

Balanced Saving Plan Terms and Conditions

The conditions set out below, together with any other conditions which may be implied by law, form the agreement between you and us, The Co-operative Bank p.l.c. They tell you how your Balanced Savings Plan works and what your and our obligations are once you invest in the Balanced Savings Plan with us.

Definitions

- **account** means your Balanced Savings Plan operated and maintained by us;
- **business day** means any day other than Saturday, Sunday and bank holidays in England and Wales;
- **AER** is the notional rate which illustrates the contractual interest rate as if paid and compounded on an annual basis;
- **customer security details** means your security code and secure personal information registered with us for use when you become a customer;
- **group** means us, our parent company The Co-operative Group Limited (The Co-operative), Co-operative Insurance Society Limited (CIS) and any company or companies The Co-operative Bank, The Co-operative or the CIS wholly or partly own at any time or transfer its rights and obligations to and any other independent Co-operative Societies;
- **guaranteed** when used with the Balanced Savings Plan in these conditions and any brochure or literature means our ordinary contractual obligations to repay the capital sum invested by way of initial deposit. You have the same rights as any other depositor with us;
- **index** means the FTSE 100 Index.
- **information** includes any **information** about you or anyone associated with you, which we or the **group** hold now or in the future as a result of the application process or other dealings with us or the **group**, searches or checks at credit reference or fraud prevention agencies, products and services you hold within the **group** and any transactions for goods or services arising out of your **account** (including the supplier and the type of goods or services), and such **information** may include sensitive **information** as defined in the Data Protection Act 1998;
- **plan** means accounts where 50% of your money is placed in a Fixed Term Deposit account for one year and where the other 50% is placed in a Guaranteed Savings Bond (Issue 27) for five years;
- **we, us or our** means The Co-operative Bank p.l.c., P.O. Box 101, 1 Balloon Street, Manchester, M60 4EP and any organisation to which we transfer our rights and/or obligations;
- **you or your** means the investor(s) who is (are) named in and has (have) signed the application form.

1. Eligible Investors

1.1 Applicants must be over the age of 16 years at the time of application for the **plan** and must be a UK resident. Applications may only be made as a sole beneficiary or as joint beneficial owners.

1.2 We do not accept applications on behalf of corporate bodies, clubs and societies.

1.3 Any money you put into the **plan** must be:

- in sterling; or
- by a recognised UK Bank cheque; or
- a Co-operative Bank account transfer.

We are obliged to confirm **your** true identity and reserve the right to decline any application or deposit.

2. Applications in Joint Names

You may invest in joint names with one other person. **We** may accept and act on instructions provided by one of **you** by telephone or in writing even if the other disagrees. All subsequent correspondence will be addressed to the first named party on the application form.

3. Investment

3.1 The minimum investment in the **plan** is £3,000; the maximum is £1,000,000. Investments must be in whole pounds. **We** will only accept one deposit from **you** into **your** account although **you** may make more than one application per person.

3.2 The amount invested in the **plan** will be split in equal proportions, with 50% being placed in a Fixed Term Deposit account and the remaining 50% being placed in the Guaranteed Savings Bond (Issue 27) with interest applied in accordance with section 7 below.

3.3 The **plan** is only available for applications received by 27/06/2008 and cleared by 11/07/2008.

3.4 The **plan** is a limited offer, subject to availability and may be withdrawn at any time prior to 27/06/2008.

4. Issue

4.1 The Fixed Term Deposit account will be opened subject to clearance of your cheque or Co-operative Bank account transfer and interest will start to accrue in accordance with section 7 below, the business day following clearance.

4.2 The Guaranteed Savings Bond (Issue 27) will be issued on 11/07/2008. Subject to clearance of **your** cheque or Co-operative Bank account transfer **your** letter of confirmation will be sent to **you** within 3 weeks.

5. Term

5.1 The Fixed Term Deposit account will start on the day your cheque/funds have cleared (we will write to you to confirm this date) and will continue for one year.

5.2 The Guaranteed Savings Bond (Issue 27) is a fixed-term investment and the term is fixed for a period from 11/07/2008 to 11/07/2013.

6. Maturity

6.1 **Your** Fixed Term Deposit account will mature one year from the day your cheque/funds have cleared.

6.2 The Guaranteed Savings Bond (Issue 27) will mature on 11/07/2013 and **your** investment, plus any interest payable, will be paid out subsequently.

6.3 **We** will contact investors, before maturity to request instructions as to how to process the funds from the **plan**. Proceeds will only be paid out to the same named person as on the confirmation letter. At the same time **we** will notify investors of reinvestment options. Until such a time as specific instructions are received, any balance will be held in an interest bearing Co-operative Bank account. In the event of loss of the letter of confirmation, the investor should contact **us** and **we** will arrange for a duplicate to be produced, for which a charge may be made.

7. Interest Payable

7.1 **We** will pay interest at 6.25% gross/**AER** fixed for one year on the Fixed Term Deposit account to **you** at the end of the 12-month period.

7.2 At the end of the term the gross rate of interest payable on the Guaranteed Savings Bond (Issue 27) will be 80% of the average percentage rise of the **Index**, i.e. 80% of the average of the following calculation:

$$\frac{(\text{Average FTSE 100 Index 11/07/2012 to 11/07/2013}^*) - \text{FTSE 100 Index at 11/07/2008}}{\text{FTSE 100 Index at 11/07/2008}} \times 100$$

* This is the simple arithmetic average of the **Index** measured at close of business on each **business day** commencing on 11/07/2012 and ending on 11/07/2013.

If the average percentage change of the **Index** is zero or negative, no interest shall be payable, but the capital invested will be returned in full. No interest will be paid during the life of the Guaranteed Savings Bond (Issue 27).

8. Market Disruptions

8.1 If at any time during the term there is any disruption in the trading in such securities which comprise the **Index** and/or a failure to calculate or announce the **Index** (each a "Market Disruption Event") which shall in the determination of the Bank be material, then **we**, at **our** discretion, be entitled to take the level of the **Index** on the next succeeding **business day** when a Market Disruption Event does not occur.

8.2 If the **Index** is discontinued **we** may at **our** discretion use the successor **Index** or an alternative replacement.

8.3 If the method of calculation changes **we** may use a different method of calculating the value of shares quoted on the **Index**.

9. Taxation of Interest Earned

9.1 **We** will pay interest net of lower rate tax unless **you** are eligible to receive gross interest in which case **you** must complete and send to **us** the appropriate HM Revenue & Customs declaration. For further details regarding eligibility please refer to hmrc.gov.uk.

9.2 Higher rate taxpayers will have an additional liability on the interest paid charged at the difference between the higher rate and the lower rate tax.

9.3 **You** are responsible for discharging any obligation to tax authorities in respect of declaration of any interest earned from the **plan**.

9.4 **We** reserve the right to change the arrangement described in this section if there should be a change in the tax legislation.

10. Early Withdrawal

10.1 Once invested **you** cannot withdraw **your** money for:-

- one year for Fixed Term Deposit account; and
- five years for the Guaranteed Savings Bond (Issue 27).

10.2 In the event of death of a sole **account** holder;

• **the plan** may be transferred into the name(s) of any other person nominated by **your** personal representatives provided the nomination is in accordance with **your** instruction or:

• **the plan** may be closed by **your** personal representative and the amount initially invested in the **plan** will be repaid.

10.3 In the event of death of a joint **account** holder:

- if a joint **account** holder dies, **the plan** will be transferred into the name of the surviving **account** holder.

11. Using and Sharing Your Information

Your information may be held by **us** in any form and on any Group database and used by **us** and the group for the purposes set out below.

11.1 **We** and the **group** may use, analyse and access **your information** to maintain and develop **our** relationships with **you**. Information shared with the credit reference and fraud prevention agencies may be accessed by other organisations and used by us and them to prevent fraud and money laundering.

This may include the following purposes:

- checking details on applications for credit and credit related facilities.
- to make credit decisions about **you** and anyone to whom **you** are linked financially or other members of **your** household;
- managing credit and credit related facilities;
- to consider and implement business, products and technology developments;
- to undertake statistical analysis, financial risk assessment, money laundering checks (which may include telephoning **you**), compliance and regulatory reporting, fraud prevention and recovering debt;

- checking details on insurance proposals and claims such as motor, household, credit and life and other insurance proposals and insurance claims for **you** and anyone else linked to **your** insurance proposal or claim
- to help **us** identify products and services which may be of interest to **you** (unless **you** have asked **us** not to);
- meeting any obligations **we** may have under the card scheme **your** card is issued under;
- checking details of job applicants and employees.

11.2 We may link **your information** between **your account(s)** and other products and services **you** have with **us** or the **group** and with **information** about others with whom **you** have a financial link.

11.3 We and the **group** may identify and tell **you** by letter, telephone, fax, including automated dialling, e-mail or any other means of communication about products and services which may be of interest to **you** and which are offered by **us**, the **group** or other carefully selected organisations or companies (if **you** do not wish to receive such information please write to **us** at Customer Services, The Co-operative Bank p.l.c., P.O. Box 200, Skelmersdale, WN8 6NY for more details, but please note this may mean **you** will not receive **information** about business product or service developments which may be of benefit to **you**). **You** do agree that **we** can forward any newsletter, statement message, new terms and conditions or **information** about any changes to the way **your account(s)** operate or provide **information** on card carriers.

11.4 We will disclose **information** outside the **group** only:

- where **you** have provided **your** agreement;
- to **our** agents or subcontractors for operational reasons;
- to **our** affinity partner(s) if **you** have an affinity product(s);
- to any persons, including, but not limited to, insurers, who provide a service or benefits to **you** or for **us** in connection with **your account(s)**;
- to licensed credit reference agencies as set out below;
- to fraud prevention and other agencies to help prevent crime or where **we** suspect fraud;
- if compelled to do so by law;
- for the purpose of compliance and regulatory reporting (for example to the Banking Code Standards Board) and to confirm **your identity** for money laundering purposes, which may include checking the electoral register;
- to any person **we** will or intend to transfer **our rights** or obligations;
- if **your card** or PIN are lost or stolen, or to meet any obligations **we** may have under any card scheme **your card** is issued under.

11.5 We may disclose **your information** to licensed credit reference and/or fraud prevention agencies to help make financial or insurance proposals and claims decisions (this will be during the application process and on an ongoing basis, to decide whether to continue to make products or services available to **you** or adjust any level of credit) for **you** and anyone with whom **you** are linked financially or other members of **your household** – **our** enquiries or searches may be recorded – and credit reference agencies may supply **us** with financial **information**.

11.6 We may also disclose **information** to licensed credit reference agencies about how **you** conduct **your account(s)** and this **information** may be shared with other financial institutions to help make financial decisions about **you** and anyone with whom **you** are linked financially or other members of **your household**. If **you** borrow and do not repay in full and on time, **we** may tell credit reference agencies who will record the outstanding debt.

11.7 A link between joint applicants and/or any individual identified as **your** financial partner will be created at credit reference agencies, which will link **your** financial records. **You** and anyone else with whom **you** have a financial link understand that each other's **information** will be taken into account in all future applications by either or both of **you**. This linking will continue until one of **you** successfully files a disassociation at the credit reference agencies.

11.8 We agree that **your information** may be transmitted to, from and/or through any country as a result of **your use** of **your account(s)** and any services which form part of **your account(s)** irrespective of the levels of data protection provided in any particular country and at **your** own risk. If **we** transfer **your information** to an agent or subcontractor who provides a service to **us** in another country outside the European Economic Area **we** will ensure they agree to treat **your information** with the same level of protection as **us**.

11.9 If you write to **us** and pay a fee **you** have the right of access to **your information** held by **us**. Write to **us** at Customer Care, The Co-operative Bank p.l.c., P.O. Box 101, 1 Balloon Street, Manchester, M60 4EP.

11.10 You have a right of access to **your information** held by credit reference and fraud prevention agencies on payment of a fee. If **you** ask **we** will tell **you** the name and address of the credit reference and fraud prevention agencies **we** may use.

11.11 We and other organisations may access and use from other countries the information recorded by fraud prevention agencies

11.12 Law enforcement agencies may access and use this **information**.

11.13 We may record and/or monitor telephone calls to enhance security, sort out complaints, improve **our** customer service and for staff training purposes..

12. Customer Security Details

12.1 As part of this agreement **you** (in the case of joint accounts, each of **you**) must register **customer security details** for use when **you** become a customer.

12.2 When you use **your customer security details you** are authorising **us**

to carry out all **your** instructions given over the telephone or in branch whether or not given or confirmed by **you**.

12.3 We will only accept instructions if **your customer security details** are used as requested and accepted. Any failure or error in relation to the use of **your customer security details** will result in access being blocked. If this happens, **you** must immediately contact **us** by telephone on 08457 212 212.

12.4 You must do all **you** can to stop anyone else using **your customer security details** and must not:-

- write them down;
 - tell them to anyone, even to a joint **account** holder.
- 12.5 If you** suspect that someone knows **your customer security details**, **you** must immediately contact **us** by telephone on 08457 212 212.

12.6 The maximum **you** will have to pay **us** for our losses if **your customer security details** are used by someone else without **your** permission is £50.

12.7 If the customer security details are used by someone with **your** permission or as a result of **your** fraud or gross negligence **you** may have to repay **us** for all **our** losses.

12.8 We may ask **you** and **you** agree to assist **us** in **our** efforts to recover any loss as a result of unauthorised use of **your customer security details**.

12.9 For **your** protection, **we** reserve the right to suspend access if:

- incorrect **customer security details** are used to attempt to access **your Plan**;
- **we** suspect an unauthorised person is attempting to access **your Plan**.

The services available to **you** using **customer security details** may vary over time and **we** may suspend or terminate any services available but will inform **you** of any changes in accordance with 16.2.

13. DISCLAIMERS

13.1 FTSE DISCLAIMER The Guaranteed Savings Bond (Issue 27) is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or by the London Stock Exchange Plc (the "Exchange") or by The Financial Times Limited ("FT") and neither FTSE nor Exchange nor FT makes any warranty or representation whatsoever, expressly or impliedly, either as to the results to be obtained from the use of the **Index** and/or the figure at which the said **Index** stands at any particular time on any particular day or otherwise.

The **Index** is compiled and calculated by FTSE. However, neither FTSE nor Exchange nor FT shall be liable (whether in negligence or otherwise) to any person for any error in the **Index** and neither FTSE or Exchange or FT shall be under any obligation to advise any person of any error therein."

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14. Rights to Underlying Shares

You have no rights to any shares or [dividend] income in respect of shares in any company in the Index as a result of investing in the Guaranteed Savings Bond (Issue 27).

15. Over subscription

In the event of oversubscription, **we** may not accept **your** application or deposit. If this occurs **your** funds will be returned to **you** immediately.

16. Changes

16.1 We may make changes to this agreement or introduce any fees or charges in relation to **your** use of or **our** administration of the **account** at any time.

16.2 If the change is to **your** disadvantage **we** will give **you** 30 days' notice in writing before **we** make any changes. **We** will, however, let **you** know about any other changes within 30 days of the change.

17. General

17.1 We may transfer **our rights** and/or duties under this agreement to any person. **You** may not transfer **your rights** or duties under this agreement to any person.

17.2 Any terms and conditions of **your account** will be in English, governed by English Law and **we** will communicate with **you** in English.

17.3 You may be liable for other taxes or costs that are not paid by or via **us** e.g. higher rate tax.

17.4 The Co-operative Bank is a member of the Financial Services Compensation Scheme established under The Financial Services and Markets Act 2000. In respect of deposits with a UK office, payments under the scheme are limited to 100% of the first £35,000 of a depositor's total deposits held with the Bank. Visit fscs.org.uk for details.

17.5 You also have a right to cancel **your account** 14 days from when your Guaranteed Savings Bond is opened. If **you** wish to cancel please write to **us** at Customer Services, The Co-operative Bank p.l.c., PO Box 200, Skelmersdale, WN8 6NY. **You** will have to repay **us** any amount **you** owe **us** including any interest and charges and, if appropriate, cut up any cards. If **you** choose not to cancel, the terms and conditions including any interest rates and account charges will apply.

17.6 The minimum duration for Fixed Term Deposit is 1 year.

The minimum duration for the Guaranteed Savings Bond is 5 years.

17.7 If you have a complaint please telephone **us** on 08457 212 212 or write to Customer Services Manager, The Co-operative Bank p.l.c., Delf House, Skelmersdale, WN8 6GH.