

The Co-operative Bank p.l.c.

28 July 2017

Calico Regulatory Call option

On 26 June 2017, The Co-operative Bank p.l.c. (the "Bank") announced a potential regulatory call of notes issued by Calico Finance Number One Limited ("Calico"). The notes issued by Calico are referred to herein as the "Calico Notes". The announcement of the potential exercise of such call was an updated assumption to the Bank's 2017-2021 strategic plan and was stated to be subject to regulatory consent.

The Bank has since received confirmation from the Prudential Regulation Authority (the "PRA") that Calico does not achieve significant risk transfer ("SRT") to third parties within the meaning of the Capital Requirements Regulation ("CRR"). As a consequence, the Bank will no longer receive any RWA benefit from the Calico transaction. The impact of Calico not meeting SRT requirements would have seen a reduction in the Bank's CET1 ratio of approximately 0.8% as at 31 December 2016. Following this SRT determination and the demonstrable adverse effect on the capital position of the Bank, the Bank requested that the PRA consent to the exercise of the regulatory call of the Calico Notes. The Bank has since received confirmation in writing from the PRA that the PRA has no objection to the Bank effecting a regulatory call of Calico, subject to the transaction's terms and conditions.

Accordingly, the Bank intends to exercise the regulatory call option under the Credit Default Swap ("CDS") entered into between the Bank and Calico in relation to the Calico Notes. Such termination will lead to a redemption in full of the Calico Notes which remain outstanding as at the date of redemption. The Bank anticipates executing the redemption of the Calico Notes on 21 September 2017, following prior formal notices as governed by the terms and conditions of the Calico Notes and the CDS at the appropriate time.

This announcement contains inside information. The person responsible for arranging the release of this announcement on behalf of the Bank is John Worth, Chief Financial Officer.

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

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.'s eligible customers are protected by the Financial Services Compensation Scheme in the UK, in accordance with its terms.