

## **Additional disclosure regarding The Co-operative Bank p.l.c.**

4 November 2013

In connection with the Recapitalisation Plan for The Co-operative Bank p.l.c. (the “**Bank**”), an ad hoc group of holders (the “**Bondholders**”) of 48% of the nominal value of the Bank’s lower tier 2 capital securities (the “**LT2 Group**”) signed lock-up agreements to vote in favour of the LME.

As part of the due diligence exercise carried out on the Bank by the Bondholders, the Bondholders received certain information relating to the Bank. Whilst the majority of that information is contained in a prospectus published by the Bank today relating to 11 per cent. subordinated notes due 2023 (the “**Prospectus**”), the information set out below was not because the disclosure was based upon draft financial information which has now been updated for subsequent events.

Whilst the Bank considers the information not to be material, in order to ensure equal disclosure of information amongst holders of securities in the Bank, this information is set out below. This information is disclosed for informational purposes only – no representation or warranty, express or implied, is or will be made in relation to, and no responsibility will be accepted by the Bank as to the accuracy or completeness of this information.

The information below does not contain any background or context to the statements made and, as such, conclusions should not be drawn from the information set out below. In deciding whether or not to participate in the Liability Management Exercise launched today, no reliance should be placed on the below information, and holders of the Bank’s securities should have regard to the Prospectus.

### *Disclosures*

In the first six months of 2013, income from the Optimum and Illius portfolios of the Bank has reduced by £26.8 million driven primarily by a one-off fair value charge in the Illius portfolio of £19.0 million, which resulted in a net Illius position of £(14.5) million from an income position of £4.4 million. Excluding this one-off item, non-interest income from Optimum and Illius for the first six months of 2013 amounted to £7.5 million.

	<b>Six months ended 30 June 2013 (£ millions)</b>
<b>Components of non-interest income</b>	
Unsecured Lending	10.1
Retail Liabilities	17.5
Mortgages	5.8
ATMs	26.6
Other	5.3
<b>Retail Banking</b>	<b>65.3</b>
BACB	7.6
Corporate COAM	17.1
<b>Total Corporate</b>	<b>24.7</b>
Treasury	28.3
Other	0.1
<b>Total Treasury &amp; Other</b>	<b>28.4</b>
Optimum Mortgages	3.2
Illius	(14.5)
<b>Total Optimum &amp; Illius</b>	<b>(11.4)</b>
<b>Total non-interest revenue before significant items</b>	<b>107.1</b>
Significant items	(51.0)
<b>Total non-interest revenues (including post tax profit on joint venture)</b>	<b>56.1</b>

	<b>Six months ended 30 June 2013 (£ millions)</b>
<b>Retail</b>	
Mortgages (including insurance commission)	5.8
Credit cards received (includes merchant interchange, balance transfer and late payment fees)	11.3
Credit cards paid (Affinity, smile and members dividend)	(2.3)
Credit cards	<u>9.0</u>
Other unsecured	1.5
Current accounts (includes merchant interchange, overdraft package accounts and link commission paid)	16.4
ATM	26.6
Other	6.0
<b>Retail Banking</b>	<b><u>65.3</u></b>
<b>Corporate</b>	
Prime commission	8.7
Overdraft, non-utilisation and renewal fees	4.3
Enhanced corporate online banking product fee	5.9
Forex interest income from currency assets	1.6
Other fees	7.7
Treasury income	1.8
Third party sales income (other commission)	1.2
Commission received	31.2
Commission paid (including giro paid, BACS and paypoint)	(6.5)
<b>Total Corporate</b>	<b><u>24.7</u></b>
<b>Optimum and Illius</b>	
Third party income	1.3
Mortgage fee income	2.4
Illius rental income/Illius revaluation	(14.5)
Set-up costs	(0.6)
<b>Non interest income</b>	<b><u>(11.4)</u></b>

## Disclaimer

This information has not been confirmed or verified in any way by the Bank, the Co-operative Group Limited (the “**Co-operative Group**”), the Bondholders or their respective representatives and no representation or warranty is made concerning its accuracy. Nothing herein should be considered investment advice or a recommendation to buy or sell any specific securities. The Bondholders disclaim any duty to update any opinions, information or other statements contained herein.

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In particular, this announcement does not constitute an offer for sale of, or a solicitation to purchase or subscribe for, any securities in the United States. No securities of Co-operative Group or the Bank have been, or will be, registered under the US Securities Act of 1933, as amended (the "Securities Act"), and securities of Co-operative Group or the Bank may not be offered or sold in the United States absent an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Co-operative Group and the Bank securities will be offered by means of a prospectus or Scheme document that may be obtained from the Bank and/or Co-operative Group, as applicable.