

Co-operative Financial Services



The COÖPERATIVE BANK

News Release

ENJOY STOCK MARKET RETURNS WITHOUT THE RISK OF CAPITAL LOSS

From today (18 March, 2004), The Co-operative Bank is offering customers the opportunity to enjoy the potential returns of stock market growth without risking their original investment.

Guaranteed Stock Market Bond version eight will pay interest based on 90% of the average growth of four of the world's major indices, FTSE 100, Nikkei 225, SMI and DJ EURO STOXX 50, at the end of a five-year term.

Sheila Macdonald, Chief Operating Officer at The Co-operative Bank, said "Many investors have been reluctant to invest directly in the Stock Market due to volatility in recent years. Because the interest on the Guaranteed Stock Market Bond is linked to the performance of these indices, customers will benefit from any rise, safe in the knowledge they will get back their capital if the markets perform disappointingly."

During the five-year term, the investment is held in a Co-operative Bank account and not directly invested in the stock market. When the Bond matures in April 2009, customers will receive their original investment back, plus interest based on 90 per cent of the average rise in the four indices, with no upper limit on what could be achieved. In order to iron out any last minute fluctuations in the stock market around the time of maturity, the final return will be based on the average level of the indices over the last 12 months of the term. Although this could reduce potential earning when compared to direct stock market investment, it could be considered a safer option.

The Bond is a limited issue, available until 23 April 2004 or earlier if fully subscribed. Anyone interested in opening an account should ring 08457 46 46 46 to arrange an appointment with a Financial Adviser.

Ends

Notes to Editors:

1. Co-operative Financial Services was formed in April 2002 to bring together The Co-operative Bank, **smile** (the internet bank) and the Co-operative Insurance Society (CIS) under the common leadership and management of Mervyn Pedelty, Chief Executive of CFS.
2. The account is provided by The Co-operative Bank, and is only available from Co-operative Insurance Society (CIS) Financial Advisers.
3. The bond is available to any UK resident over the age of 16. Joint applications are also welcome.
4. There is a cooling off period of 14 days after date of opening in which the account can be closed without any charges.
5. No additional deposits can be made after the initial investment, and no withdrawals can be made during the five year.
6. Interest is paid linked to the performance of the FTSE 100, Nikkei 225, SMI and DJ EURO STOXX 50 indices, measured as follows:

Step 1. The start level of each index is recorded at the close of business on 30 April 2004.

Step 2. The value of each index is taken at the close of business on each business day between 30 April 2008 and 29 April 2009.

Step 3. An average of the each index is then calculated over that period (this is the average year 5 level).

Step 4. The start level of the four indices is deducted from the average year 5 level (calculated in Step 3), and then divided by the start level figure of each respective index.

We then multiply this by 100 to give the average performance change over the five year period.

An average is then taken from the percentage change of the four indices

Step 5. We then multiply the average percentage change by 90% to determine the gross interest payable on the Bond at the end of the five year period.

Please note: If the average percentage change of the four indices is zero or negative, no additional interest will be payable, but the capital invested will be repaid in full. No interest will be paid during the life of the Bond.

7. The Co-operative Bank is authorised and regulated by the Financial Services Authority

For further information contact:

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