Our Ethical Policy. Our customers shaped it. We live by it.

For all the right reasons.

The co-operative bank
co-operativebank.co.uk

2014 Full Year Results

27 March 2015

74,187 participants took part in our Ethical Poll in June 2014.

Agenda

1)	Introduction	Dennis Holt
2)	CEO update	Niall Booker
3)	Financial performance	John Baines
4)	Conclusion	Niall Booker
Q&A		

Section 1

Introduction

Dennis Holt

Section 2

CEO update

Niall Booker

Key highlights

Liquidity and capital
- Rebuilt CET1 ratio to 13.0% in order to execute plan
- Stable liquidity – liquid asset buffer reduced by £1.0bn to £6.6bn from 30 June 2014

Core Business rebuild started
- Asset origination improving
- Managed reduction in deposit levels to £28.4bn alongside ongoing reduction in funding costs
- Brand relaunch and improved digital offering

Cost reduction
- Programme on track - rationalisation of branch network, simplification of product offering, efficiency improvements

Non-core Business deleveraging
- Deleveraging is ahead of plan enhancing capital resilience
- Plan includes accelerated RWA reduction

Operational resilience
- Continuing focus on strengthening platform and processes
- Significant IT investment announced in January 2015

Co-operative Values and Ethics
- Embedding of Co-operative values
- New Ethical Policy launched in January 2015

Back to business

Overarching strategy remains the same

Faster deleveraging going forward enhancing capital resilience

Leverage brand strength and high levels of customer satisfaction

Reduce overall risk profile
Capital and resilience of its day-to-day business, liquidity

Reduce risk-weighted assets
Minimise impact on capital

Act in accordance with Co-operative values and ethical principles
Doing the right thing by our customers

CORE BUSINESS

Simplify and focus on retail & SME customers
Enhance returns

NON-CORE BUSINESS

Actively manage to achieve the most appropriate value for each portfolio or target for run down or exit
Taking into consideration liquidity and capital requirements

Efficient and profitable bank underpinned by Co-operative values focused on retail and SMEs

Can now move towards building profitability in the longer term

Back to business

Ordinary course banking operations now the focus

2013

- New executive management team appointed
- Balance sheet was managed for liquidity during the crisis
- Key priority was to improve capital position
- Turnaround strategy formulated
- Liability Management Exercise completed

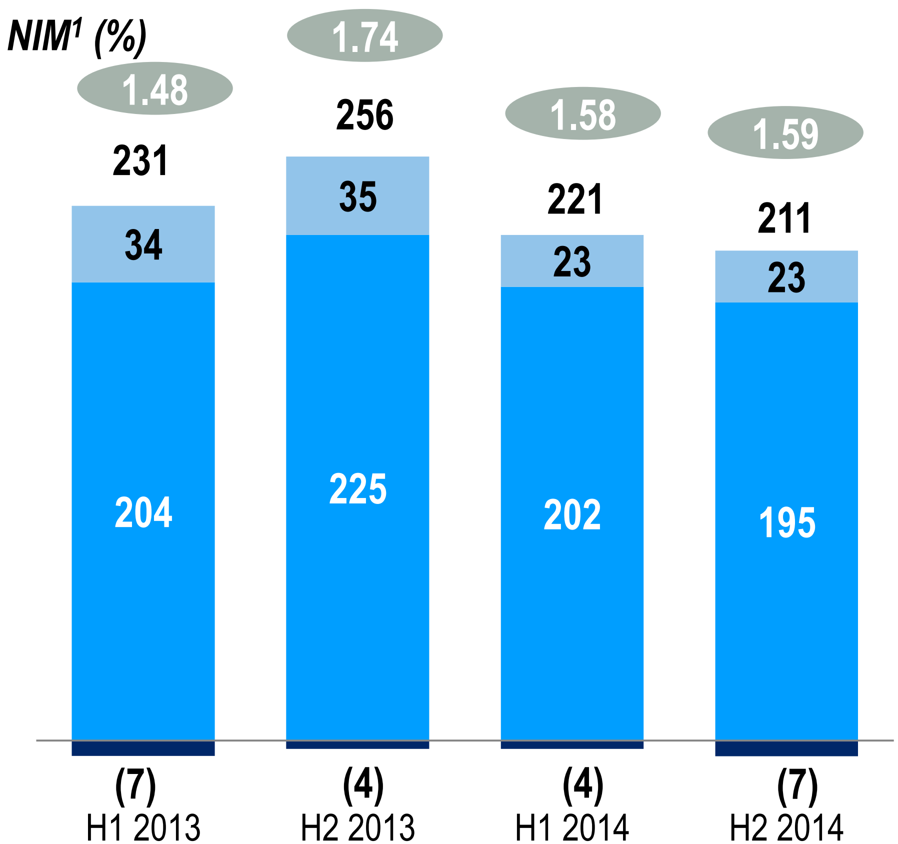
2014 – Present Day

- Additional capital injections completed
- Bank stabilising
- Traction on cost reduction
- Began digital investment
- Non-core deleveraging
- Managed reduction of excess liquidity
- Improved origination pipeline
- Brand relaunch

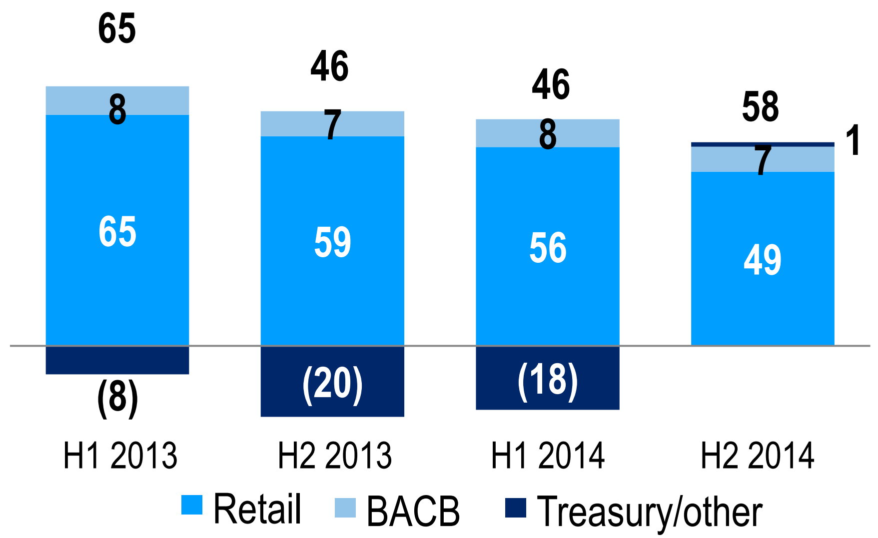
Core Business — Revenue

NIM held back as a result of lower BACB deposits and excess liquidity, NII lower due to balance sheet contraction

Net Interest Income (£m)



Other Income (£m)



- Plan to improve NIM primarily driven by deposit pricing and long term reduction in liquidity

1 Includes Retail, BACB and Treasury/other

Core Business — Key cost levers

Cost savings programme and IT transformation is in execution

COST SAVINGS

INVESTMENT

Branch, ATM, CBC closures

- 345 branches at start of 2013; 291 at end of 2013
- 2014 saw a reduction to 222
- 57 branch closures announced for 2015 (to 165)

Third party spend

- Outsourced procurement function
- Ability to now negotiate market rates

Process improvements and simplification

- Further simplify the overall product offering
- Create an agile and responsive organisation

Remediation, integration, resiliency

- IT investments focused on improving resiliency, capability and process
- IBM contract announced in January 2015

Digital catch-up

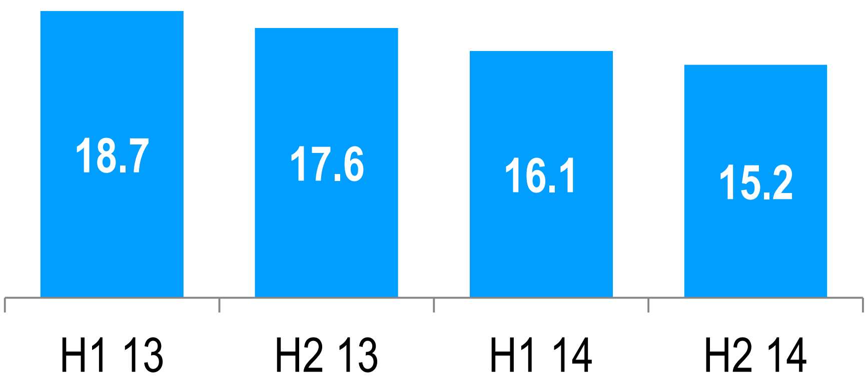
- New mobile app launched in March 2014 - now has more than 275,000 active users
- Improved internet banking launched in Dec 2014

Target core bank cost income ratio of <60% in the longer term

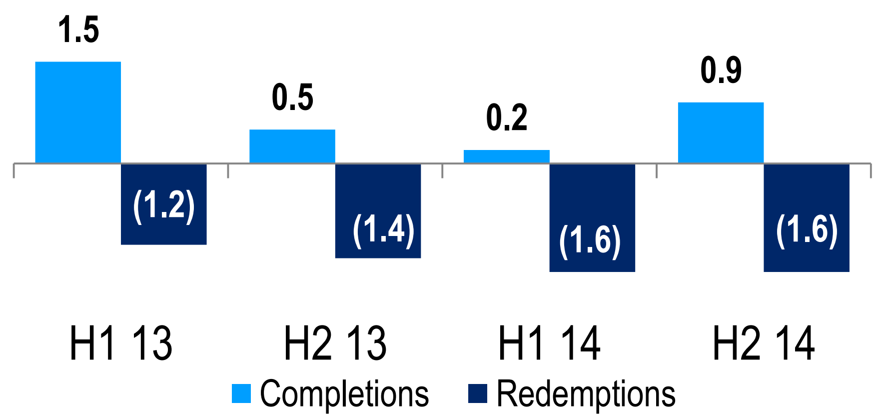
Core Business — Loans

Loan book remains high quality. New originations recovering to required levels

Net Customer Loans (£bn)



Mortgage Flow (£bn)



2014

- Increased redemptions in line with product maturities and mobility of credit worthy customers
- Limited capacity to both retain and grow via the branch network
- Became more competitive in the intermediary market in H2 2014

Outlook

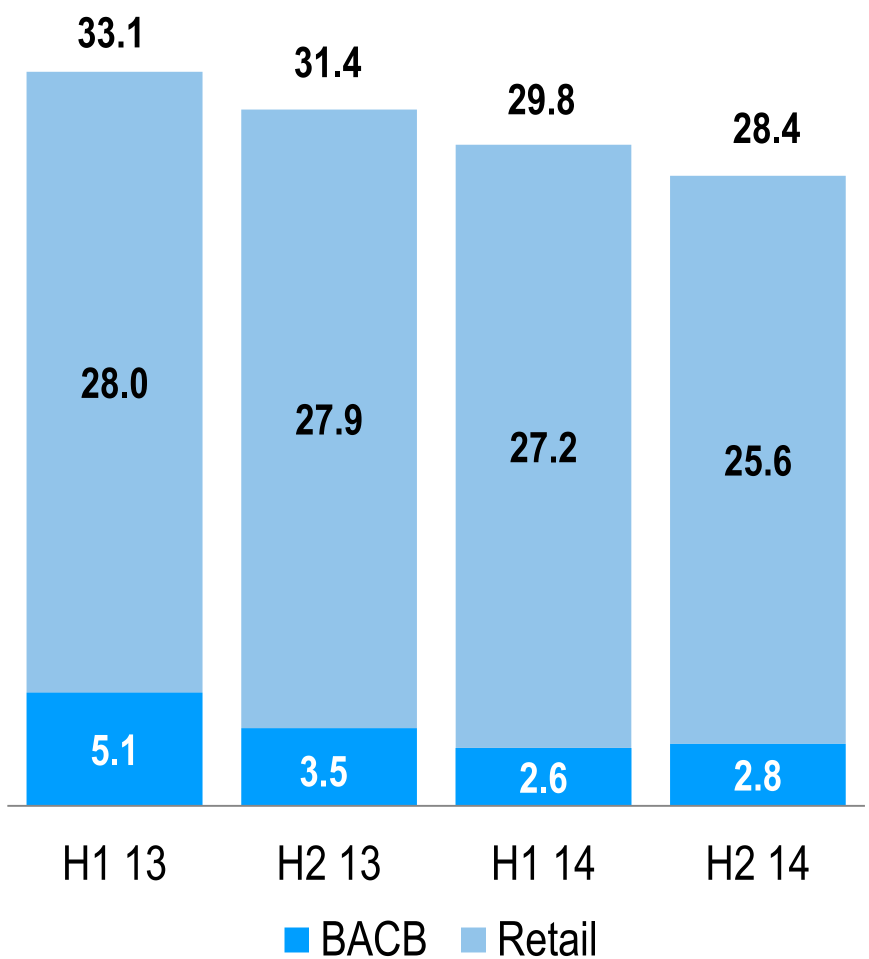
- Stabilising the balance sheet as completions match redemptions in 2015 also reflecting brand recovery

Customer assets stable in 2015 with controlled customer lending growth from 2016

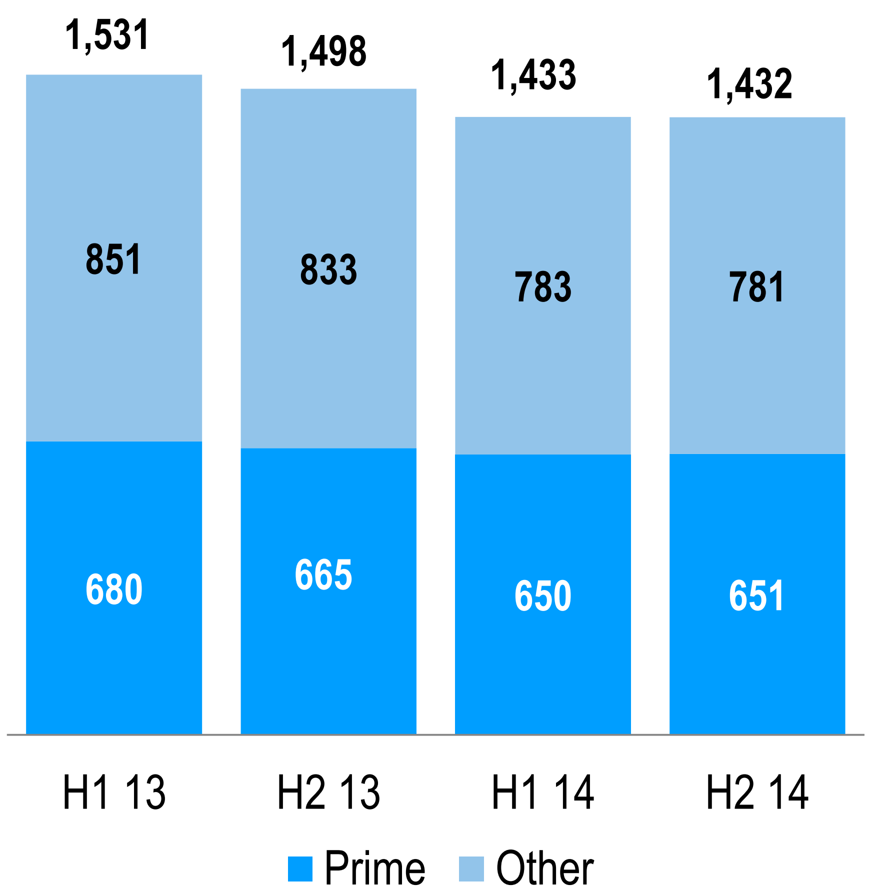
Core Business — deposits

Managed reduction in deposit base while maintaining a good quality current account portfolio

Deposits (£bn)



Current Accounts (thousands)



Current account franchise stabilised

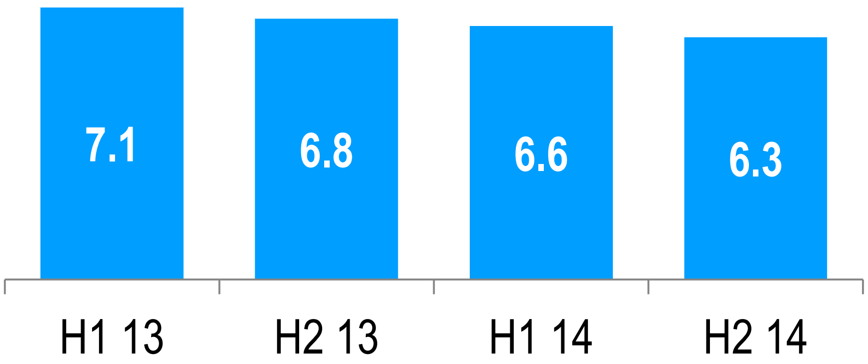
Note: Excludes Treasury/other

Non-core Business

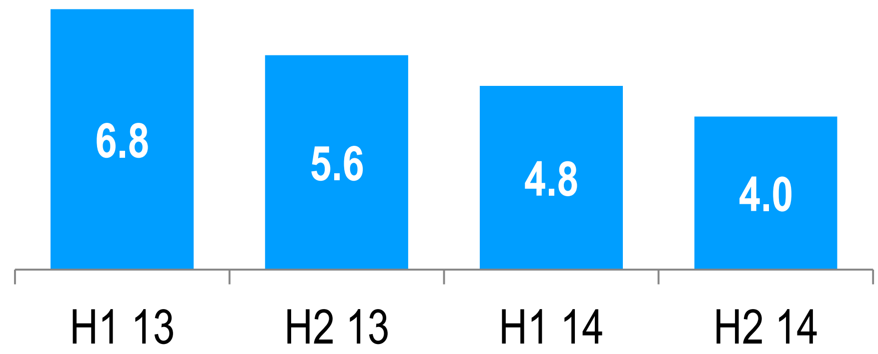
Successful deleverage of Non-core has improved resilience to severe stress

Non-core deleveraging ahead of plan: £10.3bn total net loans vs. £11.0bn target

Non-core Net Loans - Optimum (£bn)



Non-core Net Loans - Other (£bn)



Accelerated deleveraging through Optimum disposal programme. First transaction in H1 2015

Targeted reduction of non-core RWAs to £2.0bn by 2016 with further potential to accelerate

By 2018 non-core expected to account for c. 10% of total bank RWAs (58% in 2014)

Non-core Net Loans – Optimum is total Optimum assets excluding GICs
Non-core Net Loans – CRE, Corporates, PFI and other

Embedding the risk management framework

Still facing substantial risks but progress has been made

Credit risk	• Reducing as higher risk assets are deleveraged
Liquidity and funding risk	• Liquidity sound and capital position rebuilding
Market risk	• Deleveraging strategy dependant on market conditions
Operational risk	• IT remediation and separation challenges remain
Reputational risk	• Brand relaunch has reinforced ethical reputation
Strategic and business risk	• Turnaround plan is in early stages of execution
People risk	• Risk of being unable to retain and attract talent
Regulatory risk	• Regulatory change, as well as scrutiny, remains
Conduct risk	• Provision charges reduced but CCA exposure continues
Pension risk	• Separation issues and scheme deficits remain

Brand relaunch and Ethical Policy

We are committed to retaining Co-operative values and ethical principles

74,187 participants took part in our Ethical Poll in June 2014.
The Co-operative Bank p.l.c., P.O. Box 101, 1 Balloon Street, Manchester M60 4EP. Registered in England and Wales no.990937.

Section 3

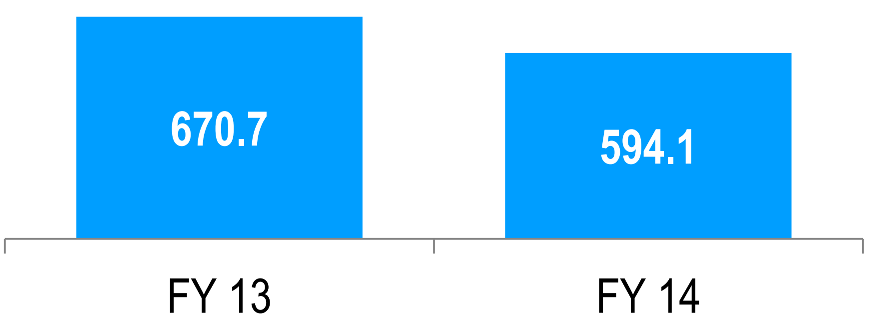
Financial performance

John Baines

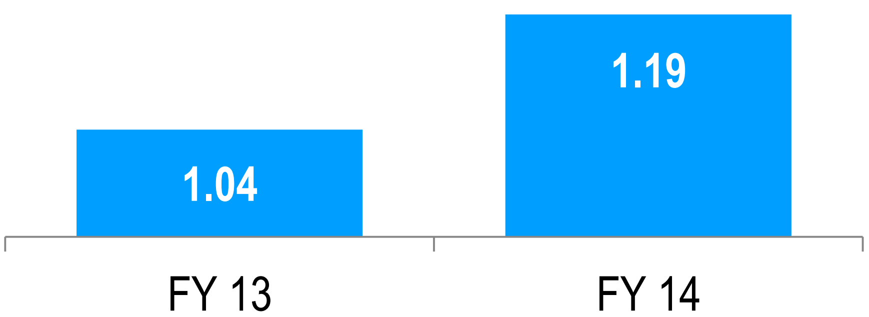
2014 Income statement highlights

Improved profitability due to reduced impairments partially offset by reduced income from lower assets and high project costs

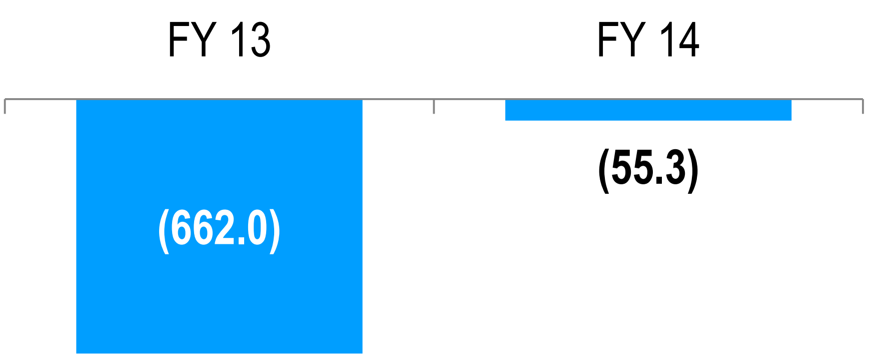
Operating Income (£m)



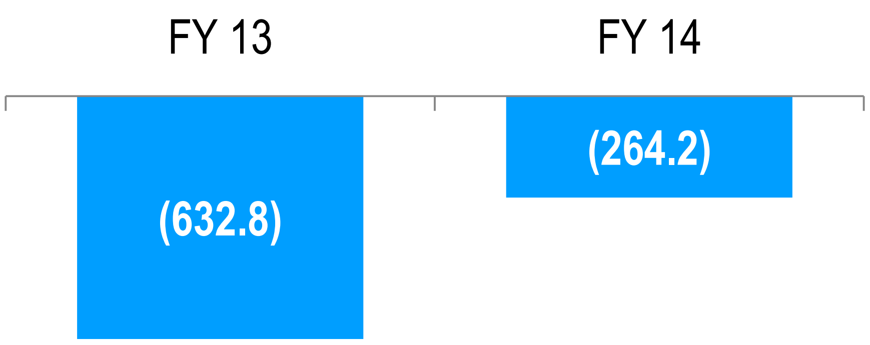
NIM (%)



Operating Result (£m)



Profit (Loss) Before Tax (£m)

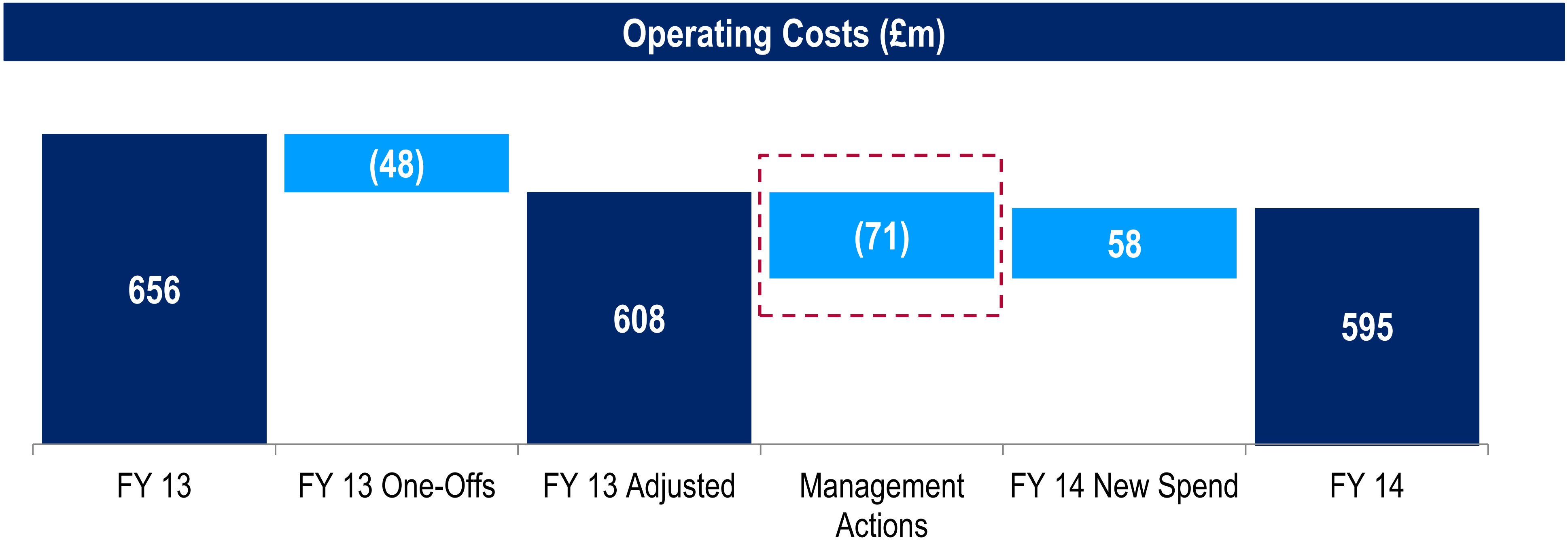


Expect to be loss making in 2015 and 2016

Targeting low double digit RoE in the longer term

Operating costs bridge

£61m cost reduction year on year. Savings partly offset by one-offs



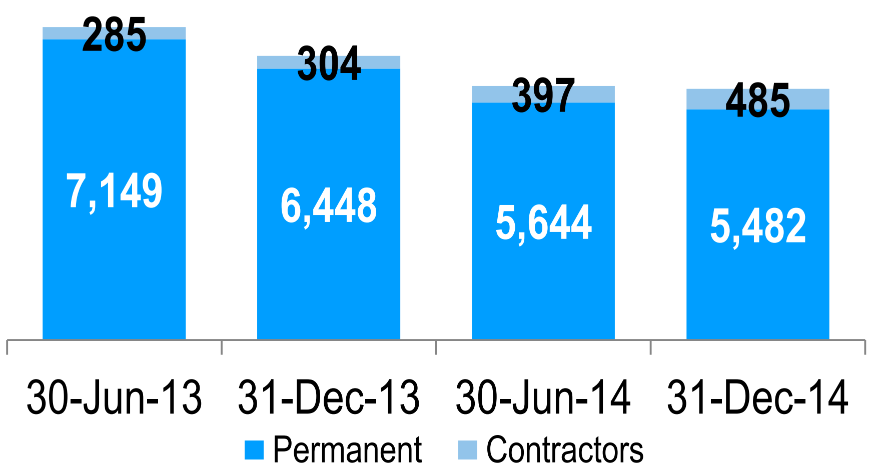
- Management actions starting to deliver savings – £71m of "in-year" cost saving initiatives delivered in 2014:
  - c. £20m – process improvement and simplification
  - c. £25m – reduced third party spend from active management of supplier contracts and ATM closures
  - c. £26m – 69 branch closures, enhanced Fraud detection and recovery processes and other cost reductions
- FY 14 New Spend includes marketing, separation costs and regulatory items

£325m – £350m target operating cost base by end of 2018

Operating costs – staff

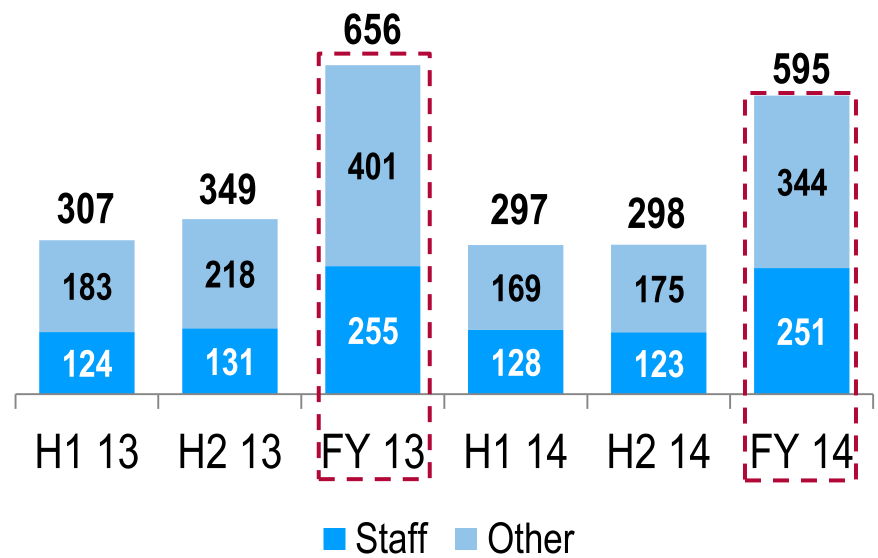
Headcount reductions and branch closures are starting to deliver sustainable cost reductions

FTE Headcount



Excludes project staff

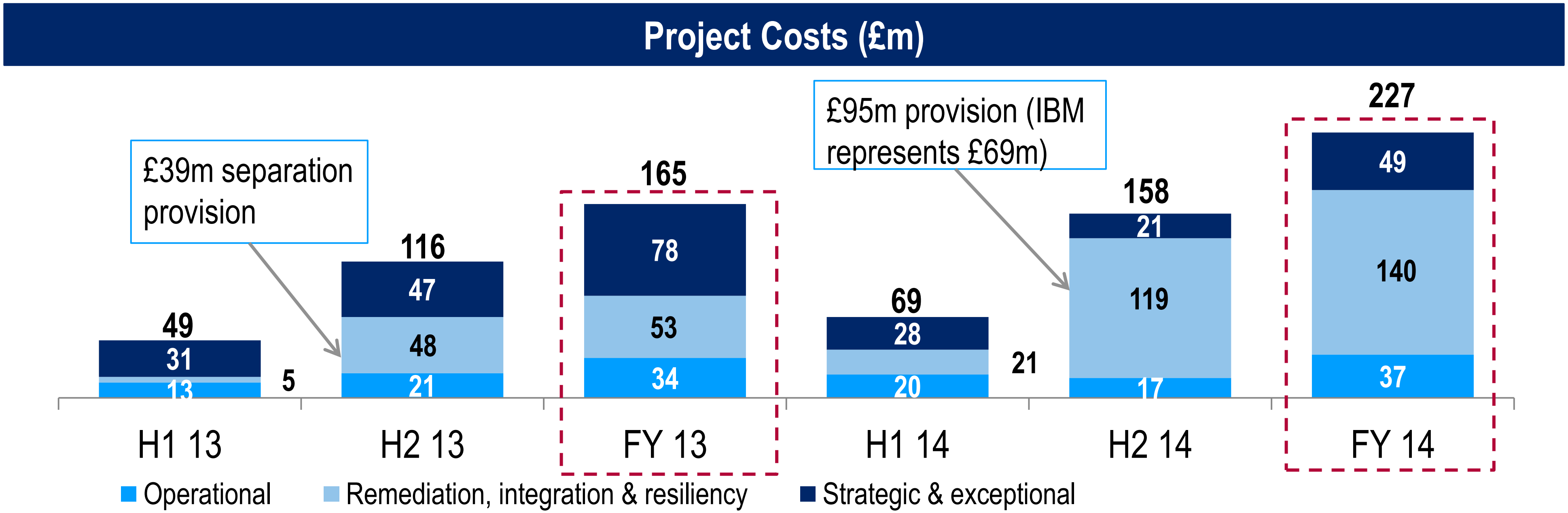
Operating Costs (£m)



- Permanent staff year on year reduction of 15% - contractors increased year on year to support Bank transition
- Net £4m reduction in staff costs:
  - £21m reduction in direct staff costs excl. pension, offset by
  - £5m increase in pension provision and £12m increase in contractor costs

Project costs

Delivering resilience, cost reduction and proposition development



Operational	Remediation, integration and resiliency	Strategic & exceptional
• Remained flat 2014 • Process improvements • Regulatory changes – MMR, MCOB, FINREP, CPP, ICAAP	• Increased significantly in 2014 • IT remediation and separation from Co-operative Group • IBM outsourcing contract announced in January 2015	• Reduced significantly in 2014 as 2013 had provisions for branch closures and Project Verde • Digital catch up • Severance costs

In January 2015, announced total project costs for 2014 to 2016 of £680m

Total remaining project costs of c. £450m for 2015-16 – two thirds in 2015, rest in 2016

Income statement

Presented on a management accounts basis

Bank Performance (£m)	2013	2014	Change
Operating income	**670.7**	**594.1**	**(76.6)**
Operating costs	(655.9)	(594.6)	61.3
Project costs	(164.7)	(226.5)	(61.8)
Impairment gains (losses)	(512.1)	171.7	683.8
Operating result	**(662.0)**	**(55.3)**	**606.7**
FSCS levy	(24.1)	(24.4)	(0.3)
Share of profits from JVs	0.7	0.6	(0.1)
Intangible asset impairment	(148.4)	-	148.4
Conduct / legal risk	(411.5)	(101.2)	310.3
LME	688.3	-	(688.3)
Fair value amortisation	(75.8)	(83.9)	(8.1)
Loss before taxation	**(632.8)**	**(264.2)**	**368.6**

Net impairment write back largely as a result of active management and improved economic conditions. Almost all from Non-core

Conduct provision charges materially lower

Unwind of the fair value adjustments associated with the merger with and Britannia Building Society continues to impact the income statement

These numbers are presented on a management accounts basis. A reconciliation of these numbers to the statutory accounts basis is provided in the segmental information in note 4. 2013 comparatives have been restated as described in note 3

Business segmental contribution

Significant impairment write backs offset by reduced core business contribution led to significantly improved operating result

Bank Operating Result (£m)

	2013	2014	Change
Retail contribution	341.7	341.5	(0.2)
BaCB contribution	55.7	47.5	(8.2)
Core ex. Treasury / other	**397.4**	**389.0**	**(8.4)**
Treasury / Other contribution	(16.4)	(51.9)	(35.5)
Core contribution result	**381.0**	**337.1**	**(43.9)**
Non-core contribution result	**(469.5)**	**203.1**	**672.6**
Operations & central costs	(408.8)	(369.0)	39.8
Project costs	(164.7)	(226.5)	(61.8)
Operating result	**(662.0)**	**(55.3)**	**606.7**

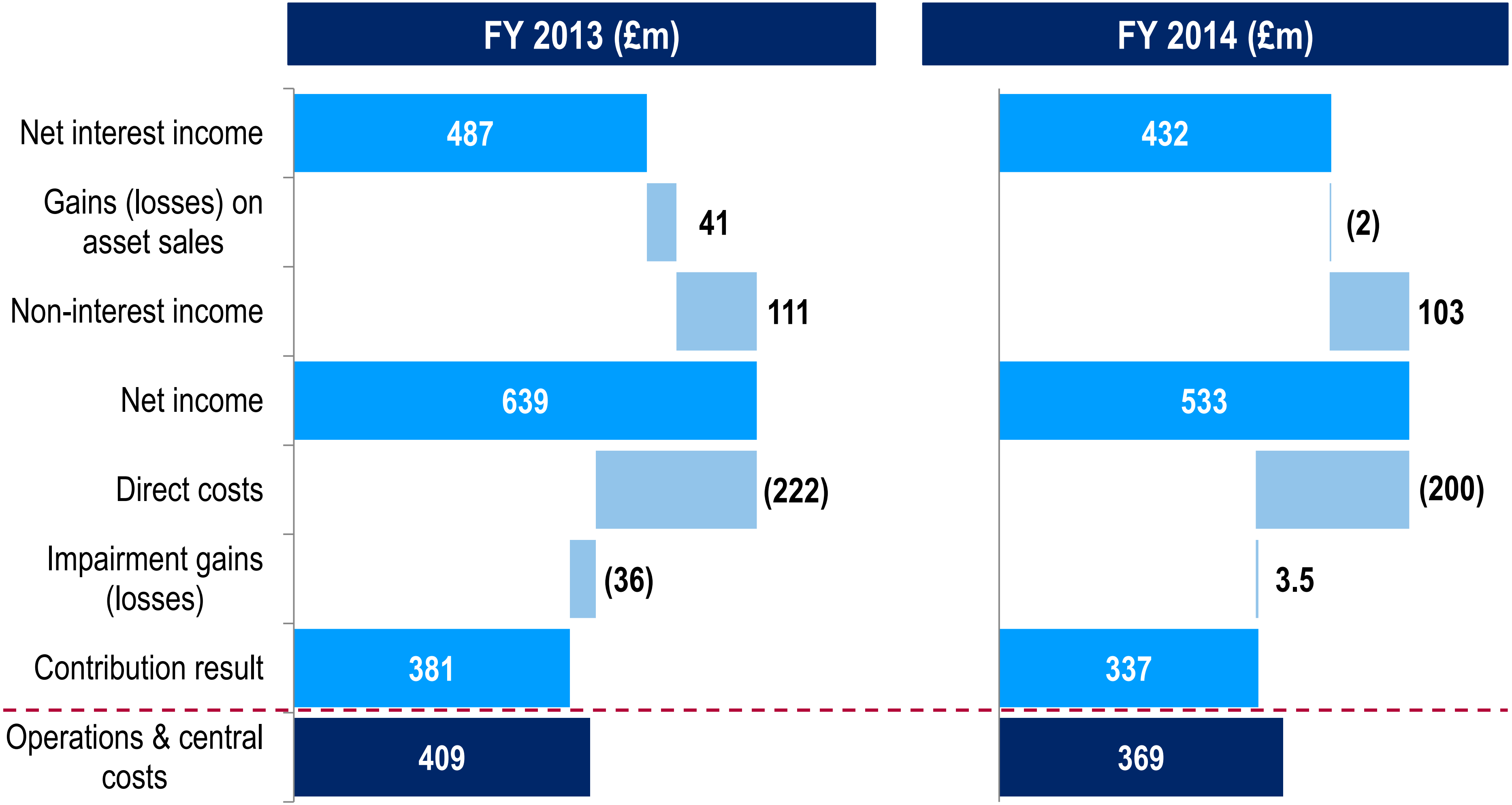
Decrease due to a reduction in income, partially offset by net impairment write backs and lower direct costs

Loss reflecting the change in both the asset and liability mix and allocation of liquidity costs

Significant improvement driven by net impairment write backs

Core Business — Contribution

Net interest income primarily reflects lower mortgage balances



Core net interest income low single digit growth in 2015 – high single digit growth in 2016

Core non-interest income declines by c. 50% in 2015 – stable in 2016

Note: Operations & central costs have not been allocated to either core or non-core. Core will represent vast majority of cost base in the longer term

Non-core Business — Contribution

Significant improvement driven by net impairment writebacks

Non-core Contribution (£m)

	2013[1]	2014	Change
Net interest income	(3.8)	48.6	52.4
Gains (losses) on asset sales	-	(12.3)	(12.3)
Non-interest income	35.7	24.7	(11.0)
Net income	**31.9**	**61.0**	**29.1**
Direct costs	(25.1)	(26.1)	(1.0)
Impairment gains (losses)	(476.3)	168.2	644.5
Contribution result	**(469.5)**	**203.1**	**672.6**

Net interest income for the Non-core has improved primarily as a result of the Optimum portfolio being charged a lower cost of funds in line with the Bank's reduced cost of internal funding

Active management and asset disposals at favourable prices resulted in the write back of impairment provisions

Valuations of assets have been revised

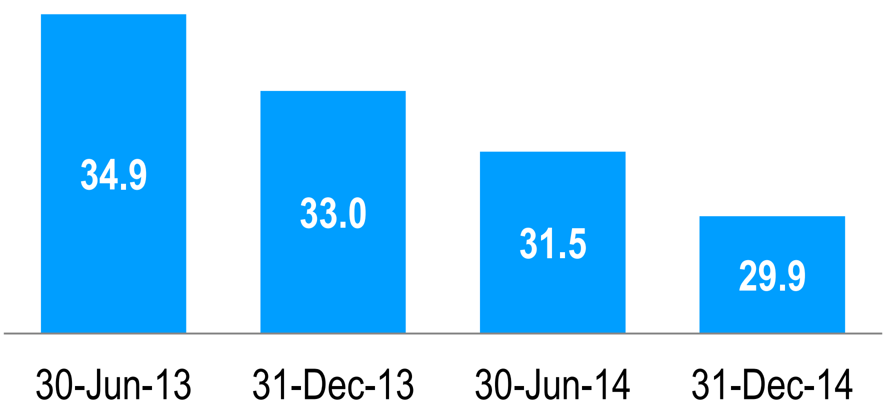
Writebacks (£m)	CoAM	Optimum	Total
Workout	98.1	0.0	98.1
Modelling	23.3	4.8	28.1
New Impairments	(18.7)	0.0	(18.7)
Revaluations	49.7	10.9	60.6
Gain (losses)	**152.5**	**15.7**	**168.2**

1. 2013 comparables have been restated – see Note 3 of the Annual Report & Accounts

2014 Balance sheet highlights

Balance sheet has reduced during the year

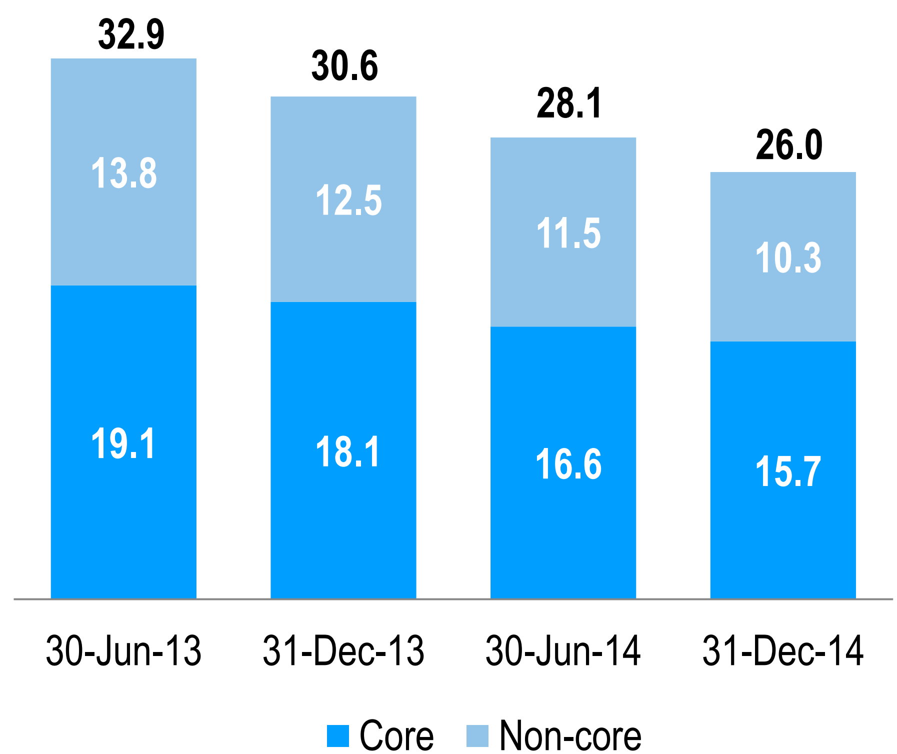
Customer Deposits (£bn)



Other Selected Balance Sheet Data

	31/12/13	**31/12/14**	*Change*
Equity	1.8[1]	2.0	*0.2*
Loan-to-deposit ratio[5]	92%	85%	*(7)pp*
NPL ratio[2,4]	11.4%	10.0%	*(1.4)pp*
NPL coverage ratio[3,4]	32.1%	26.8%	*(5.3)pp*

Net Customer Loans[6] (£bn)

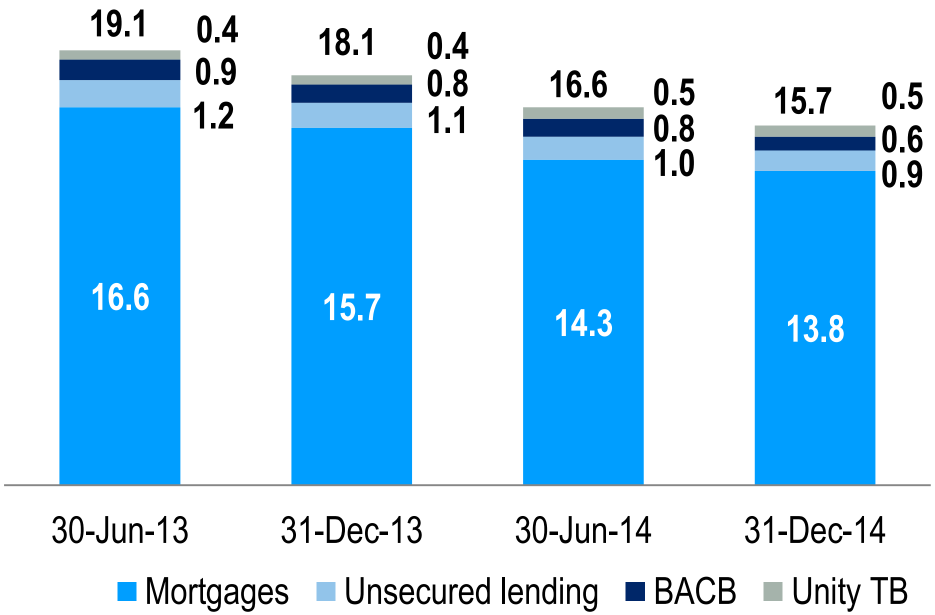


1 31-Dec-13 equity include Group's 2014 Contribution in full
2 Calculated as impaired customer balances (incl. watchlist) / gross customer balances
3 Calculated as allowance for losses (excluding losses for hedging risk) on customer balances / impaired customer balances (including watchlist)
4 Management reporting basis
5 LTD ratio calculated as net customer loans including fair value adjustments for hedged risk /customer deposits).
6 Core Business numbers include Unity Trust Bank (UTB)

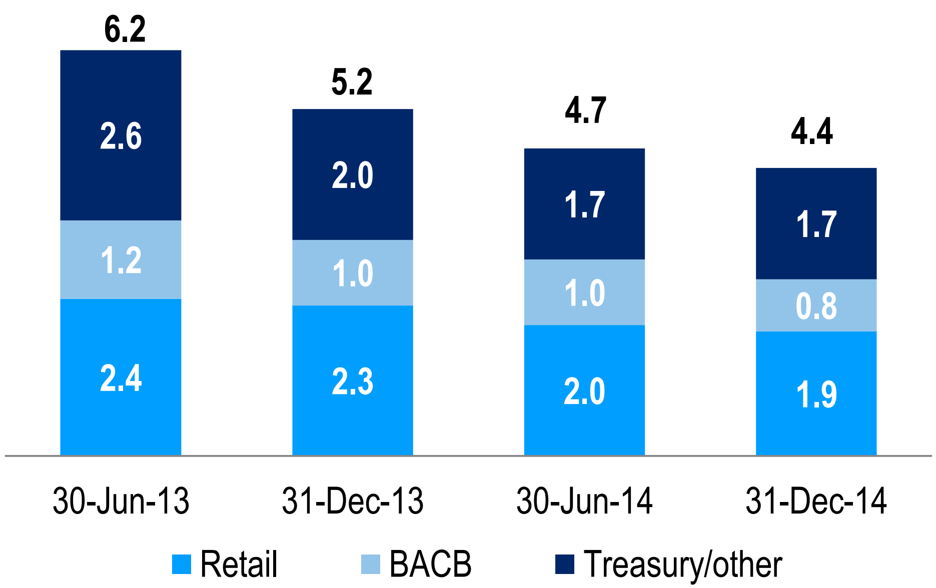
Core Business — Loans & RWAs

Net loans have reduced due to lower mortgage lending. RWAs have reduced in line accordingly

Net Loans (£bn)



Credit RWAs[1] (£bn)



- Reduction in mortgage lending as the Core bank was managed for liquidity had a significant impact in H1 14
- H2 saw the pipeline recover to required levels through both branches and the intermediary channel
- RWAs have fallen in line with net loans in retail (mortgages and unsecured lending), BACB and Treasury has been stable

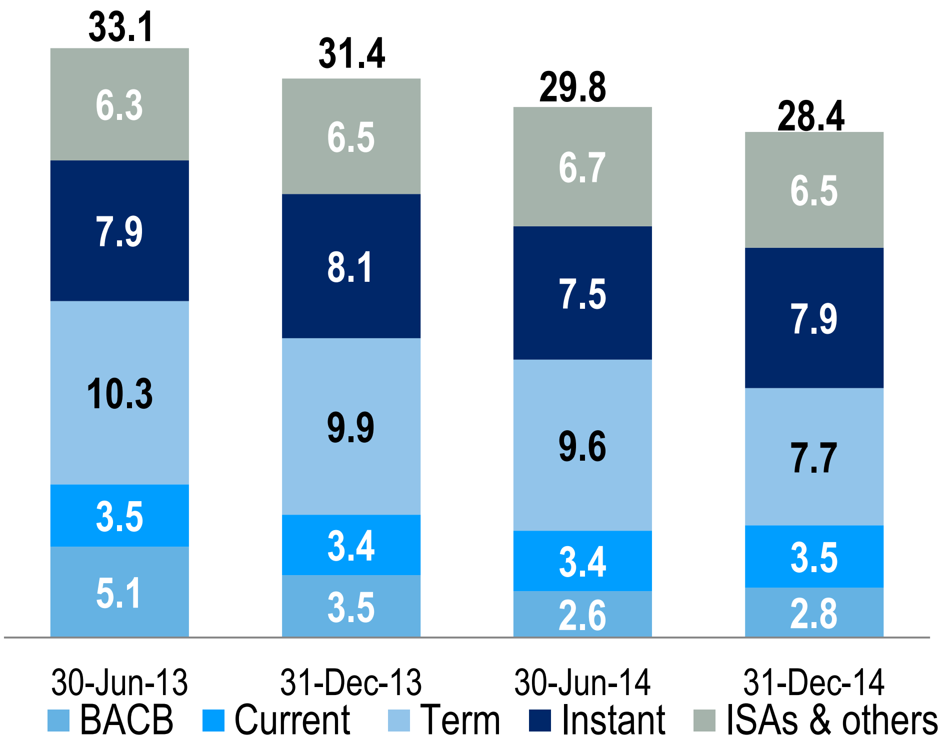
Controlled lending growth from 2016

1 CRD IV Credit RWAs (fully loaded rules basis)

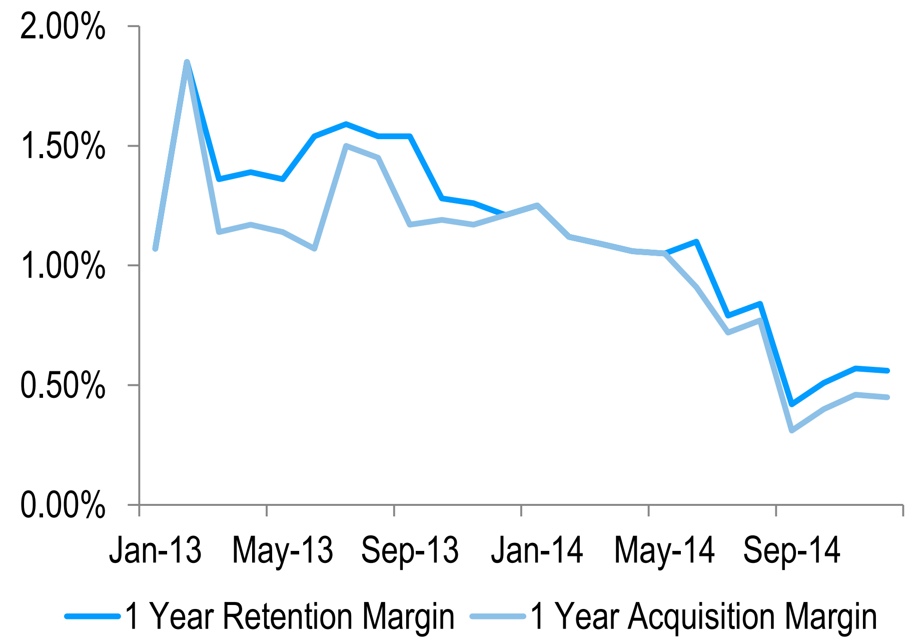
Core Business — Deposits & funding costs

Managed reduction of high liquidity combined with a significant reduction in funding costs

Customer Deposits (£bn)



Fixed Term Deposit Costs



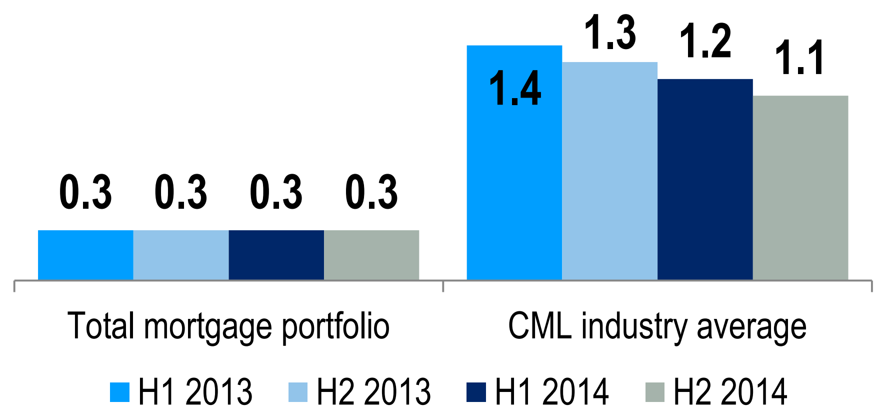
- Despite the loss of some current accounts, deposit balances are flat to full year
- Intentionally reduced the most expensive term funding to reduce excess liquidity (Term and ISA & others books)
- Fixed term deposit costs have reduced significantly over the past two years

Core Business numbers exclude Unity Trust Bank (UTB)

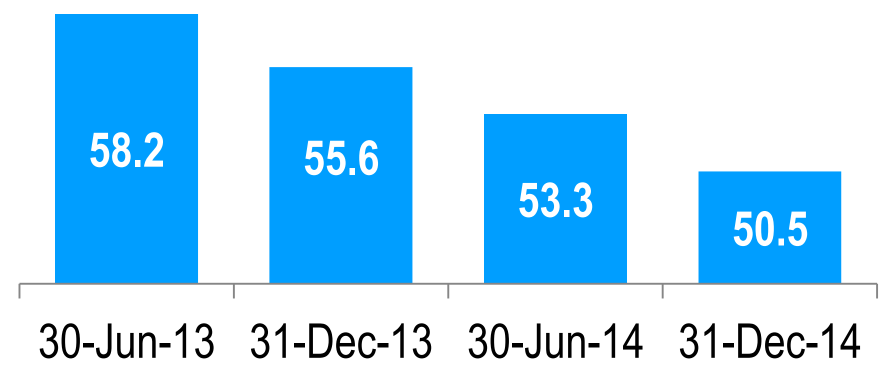
Core Business — Asset quality

High quality mortgage portfolio with arrears significantly below the industry average

Arrears (%)[1]



Average Mortgage LTV (%)



- NPLs trended downwards
- Decrease in average LTV due to rising HPI
- Lower Impairments driven by underlying credit movements in unsecured lending and improving macroeconomic environment

Impairments (£m)

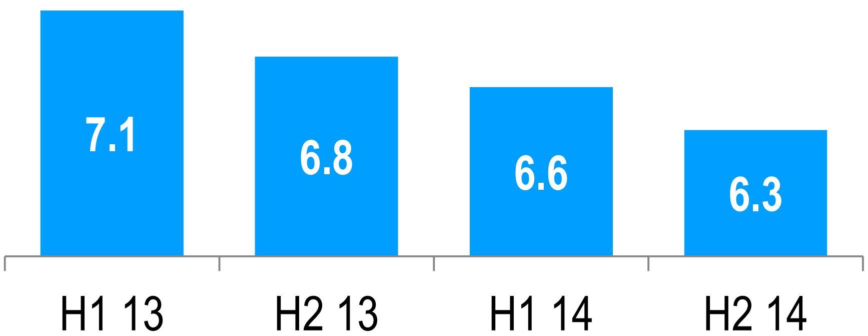
	2013	2014
Workout	(4.0)	(6.5)
Modelling	19.8	(6.7)
New impairments	18.4	9.7
Revaluations	1.6	0.0
Total	**35.8**	**(3.5)**

1 Proportion of mortgage accounts with >2.5% in arrears

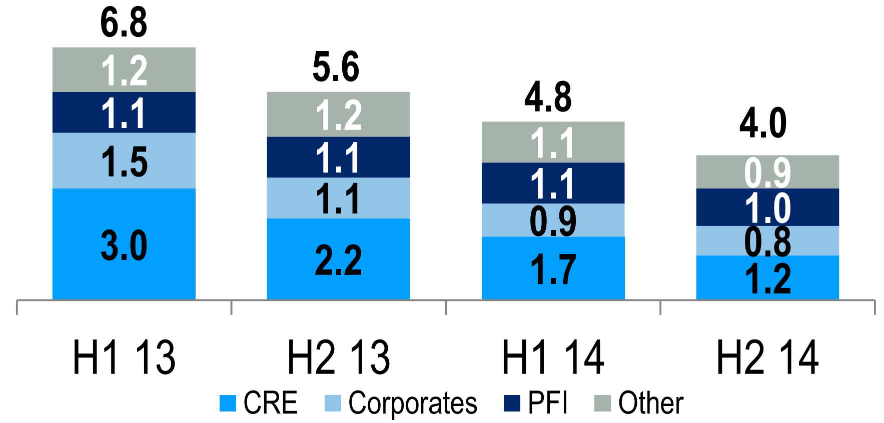
Non-core Business — Balance sheet dynamics

Non-core represents 41% of total net customer loans and 56% of Credit RWAs[2]

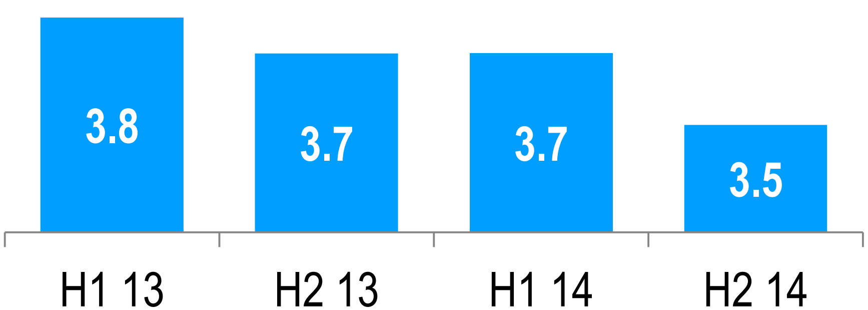
Non-core Net Loans[3] - Optimum (£bn)



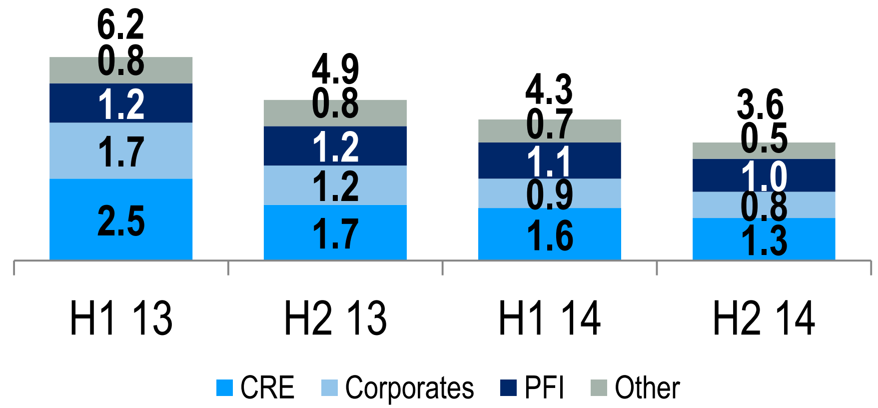
Non-core Net Loans[3] - Other (£bn)



Non-core Credit RWAs[2] - Optimum (£bn)



Non-core Credit RWAs[2] - Other (£bn)



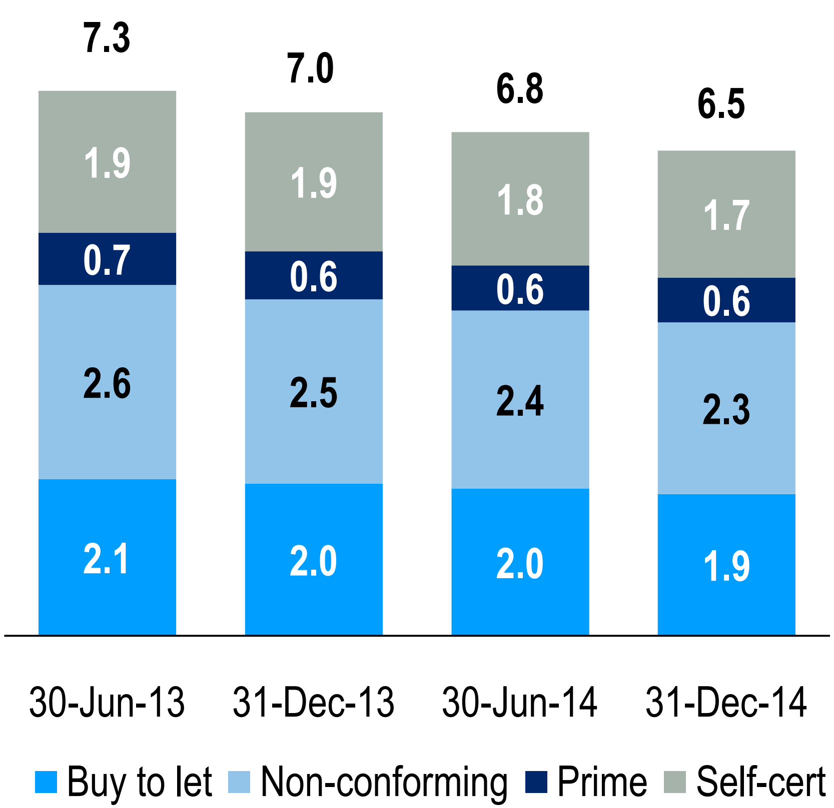
Accelerated deleveraging through Optimum disposal programme. First transaction in H1 2015
Targeted reduction of non-core RWAs to £2.0bn by 2016 with further potential to accelerate
By 2018 non-core expected to account for c. 10% of total bank RWAs

1 Does not include Illius which is not considered as loans
2 CRD IV Credit RWAs (fully loaded rules basis)
3 Includes hedge risk provision but excludes other accounting adjustments

Optimum overview and strategy

Optimum will be substantially disposed of by 2018 through a series of transactions

Gross Customer Balances (£bn)



Background

- Optimum portfolio largest source of increased stress capital
- Stress test scenarios have severe impact on Optimum
  - Decline in retail HPI 35% - Average LTV 73.1%
  - Base rate increase to 4.2% - 79.7% interest only mortgages
- 90+ days past due and default balance is £473.2m (2013: £579.9m) - 7.3% of total customer balances (2013: 8.3%)

Revised Strategy

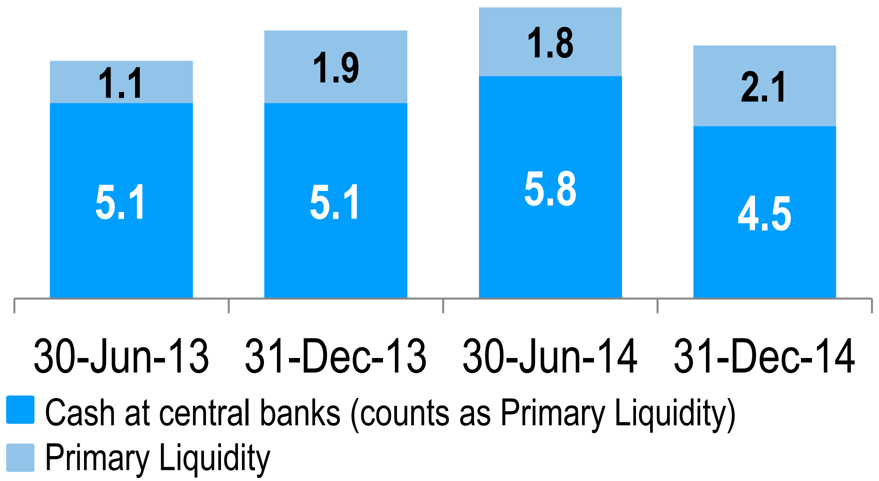
- Accelerated deleverage of Optimum to reduce stressed RWAs
- Will execute a series of transactions to substantially dispose of Optimum by end of 2018
- First transaction expected in H1 2015

Consequent RWA reduction critical to bank's capital resilience to stress

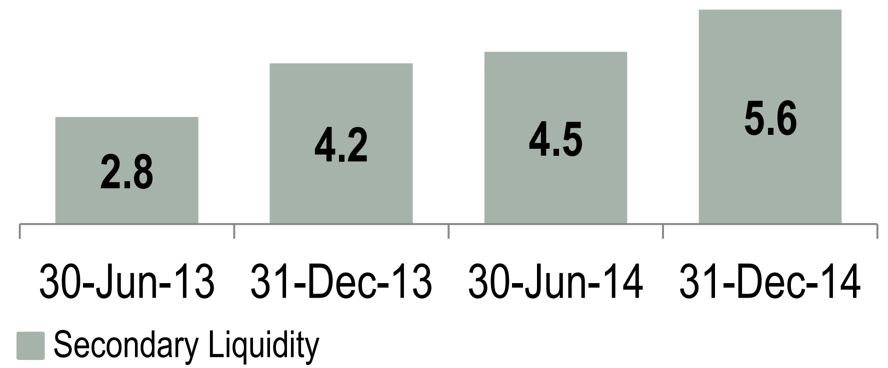
Liquidity

Liquidity profile remains prudent

Primary Liquidity (£bn)



Secondary Liquidity (£bn)



- Liquid asset buffer[1] of £6.6bn – reduced by £0.4bn y-o-y
- Liquid asset ratio[2] of 17.4% (16.1% as at 31 Dec 13)
- Balances held at the central bank have decreased

- Assets eligible for discounting with central banks increased during 2014 – comprised of mortgage portfolio and retained positions in bank securitisations

- **Key levers to lower liquidity levels over time:**
  - Reduction in retail deposits – focused on fixed term deposits
  - Repayment of maturing wholesale funding
  - Improving capital resilience will allow relaxation of risk appetite thus lowering liquidity levels

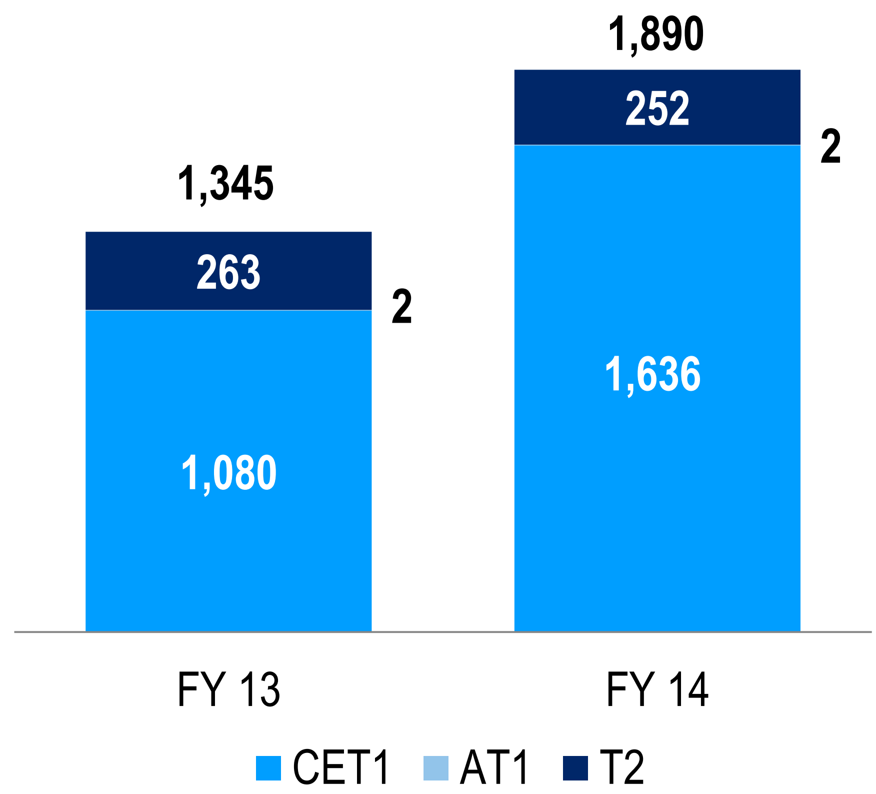
Targeting a reduction in liquidity over time as bank resilience improves

1 As defined in BIPRU 12.7
2 Calculated as primary liquidity divided by total assets

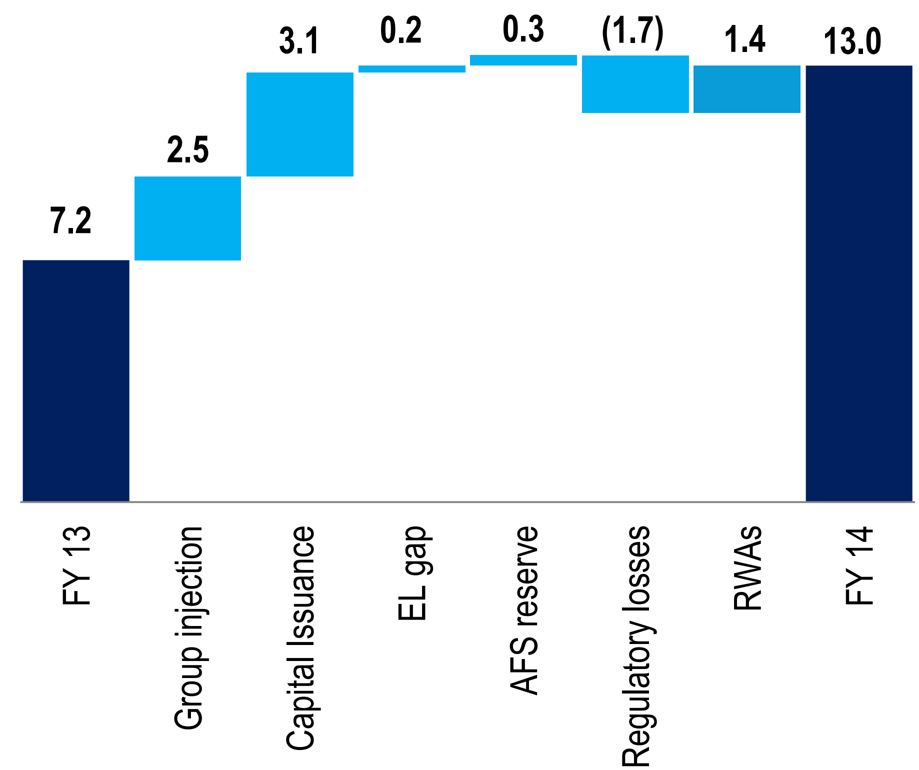
Strengthened capital position

Strengthened position from £400m capital raising and £313m Group contribution offset by losses

Capital Position[1] (£m)



CET1 Ratio Development (%)



CET1 ratio targeted at > 10% at all times, impact of RWA reduction outweighed by losses in earlier years
Expect CET1 ratio above current levels by 2018. ICG compliant by end of 2018.

1 CRD IV fully loaded rules basis

Financial guidance

Assets	**Core**	• Customer assets stable in 2015 with controlled customer lending growth from 2016
	Non-core	• Accelerated deleveraging through Optimum disposal programme. First transaction in H1 2015 • Targeted reduction of non-core RWAs to £2.0bn by 2016 with further potential to accelerate • By 2018 non-core expected to account for c. 10% of total bank RWAs
	Total	• Total RWAs targeted to be c. £7.5bn[1] by end of 2017, with further reduction in 2018 • Targeting a low double digit RoE in the longer term
Capital		• CET1 ratio targeted at > 10% at all times, impact of RWA reduction outweighed by losses in earlier years • Expect CET1 ratio above current levels by 2018, with intervening years heavily dependent on pace and cost of deleverage and execution of the plan • ICG compliant by end of 2018. Adequate capital buffer by end of 2019
Income Statement *– expect to be loss making in 2015 & 2016*	**Revenue**	• Core net interest income low single digit growth in 2015 – high single digit growth in 2016 • Core non-interest income declines by c. 50% in 2015 – stable in 2016 • Large decline in Non-core total income in 2015, turning negative in 2016 • Planned c. £100m loss on asset sales in 2015 – halving in 2016. Dependent upon market conditions
	Costs	• £325m - £350m target cost base by end of 2018 – broadly straight line cost savings in intervening years • c. £450m project costs 2015 – 2016 – approximately two thirds in 2015 with remaining third in 2016 • Target <60% CIR by 2018
	Other	• Unwind of Leek notes (Optimum) will have a below the line loss of c. £150m in 2015 and c. £180m in 2016

1 Calculation of RWAs may change over time as a result of changes to regulatory policy or its interpretation

Section 4

Conclusion

Niall Booker

Conclusion

Liquidity stable and capital ratio rebuilt

Core Bank rebuild started

Cost reduction programme on track

Non-core deleverage ahead of target

Operational resilience being addressed

Embedding of Co-operative Values and Ethics and brand development progresses

Back to business

Q&A

Appendix

The co-operative bank

2014 Income statement

Lower mortgage balances and ongoing programme costs have impacted profitability, off-set by reduced credit impairments

Income statement (£m, unless otherwise stated)							
Management basis	H1 2013	H2 2013	H1 2014	H2 2014	YE2013	YE2014	*Change YE14 vs YE13*
Net interest income	235.6	247.3	247.8	232.6	483.4	480.4	*(3.0)*
Gains/Losses on asset sales	40.8	0.0	4.0	(18.4)	40.8	(14.4)	*(55.2)*
Non-Interest Income	71.0	75.5	56.6	71.4	146.5	128.1	*(18.4)*
Operating Income	**347.4**	**323.3**	**308.5**	**285.6**	**670.7**	**594.1**	***(76.6)***
Operating costs	(307.2)	(348.7)	(297.0)	(297.6)	(655.9)	(594.6)	*61.3*
Project costs	(48.9)	(115.8)	(68.8)	(157.7)	(164.7)	(226.5)	*(61.8)*
Impairment losses	(491.9)	(20.1)	86.7	85.0	(512.1)	171.7	*683.8*
Operating result	**(500.7)**	**(161.3)**	**29.4**	**(84.7)**	**(662.0)**	**(55.3)**	***606.7***
Share of profit from JVs	0.3	0.4	(0.1)	0.7	0.7	0.6	*(0.1)*
Intangible asset impairment	(148.4)	0.0	0.0	0.0	(148.4)	0.0	*148.4*
Conduct risk	(163.0)	(248.5)	(38.6)	(62.6)	(411.5)	(101.2)	*310.3*
Profit from LME	0.0	688.3	0.0	0.0	688.3	0.0	*(688.3)*
Fair value amortisation[3]	(8.2)	(67.7)	(41.2)	(42.6)	(75.8)	(83.9)	*(8.1)*
FSCS levies	(24.7)	0.7	(25.3)	0.9	(24.1)	(24.4)	*(0.3)*
Loss before tax	**(844.7)**	**211.9**	**(75.8)**	**(188.4)**	**(632.8)**	**(264.2)**	***368.6***
NIM (bps)[1]	98	110	117	118	104	119	*15*
Cost to income ratio[2]	88.4%	107.9%	96.3%	104.2%	97.8%	100.1%	*2.3pp*

1 Calculated as net interest income / average assets
2 Calculated as operating costs (steady state) / income.
3 Further details available see note 19 of the 2014 Annual Report and Accounts

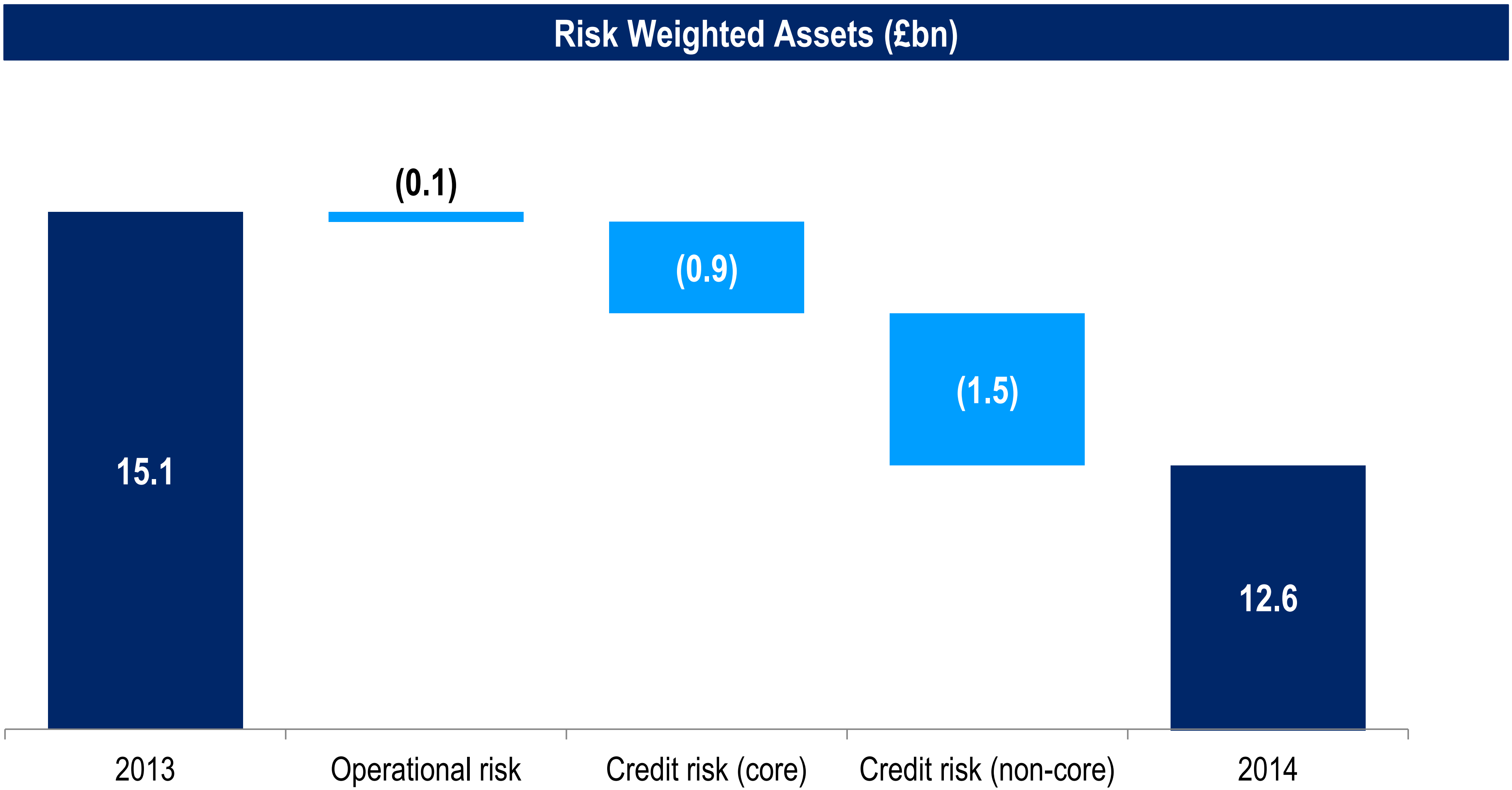
Conduct risk

Conduct provision charges significantly lower in 2014

- Total provision charges down from £411.5m in 2013 to **£101.2m in 2014**, *predominantly comprises*:
  - **£69.0m** relating to previously identified breaches of the technical provisions of CCA, of which:
    - **£44.5m** of 2014 interest on non CCA compliant unsecured loans which will be refunded to the customer
    - **£2.3m** of mortgages related CCA provisions
    - **£22.3m** in respect of anticipated redress costs.
  - **£17.4m** with regards to packaged accounts
  - Additional net **£15.2m** for mortgage related conduct risk
  - **£5.0m** for PPI
  - Reduced provisions held in relation to card security products provided via a third party, Affinion International Limited, by **£10.0m**

Risk Weighted Assets

2014 saw an ongoing deleveraging of RWAs

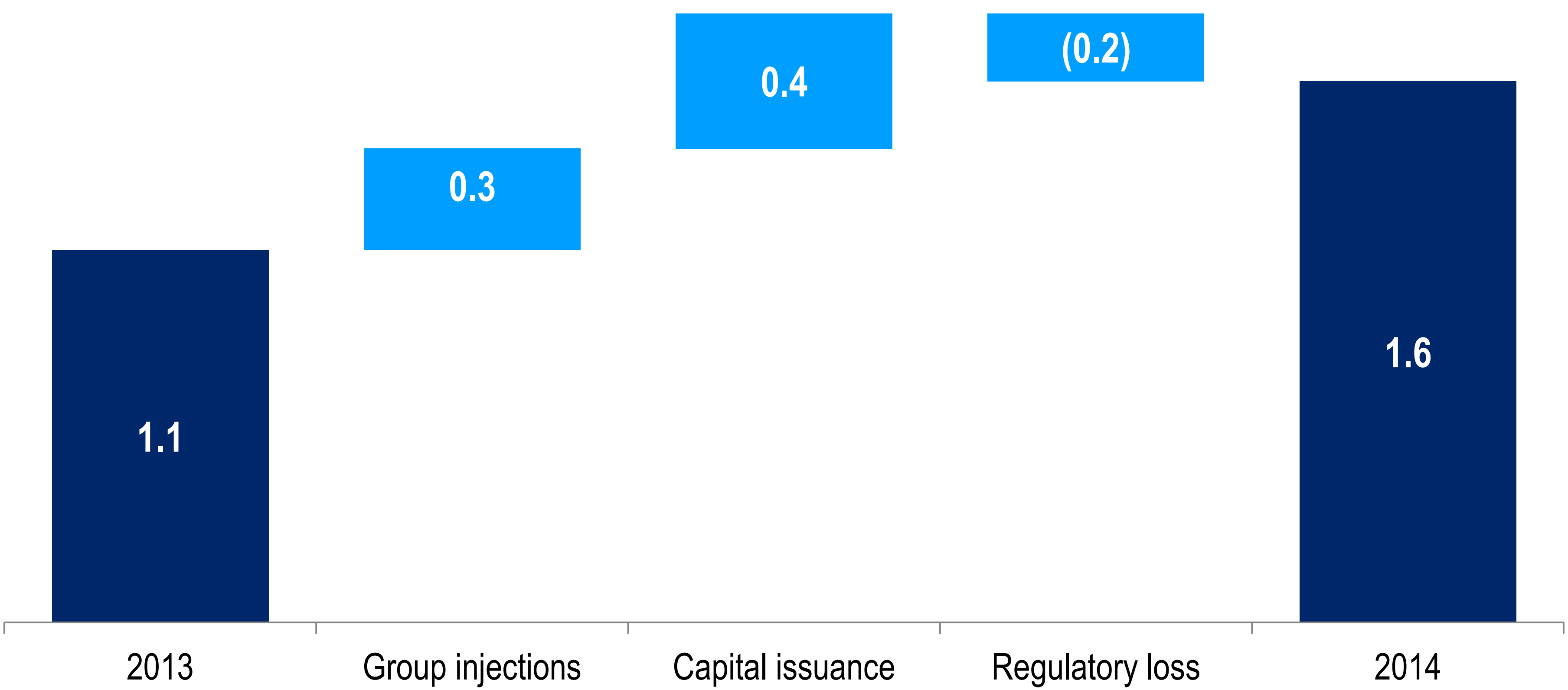


Total bank RWAS targeted to be c. £7.5bn by end of 2017, further reductions in 2018

Common Equity Tier 1

Capital position improved by capital raising and Co-operative Group injections

Common Equity Tier 1 (£bn)



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Forward Looking Statements

This document contains certain forward looking statements with respect to the business, strategy and plans of The Co-operative Bank and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical facts, including statements about The Co-operative Bank's or its directors' and/or management's beliefs and expectations, are forward looking statements. By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future. Factors that could cause actual business, strategy, plans and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements made by the Bank or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; inflation, deflation, interest rates and policies of the Bank of England, the European Central Bank and other G8 central banks; fluctuations in exchange rates, stock markets and currencies; changes to The Co-operative Bank's credit ratings; changing demographic developments, including mortality and changing customer behaviour, including consumer spending, saving and borrowing habits; changes in customer preferences; changes to borrower or counterparty credit quality; instability in the global financial markets, including Eurozone instability and the impact of any sovereign credit rating downgrade or other sovereign financial issues; technological changes; natural and other disasters, adverse weather and similar contingencies outside The Co-operative Bank's control; inadequate or failed internal or external processes, people and systems; terrorist acts and other acts of war or hostility and responses to those acts; geopolitical, pandemic or other such events; changes in laws, regulations, taxation, accounting standards or practices; regulatory capital or liquidity requirements and similar contingencies outside The Co-operative Bank's control; the policies and actions of governmental or regulatory authorities in the UK, the European Union, the US or elsewhere; the implementation of the EU Bank Recovery and Resolution Directive and banking reform, following the recommendations made by the Independent Commission on Banking; the ability to attract and retain senior management and other employees; the extent of any future impairment charges or write-downs caused by depressed asset valuations, market disruptions and illiquid markets; market relating trends and developments; exposure to regulatory scrutiny, legal proceedings, regulatory investigations or complaints; changes in competition and pricing environments; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services and lending companies; and the success of The Co-operative Bank in managing the risks of the foregoing.

The ability of the Bank to implement its revised plan and to achieve the results set out in the plan requires the regulators' continued acceptance of the plan and entails particular challenges including (but are not limited to): ability to execute a substantial re-engineering of the Bank's operating model and a very large and complex IT remediation programme; ability to achieve targeted cost savings; ability to retain customers and deposits; the timing and quantum of impacts to capital from the Bank's asset reduction exercise; meeting its planned improvements in net interest margin; a possible deterioration in the quality of the Bank's asset portfolio; unplanned costs from (for example) conduct risk matters; ability to maintain the Bank's access at an appropriate cost to liquidity and funding and the ability of the Bank to raise further capital assumed in its revised plan. Additional risks and uncertainties are included in the Bank's Annual Report and Accounts for the financial year ended 31 December 2014.

Any forward-looking statements made in this document speak only as of the date they are made and it should not be assumed that they have been revised or updated in the light of new information of future events. Except as required by the Prudential Regulation Authority, the Financial Conduct Authority, the London Stock Exchange plc or applicable law, The Co-operative Bank expressly disclaims any obligation or undertaking to release publicly any updates of revisions to any forward-looking statements contained in this document to reflect any change in The Co-operative Bank's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.