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24 September 2020

The Co-operative Bank p.l.c. announces cash tender offer for its £600,000,000 Series 2011-1 Fixed Rate Global Covered Bonds due 2021

The Co-operative Bank p.l.c.¹ (the **Bank**) today announces an invitation to holders of its outstanding £600,000,000 Series 2011-1 Fixed Rate Global Covered Bonds due 2021 irrevocably and unconditionally guaranteed as to payment of principal and interest by Moorland Covered Bonds LLP (the **Guarantor**) (ISIN: XS0703266477) (the **Covered Bonds**) to tender any and all such Covered Bonds for purchase by the Bank for cash (such invitation, the **Offer**).

The Offer is being made on the terms and subject to the conditions contained in the tender offer memorandum dated 24 September 2020 (the **Tender Offer Memorandum**) prepared by the Bank in connection with the Offer, and is subject to the offer restrictions set out below and as more fully described in the Tender Offer Memorandum. For detailed terms of the Offer, please refer to the Tender Offer Memorandum, copies of which are (subject to distribution restrictions) available from the Tender Agent as set out below.

Capitalised terms used but not otherwise defined in this announcement shall have the meanings given to them in the Tender Offer Memorandum.

Summary of the Offer

A summary of certain of the terms of the Offer appears below:

Description of the Covered Bonds	ISIN / Common Code	Outstanding Nominal Amount	Benchmark Security	Purchase Spread	Amount subject to the Offer
£600,000,000 Series 2011-1 Fixed Rate Global Covered Bonds due 2021	XS0703266477 / 070326647	£600,000,000	3.75 per cent. UK Treasury Gilt due September 2021 (ISIN: GB00B4RMG977)	75 bps	Any and all

Rationale for the Offer

The Bank is conducting the Offer to provide Holders the opportunity to have their Covered Bonds repurchased whilst also optimising its liability base and future interest expense. The Bank currently expects that any Covered Bonds purchased by the Bank pursuant to the Offer will be cancelled and will not be re-issued or re-sold.

Purchase Price

The Bank will pay for any Covered Bonds validly tendered and accepted for purchase by it pursuant to the Offer a purchase price for such Covered Bonds (the **Purchase Price**) to be determined at or around 11.00 a.m. (London time) on 2 October 2020 (the **Pricing Time**) in the manner described in the Tender Offer Memorandum by reference to the annualised sum (such sum, the **Purchase Yield**) of (i) the purchase spread of 75 bps (the **Purchase Spread**) and (ii) the Benchmark Security Rate.

Accrued Interest

The Bank will also pay an Accrued Interest Payment in respect of any Covered Bonds accepted by it for purchase pursuant to the Offer.

Any and All Offer

If the Bank decides to accept valid tenders of any Covered Bonds for purchase pursuant to the Offer, it intends to accept for purchase all Covered Bonds that are validly tendered in full, with no *pro rata* scaling.

Tender Instructions

In order to participate in, and be eligible to receive the Purchase Price and the Accrued Interest Payment pursuant to the Offer, Holders must validly tender their Covered Bonds for purchase by delivering, or arranging to have delivered on their behalf, a valid Tender Instruction that is received by the Tender Agent by 4.00 p.m. (London time) on 1 October 2020 unless extended, re-opened, amended and/or terminated as provided in the Tender Offer Memorandum (the **Expiration Deadline**).

Tender Instructions will be irrevocable except in the limited circumstances described in the Tender Offer Memorandum.

Tender Instructions must be submitted in respect of a minimum nominal amount of Covered Bonds of no less than £100,000, being the minimum denomination of the Covered Bonds, and may be submitted in integral multiples of £1,000 thereafter.

Expected timetable of events

The anticipated transaction timetable is summarised below. These times and dates below are indicative only and subject to change:

Events

Times and Dates

(All times are London time)

Commencement of the Offer

Announcement of the Offer. Tender Offer Memorandum available from the Tender Agent (subject to the restrictions set out under "*Offer and Distribution Restrictions*" below).

24 September 2020

Expiration Deadline

Final deadline for receipt of valid Tender Instructions by the Tender Agent in order for Holders to be able to participate in the Offer.

4.00 p.m. on 1 October 2020

Pricing Time

Determination of the Benchmark Security Rate and calculation of the Purchase Yield and Purchase Price.

At or around 11.00 a.m. (London time) on 2 October 2020

Announcement of Results

Announcement by the Bank of whether it will accept valid tenders of Covered Bonds for purchase pursuant to the Offer and, if so accepted, the aggregate nominal amount of Covered Bonds accepted for purchase, the Benchmark Security Rate, the Purchase Yield and the Purchase Price.

As soon as reasonably practicable after the Pricing Time

Settlement Date

Expected Settlement Date for the Offer.

6 October 2020

The above times and dates are subject to the right of the Bank to extend, re-open, amend, and/or terminate the Offer (subject to applicable law and as provided in the Tender Offer Memorandum).

Holders are advised to check with any bank, securities broker or other intermediary through which they hold Covered Bonds when such intermediary would need to receive instructions from a Holder in order for that Holder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offer before the

deadlines specified in the Tender Offer Memorandum. **The deadlines set by any such intermediary and each Clearing System for the submission of Tender Instructions will be earlier than the relevant deadlines specified above.**

Announcements

Unless stated otherwise, announcements in connection with the Offer will be made by the Bank by (i) publication through RNS and (ii) the delivery of notices to the Clearing Systems for communication to Direct Participants. Such announcements may also be made (a) on the relevant Reuters Insider Screen and/or (b) by the issue of a press release to a Notifying News Service. Copies of all such announcements, press releases and notices can also be obtained upon request from the Tender Agent, the contact details for which are set out below. Significant delays may be experienced where notices are delivered to the Clearing Systems and Holders are urged to contact the Tender Agent for the relevant announcements during the course of the Offer. In addition, Holders may contact the Dealer Managers for information using the contact details set out below.

Holders are advised to read carefully the Tender Offer Memorandum for full details of and information on the procedures for participating in the Offer.

Further Information

HSBC Bank plc and NatWest Markets Plc are acting as Dealer Managers for the Offer and Lucid Issuer Services Limited is acting as Tender Agent.

Questions and requests for assistance in connection with the Offer may be directed to the Dealer Managers:

HSBC Bank plc (Attention: Liability Management Group; Telephone: +44 (0) 20 7992 6237; Email: LM_EMEA@hsbc.com) and **NatWest Markets Plc** (Attention: Liability Management; Telephone: +44 (0) 20 7678 5222; Email: LiabilityManagement@natwestmarkets.com).

Questions and requests for assistance in connection with the procedures for participating in the Offer, including the delivery of Tender Instructions, may be directed to the Tender Agent:

Lucid Issuer Services Limited (Attention: Owen Morris; Telephone: +44 (0) 20 7704 0880; Email: co-op@lucid-is.com).

¹ LEI: 213800TLZ6PCLYPSR448

MARKET ABUSE REGULATION: This announcement is released by The Co-operative Bank p.l.c. and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (**MAR**), encompassing information relating to the Offer described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Gary McDermott, Treasurer and Head of Investor Relations at the Bank.

DISCLAIMER *This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Offer. If any Holder is in any doubt as to the contents of this announcement and/or the Tender Offer Memorandum or the action it should take, it is recommended to seek its own financial and legal advice, including in respect of any tax consequences, immediately from its broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Any individual or company whose Covered Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to tender such Covered Bonds pursuant to the Offer. The Dealer Managers are acting exclusively for the Bank and no one else in connection with the arrangements described in this announcement and the Tender Offer Memorandum and will not be responsible to any Holder for providing the protections which would be afforded to customers of the Dealer Managers or for advising any other person in connection with the Offer. None of the Bank, the Dealer Managers or the Tender Agent or any director, officer, employee, agent or affiliate of any such person has made or will make any assessment of the merits and risks of the Offer or of the impact of the Offer on the interests of the Holders either as a class or as individuals, and none of them makes any recommendation as to whether Holders should tender Covered Bonds pursuant to the Offer. None of the Bank, the Dealer Managers or the Tender Agent (or any of their respective directors, officers, employees, agents or affiliates) is providing Holders with any legal, business, tax or other advice in this announcement and/or the Tender Offer Memorandum. Holders should consult with their own advisers as needed to assist them in making an investment decision and to advise them whether they are legally permitted to tender Covered Bonds for cash. None of the Dealer Managers and the Tender Agent accepts any responsibility for the contents of this announcement or the Tender Offer Memorandum.*

Offer and Distribution Restrictions

General. Neither this announcement nor the Tender Offer Memorandum constitutes an invitation to participate in the Offer in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this announcement and/or the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer Memorandum come(s) are required by each of the Bank, the Dealer Managers and the Tender Agent to inform themselves about, and to observe, any such restrictions. Neither this announcement nor the Tender Offer Memorandum constitutes an offer to buy or a solicitation of an offer to sell Covered Bonds (and tenders of Covered Bonds in the Offer will not be accepted from Holders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer and either Dealer Manager or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, the Offer shall be deemed to be made by such Dealer Manager or such affiliate, as the case may be, on behalf of the Bank in such jurisdiction.

United States. The Offer is not being made, and will not be made, directly or indirectly in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Covered Bonds may not be tendered in the Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States. Accordingly, copies of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States. Any purported tender of Covered Bonds in the Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Covered Bonds made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted. Each Holder participating in the Offer will represent that it is not located in the United States and it is not participating in the Offer from the United States, or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Offer from the United States. For the purposes of this paragraph, **United States** means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

Italy. None of the Offer, this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer has been or will be submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa (CONSOB)* pursuant to Italian laws and regulations. The Offer is being carried out in the Republic of Italy (**Italy**) as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of 14 May 1999, as amended. Holders or beneficial owners of the Covered Bonds that are located in Italy may tender their Covered Bonds in the Offer through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority. Each intermediary must comply with the applicable laws and regulations concerning information duties *vis-à-vis* its clients in connection with the Covered Bonds and/or the Offer.

United Kingdom. This announcement and the Tender Offer Memorandum have been issued by The Co-operative Bank p.l.c. of 1 Balloon Street, Manchester, M60 4EP, United Kingdom which is authorised by the Prudential Regulation Authority (the **PRA**) of 20 Moorgate, London EC2R 6DA, United Kingdom and regulated by the Financial Conduct Authority (the **FCA**) of 12 Endeavour Square, London E20 1JN, United Kingdom and the PRA. Each of this announcement and the Tender Offer Memorandum is only addressed to Holders where they would (if they were clients of the Bank) be *per se* professional clients or *per se* eligible counterparties of the Bank within the meaning of the FCA rules. Neither this announcement nor the Tender Offer Memorandum is addressed to or directed at any persons who would be retail clients within the meaning of the FCA rules and any such persons should not act or rely on it. Recipients of this announcement and/or the Tender Offer Memorandum should note that the Bank is acting on its own account in relation to the Offer and will not be responsible to any other person for providing the protections which would be afforded to clients of the Bank or for providing advice in relation to the Offer. The communication of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer is not being made, and this announcement and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials relating to the Offer are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial

promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Financial Promotion Order**)), persons who are within Article 43 of the Financial Promotion Order (which includes an existing creditor of the Bank and, therefore, includes the Holders) or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

France. This announcement, the Tender Offer Memorandum and any other document or material relating to the Offer have only been and shall only be distributed in France to qualified investors as defined in Article 2(e) of the Regulation (EU) 2017/1129. Neither this announcement nor the Tender Offer Memorandum has been or will be submitted for clearance to nor approved by the *Autorité des Marchés Financiers*.