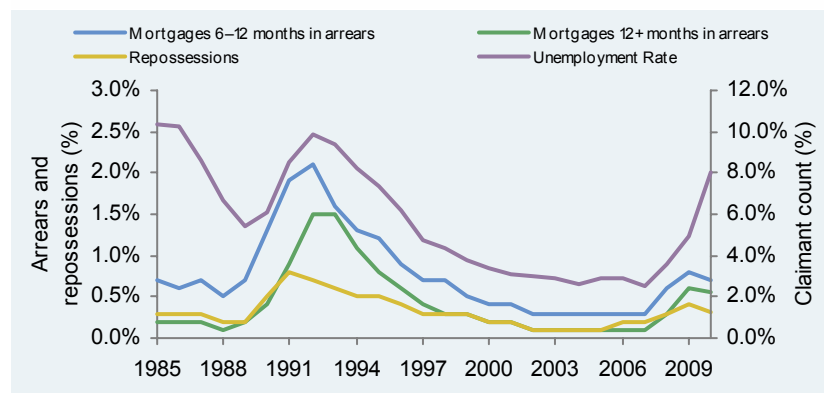
UK Mortgage Market – Arrears and Loss Levels

Arrears and possessions have been better than expected

- Arrears and possessions levels have benefited from the low interest rate environment and lender forbearance
- The number of mortgages ending 2010 with arrears $\geq 2.5\%$ -of-balance' fell by 13% on the previous year-end, standing at 169,600 (1.49% of all loans).
- Out of the 11.3 million outstanding first-charge mortgages in the UK at the end of March 2011, a total of 9,100 properties were taken into possession in the first quarter of 2011 (0.08% of all loans). This was 15% up from the 7,900 in the fourth quarter of 2010, but 10% lower than the same period a year ago.

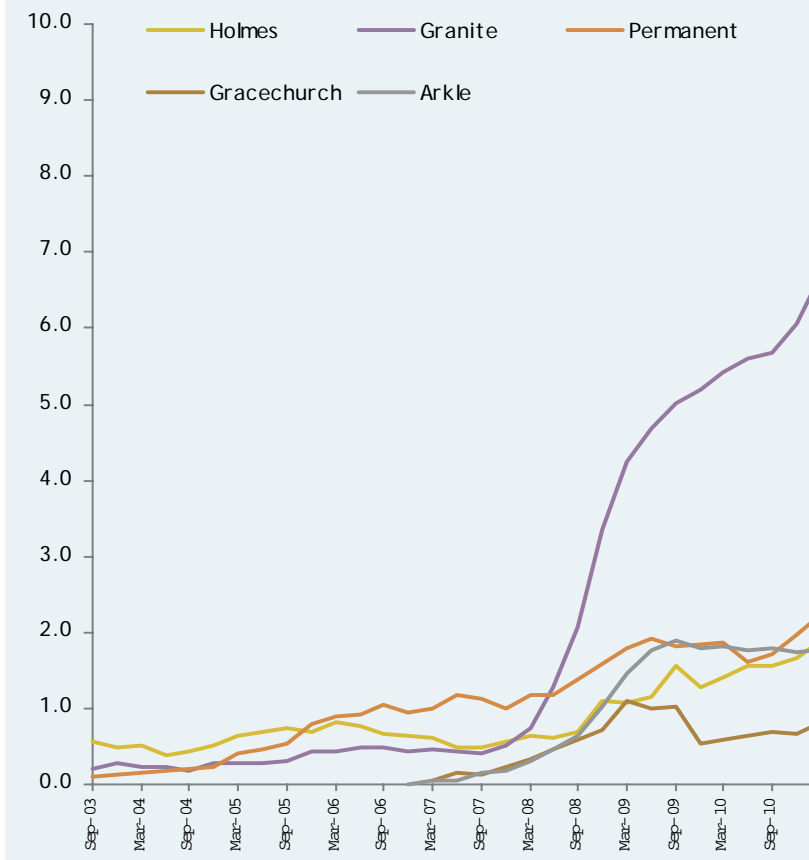
Source: Council of Mortgage Lenders

UK Arrears and repossessions



Source: Council of Mortgage Lenders, Office of National Statistics

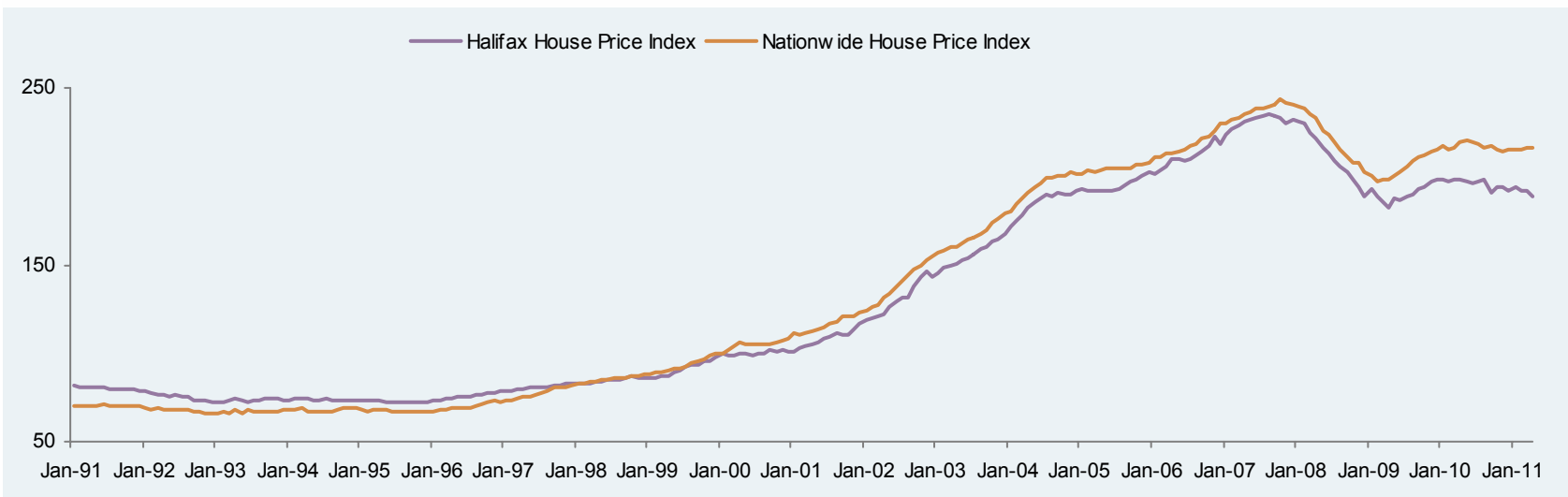
Prime Master Trust Arrears Levels (3 months+)



Source: Standard and Poor's, Fitch

UK Housing Price Changes

House prices Indices



- The UK average house price increased by 0.8% in January 2011, followed by a 0.9% decrease in February and then almost unchanged in March. House prices down 4.9% on an annual basis according to the Halifax House Price Index
- The Nationwide House Price Index shows a 0.14% decrease in January 2011, followed by a 0.4% monthly increase in February before increasing again. House prices down 1.3% on an annual basis according to the Nationwide House Price Index

Source: Halifax House Price Index (Seasonally adjusted) monthly data, Nationwide House Price Index (Seasonally adjusted) monthly data. Rebased to 100 as at January 2000