

## Disclaimer

Neither this announcement, the publication in which it is contained nor any copy of it may be taken, transmitted or distributed, directly or indirectly, into Australia, New Zealand, South Africa, Hong Kong, Japan, Canada, Switzerland or the United States or any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. Any failure to comply with this restriction may constitute a violation of securities laws in those jurisdictions. The distribution of this document in other jurisdictions may also be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

## The Co-operative Bank p.l.c.

25 September 2015

### Securitisation of an Additional £1.65bn of Non-Core Mortgage Assets

The Co-operative Bank p.l.c. (the "Bank") announces further progress with the implementation of its turnaround plan. Today the Bank closed its second whole structure securitisation of part of its non-core Optimum residential mortgages portfolio via Warwick Finance Residential Mortgages Number Two PLC ("Warwick Finance Two").

The successful closure of this second transaction means the Bank has now securitised almost half of the Optimum portfolio (£3.14bn) within the last six months. Warwick Finance Two has issued rated RMBS and residual certificates to investors backed by a portfolio of £1.65bn residential mortgages (with a cut-off date of 1st September 2015). The transaction satisfies risk retention requirements under CRR in relation to the securitised portfolio. In addition, the Bank has retained 80% of the Class A Notes upon settlement. The Class A Note retention is the only position retained by the Bank within the Warwick Finance Two capital structure.

The deleveraging of the Optimum portfolio, which is particularly susceptible to severe economic stresses, is a key component of the Bank's plan to increase its capital resilience. The initial £1.5bn securitisation of the non-core Optimum residential mortgages portfolio in May 2015 contributed significantly to the Bank's improved core equity tier one ("CET1") ratio which stood at 14.9% as at June 30, 2015 (from 13.0% as at December 31, 2014). The Warwick Finance Two transaction's pro forma impact would have increased the Bank's 30 June, 2015 CET1 ratio by approximately 0.9%, from 14.9% to 15.8%.

As stated previously, in the short to medium term the Bank's CET1 ratio is still expected to reduce from its pro forma level before it improves, as the impact of RWA reduction is outweighed by expected losses.

Niall Booker, Chief Executive Officer, said: "The successful completion of this transaction further demonstrates the steady and real progress we are making in meeting our commitments by delivering our plan to reduce our risk weighted assets to build the Bank's capital resilience under stress. There is, of course, further work ahead to de-risk the Bank but we are pleased to have successfully securitised almost half of the Optimum portfolio since accelerating our plan to reduce RWAs, particularly given the capital market headwinds in this period. The reduction in non-core assets is a key part of the turnaround plan, not only in de-risking the Bank but also in enabling the creation of an economically viable standalone bank, distinguished by our adherence to values and ethics. Future deleveraging may, of course, be subject to some level of market risk but we remain on track to reduce total RWAs in line with our plan."

#### Investor enquiries:

Jonathan Berger, Head of Investor Relations: +44 (0) 7595 567 502

#### Media enquiries:

David Masters: +44 (0) 7825 427 514

Tony Langham: +44 (0) 7979 692 287

### **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.