1Q 2023
Results update

28 April 2023

The co-operative bank

On track with key milestones

Select Key Performance Indicators

£30.6m	15.1%	19.7% [1]	1.81%
Statutory profit before tax	RoTE	CET1 ratio	Net interest margin
1Q 22: £30.5m	1Q 22: (1.7 %)	FY 22: 19.8 %	1Q 22: 1.46 %

Safe and secure

- LCR 1Q 23 spot position of 209.3% gives significant liquidity surplus [2]
- All HQLA fixed rate securities micro-hedged
- £174m headroom to MREL plus CRD IV buffers

Enabling the future

- Completed insourcing of Capita colleagues
- Migration of savings customers onto new platform has commenced
- Industry recognised certification for cyber security [3]

1. Includes unaudited profits
2. Pillar 1 LCR
3. Provided by the British Bureau following our successful ISO27001 certification

Profit before tax of £30.6m; underlying profit of £35.1m

£m	1Q 23	1Q 22	Change
Net interest income	120.1	99.9	20 %
Other operating income	11.0	10.3	7 %
Total income	**131.1**	**110.2**	**19%**
Operating expenditure	(101.5)	(84.7)	(20 %)
Impairment credit / (charge)	0.5	(0.5)	>100 %
Non-operating income	0.5	5.5	(91 %)
Profit before tax	**30.6**	**30.5**	**0%**
Taxation credit / (charge)	14.9	(37.5)	>100 %
Profit / (loss) after tax	**45.5**	**(7.0)**	**>100%**

Adjustments to profit before tax			
Exceptional project expenditure	4.5	1.7	<(100 %)
Other exceptional losses / (gains)	0.0	(4.7)	(100 %)
Underlying profit before tax	**35.1**	**27.5**	**28%**
Key performance indicators			
Net interest margin (bps) [1]	181	146	35
RoTE (%) [2]	15.1	(1.7)	16.8
Cost:income ratio (%) [3]	77.1	73.2	(3.9)
Asset quality ratio (bps) [4]	(1.0)	0.9	1.9
CET1 ratio (%) [5]	19.7	19.8	(0.1)

1. Annualised net interest income over average interest earning assets
2. Profit after tax over average equity less intangibles
3. Total statutory expenditure over total statutory income (excludes impairment)
4. Annualised impairment (credit) / charge over average customer assets
5. Includes unaudited profits. Comparator is FY 22 (1Q 23 impacted by annual update to income related Operational Risk)

Profit before tax of £30.6m; 1Q 22 £30.5m

Total income increases by 19% to £131.1m

- Net interest income increases 20 % to £120.1m; supported by improving deposit margins following increases in the base rate

Operating expenditure increases 20% to £101.5m in line with expectations;

- Staff costs increased by 24 % to £33m
- Non-staff costs increased by 8 % to £56m
- Project costs total £12m including £4.5m of exceptional strategic spend
- Reviewing plans to accelerate efficiency benefits

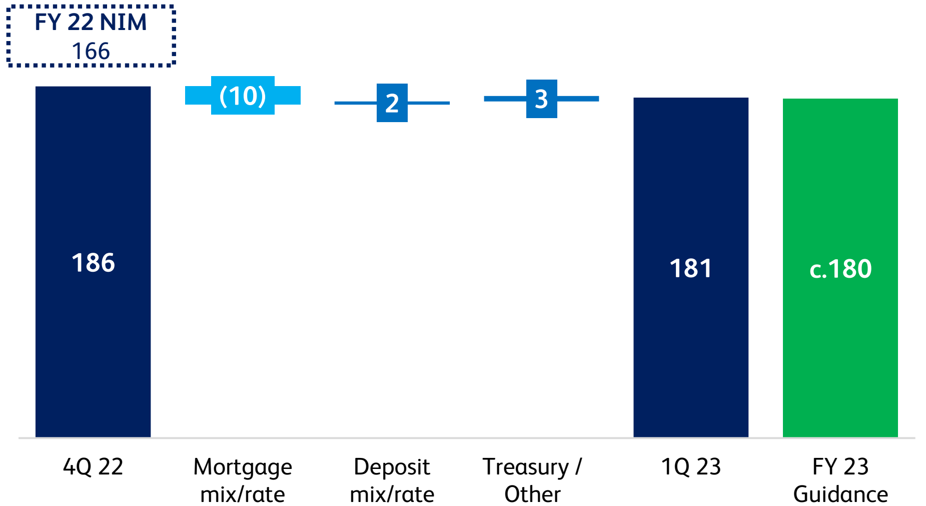
Impairment credit of £0.5m; driven by adjustments across secured portfolios relating to affordability

Non-operating income of £0.5m; 2022 includes the sale of a small loan portfolio

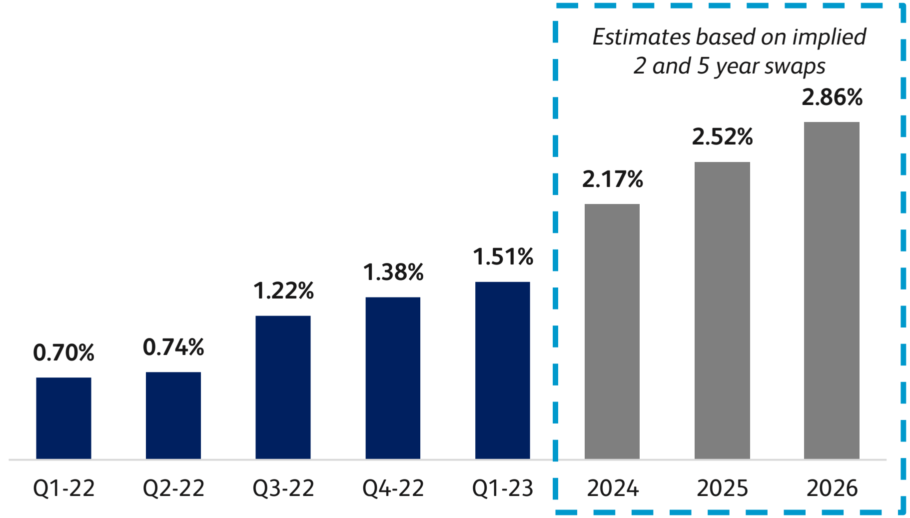
Tax credit of £14.9m; driven by further deferred tax asset recognition partially offset by the utilisation of tax losses against taxable profits

Net interest margin in line with 2023 guidance

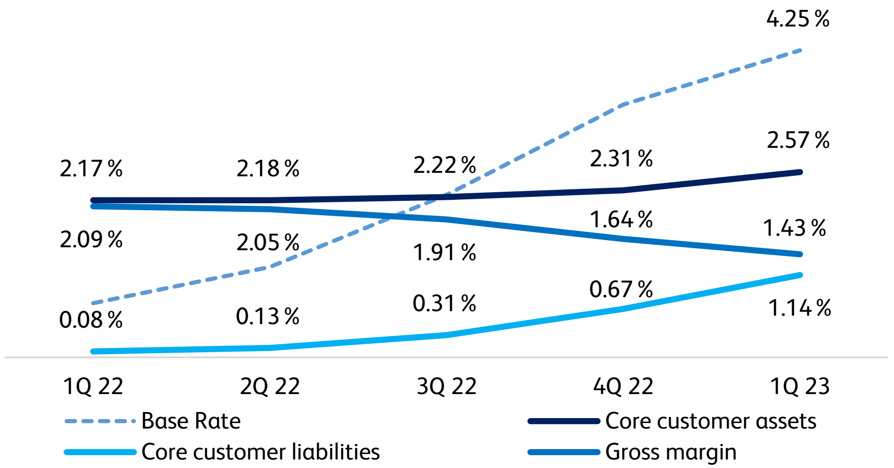
Net interest margin (bps)



Blended structural hedge rate [2]



Customer corridor [1]

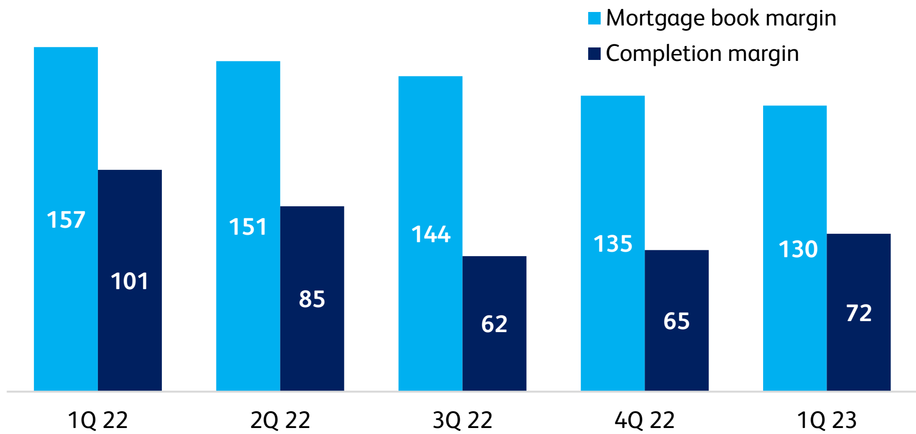


- NIM has increased from the 166 basis points as at FY22, impacted by widening deposit margins as the base rate increased to 4.25 %
- NIM decreased to 181bps in the quarter following mortgage margin pressures. We are actively managing volumes in the current environment
- On track to achieve full year guidance of c.180bps
- Reduction in customer rate corridor. Increase in cost of deposits outweighs increase in mortgage pricing

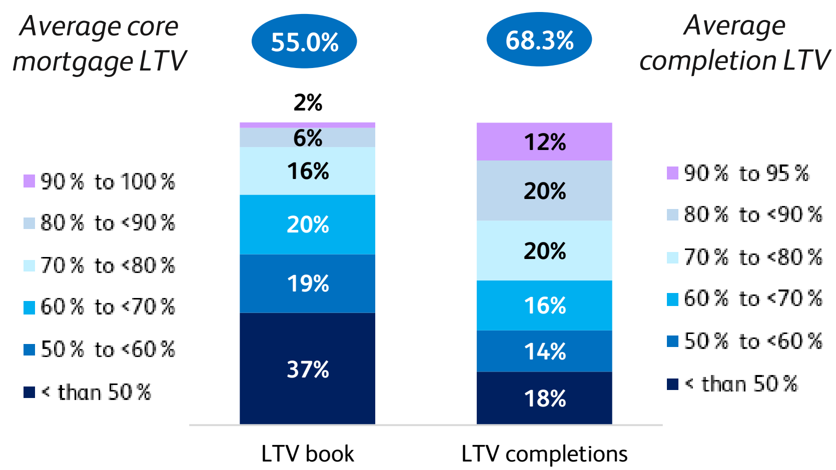
1. Calculated as annualised core customer income over core customer average balances for the period
2. Includes c.£8.3bn of NIBBs (average tenor of c.2.5 years) and £2.8bn of instant access savings (average tenor of c.1year)

Low risk mortgage portfolio

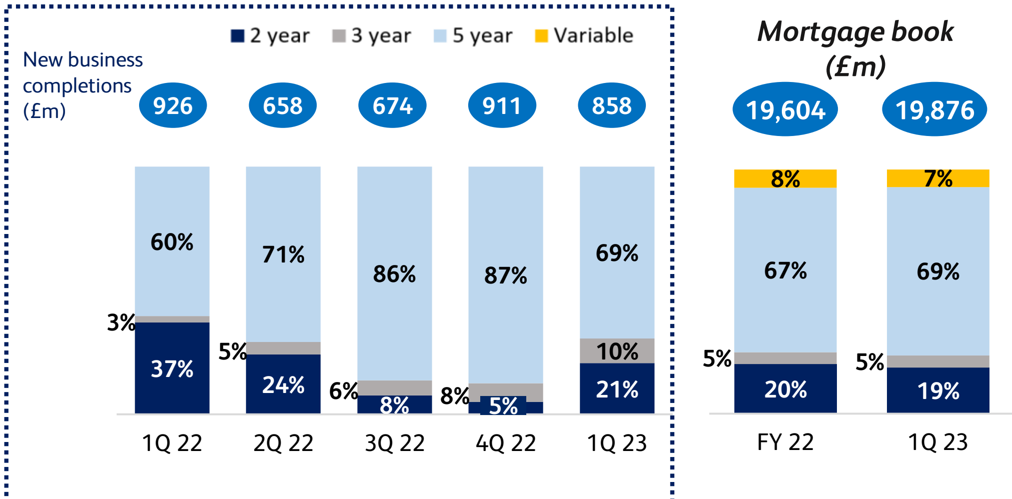
Mortgage margin [1] (bps)



Mortgage split by LTV book / completions



Completions by tenor

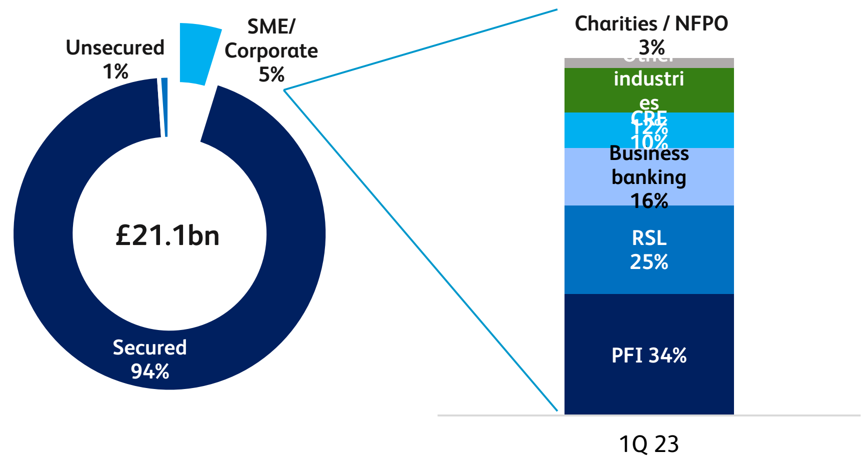


- Limited pass-back to new mortgage business following rising market rates, drives down margins
- Mortgage pipeline of c.£1.2bn as at 1Q 23
- Average core mortgage LTV of 55% with only 8% of the mortgage book >80% LTV
- Shorter term tenors have increased in the first quarter but blended book tenor remains stable

1. Margin calculated as gross rate minus swap

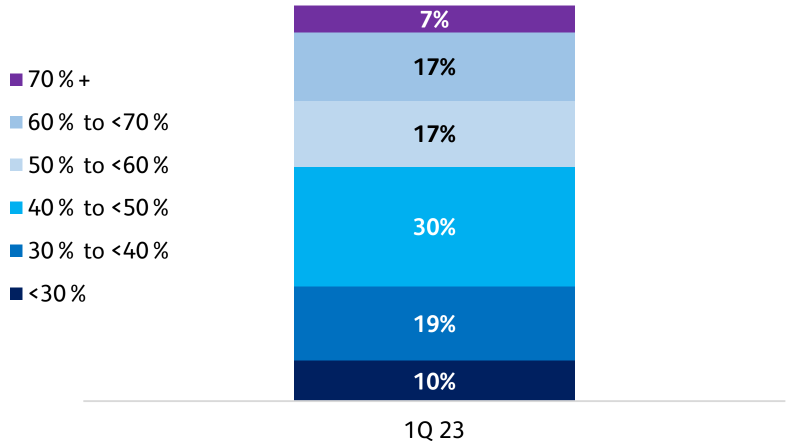
Lending remains predominantly secured with low exposure to CRE

Lending mix

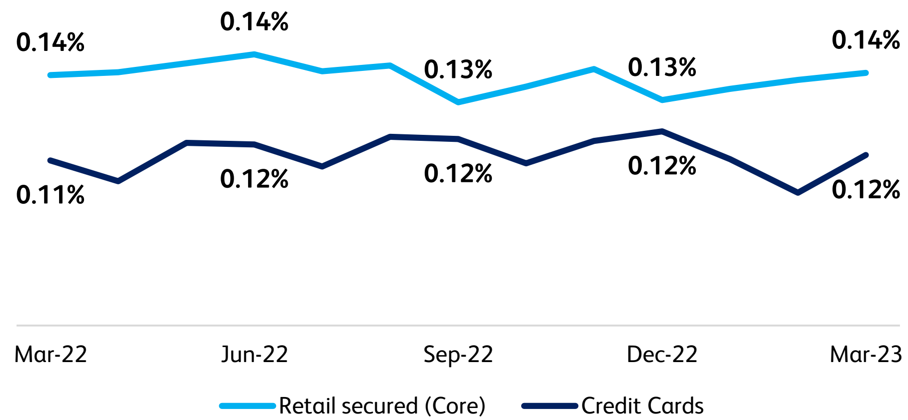


- Majority of our lending is secured with only 5 % relating to SME and Corporate Legacy at £1bn
- CRE exposure remains low at £124m with only 7 % being greater than 70 % LTV
- Arrears remain low and stable across all portfolios; 0.14 % of secured accounts in arrears equates to 202 accounts and £18.8m of balances

Commercial Real Estate LTV %



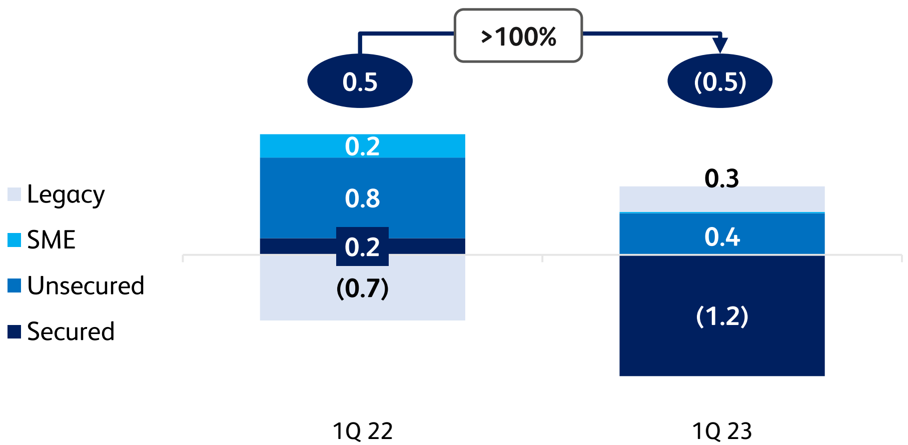
Accounts >3 months in arrears [1]



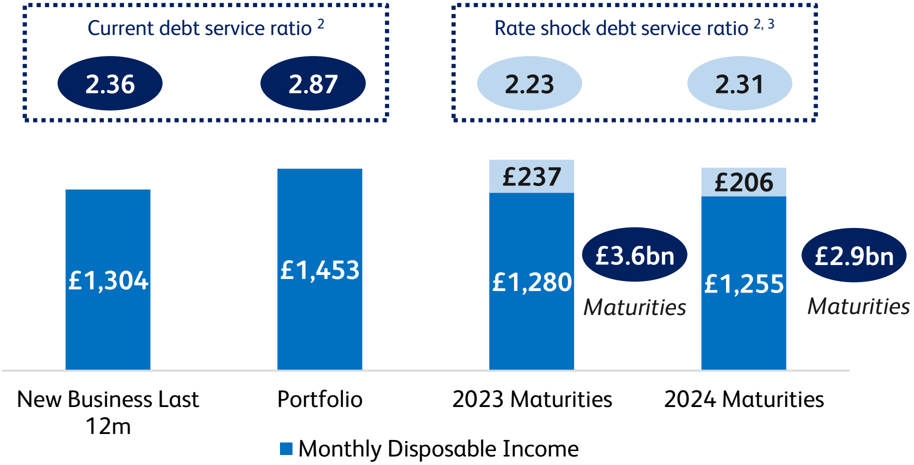
1. Volume of accounts in arrears over total volume of accounts

Strong customer credit quality maintained

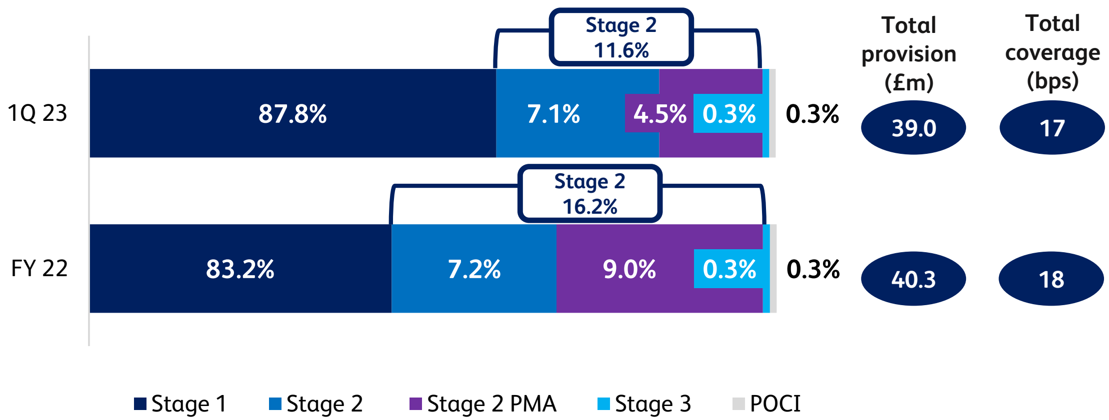
Impairment charge / (credit) (£m)



Mortgage residential affordability [1]



Exposure by stage

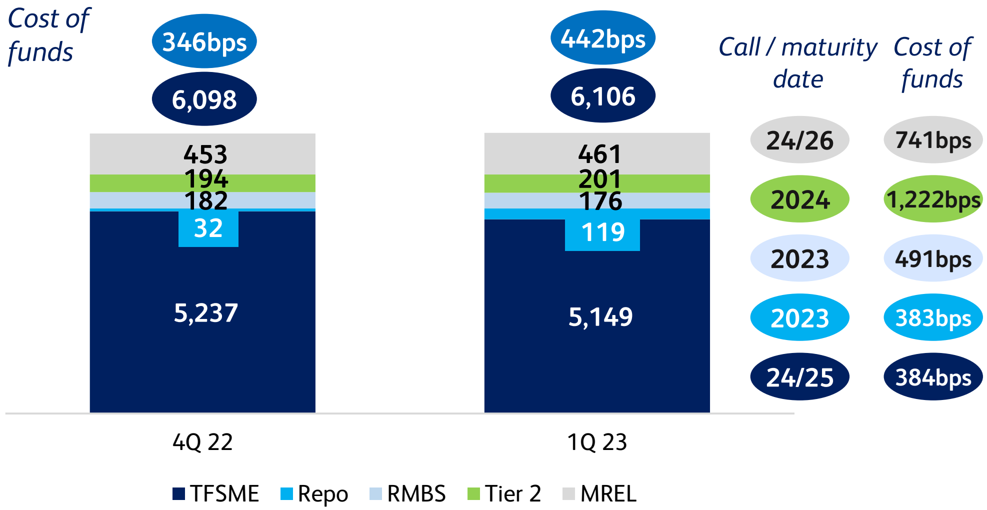


- Secured impairment credit relates to a post model adjustment (PMA) in relation to affordability and reassessment of the Bank's key risks
- Applying a rate shock to customers with products maturing in 2023 and 2024, average disposable income reduces to £1,280 per month (maturing in 2023) and £1,255 (maturing in 2024)
- An estimated 2.1 % of customers across the book have a disposable income of <-£100 when a retention rate plus 1 % is applied; with a blended average LTV of 54 %
- PMA of 4.5 % included in 1Q 23 stage 2 exposure

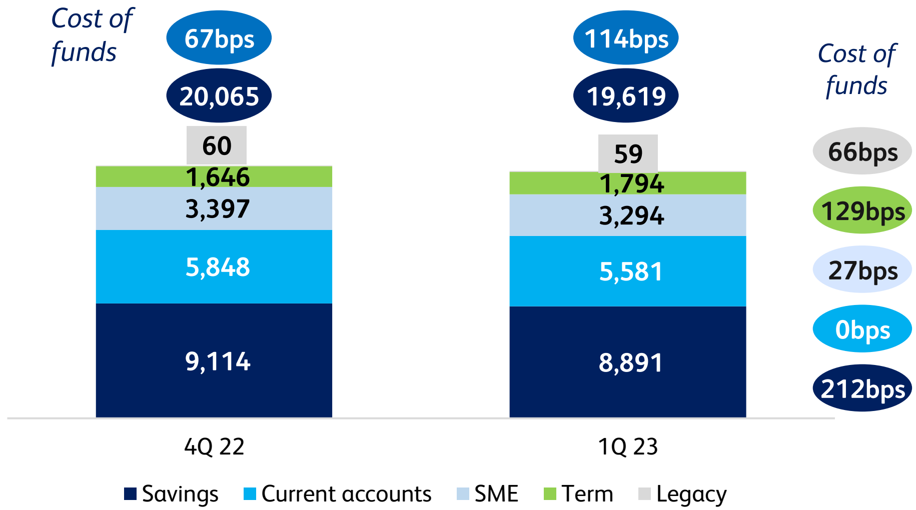
1. Best estimates with multiple assumptions applied including (but not limited to) inflated starting income and credit commitments using CAIS data. Some accounts excluded due to anomalies.
2. Calculated as total disposable income divided by sum of mortgage repayment (before mortgage payment has been taken)
3. Retention rate varies between 4.98 % and 5.38 % depending on LTV

Excess liquidity with a low blended cost of funds of 192bps

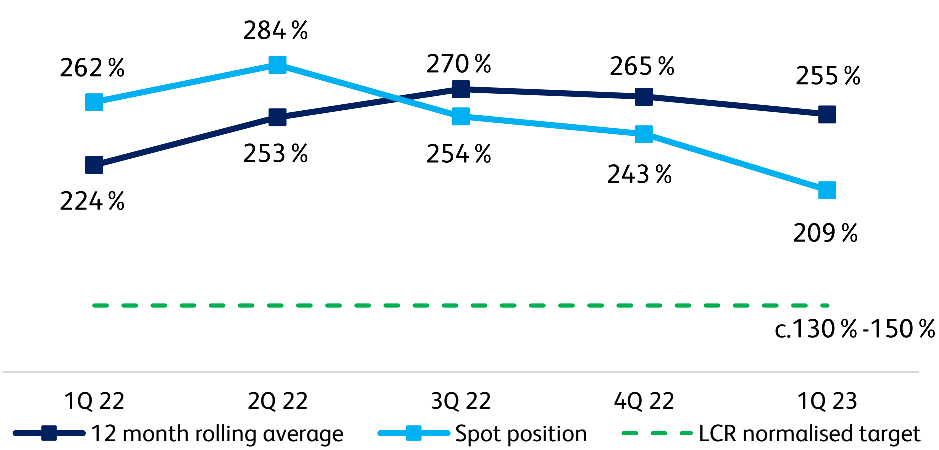
Wholesale funding (£m)



Customer funding (£m)



Liquidity coverage ratio [1]

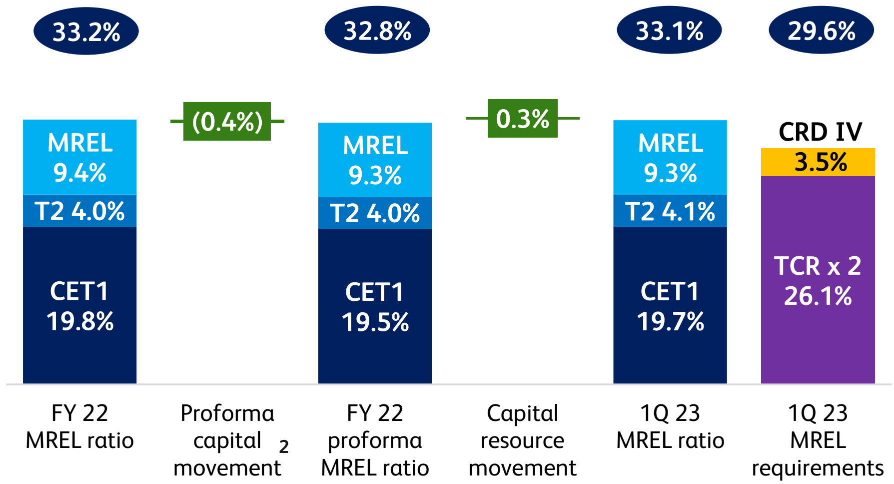


- Blended cost of funds increases to 192bps from 132bps in 4Q 22; remains materially lower than base rate
- £5.1bn TFSME provides significant low cost term funding and maintains wholesale cost of funds at 442bps
- Customer average balances have reduced as expected; primary driver of c.£0.4bn decrease in customer funding
- 18.4 % (FY 22: 18.8 %) of our core customer deposits are uninsured, of which, 54 % are retail; levels remain stable despite market volatility
- LCR continues to decrease, as expected, towards the target operating level, as customers utilise excess deposits to manage the rising cost of living

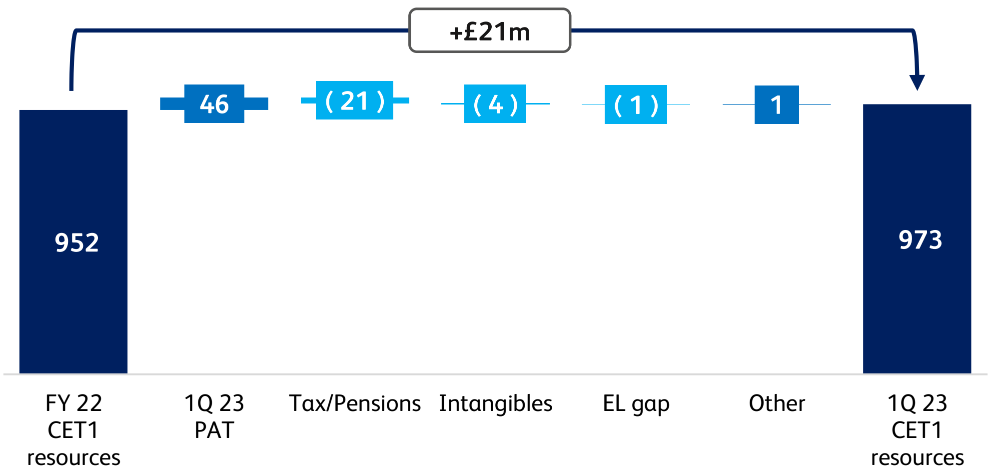
1. Pillar 1 LCR

Significant headroom to MREL plus CRD IV buffers of £174m [1]

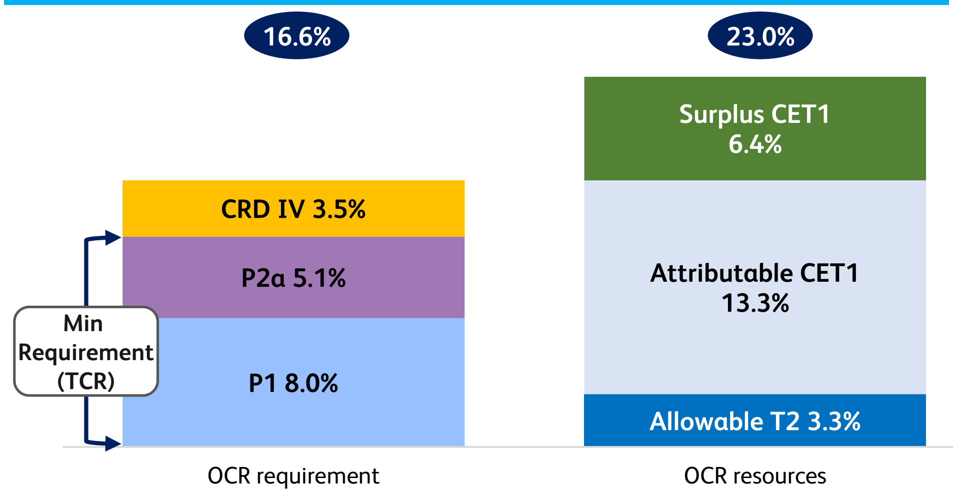
Capital ratios development [1]



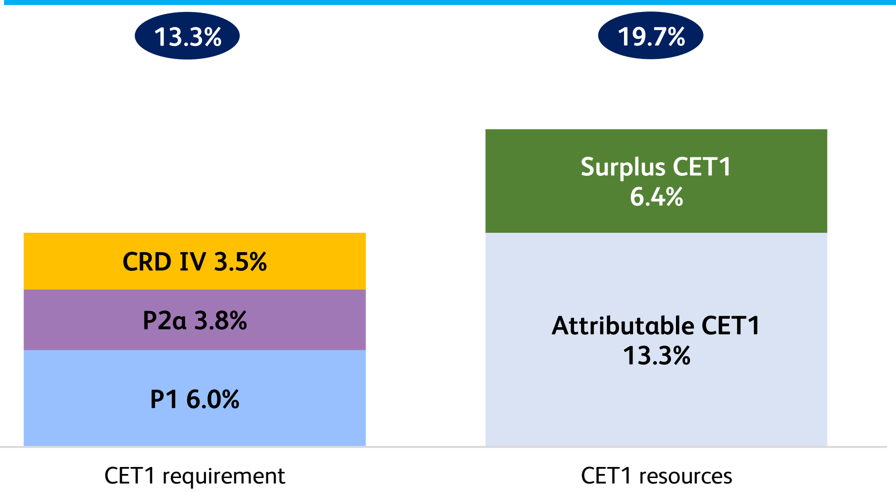
CET1 resource evolution (£m) [1]



OCR requirement [1]



CET1 requirement [1]



1. Includes unaudited profits
2. Pro-rata of annual impact of Pillar 1 RWA update for operational risk recognised in 1Q 23

On track to deliver 2023 commitments

Mortgage transformation

New platform

- Complete testing
- Implement upgraded originations solution, including new broker portal

Migrations & Servicing

- Deliver servicing capability
- Migrate customers to the new platform

Savings transformation

Products

- Deliver savings products on mainframe ✓
- Deliver enhanced capabilities such as flexible pricing

Migrations

- Migrate customers from legacy systems onto new platform

Commence decommissioning of legacy estate

Mortgage servicing in-sourcing

- Complete remaining staff moves ✓
- Deliver new workflow solution ✓
- TUPE remaining operations colleagues ✓
- Complete renovation of new Plymouth premises and transition colleagues

Full year 2023 financial guidance remains unchanged

Disclaimer

Caution about Forward-Looking Statements

This document contains certain forward-looking statements with respect to the business, strategy and plans of The Co-operative Bank Holdings Limited and its subsidiaries (“the Group”), (including its updated long-term forecast) and its current targets, goals and expectations relating to its future financial condition and performance, developments and/or prospects. Forward-looking statements sometimes can be identified by the use of words such as ‘may’, ‘will’, ‘seek’, ‘continue’, ‘aim’, ‘anticipate’, ‘target’, ‘projected’, ‘expect’, ‘estimate’, ‘intend’, ‘plan’, ‘goal’, ‘believe’, ‘achieve’, ‘predict’, ‘should’ or in each case, by their negative or other variations or comparable terminology, or by discussion of strategy, plans, objectives, goals, future events or intentions.

Examples of such forward-looking statements include, without limitation, statements regarding the future financial position of the Group and its commitment to its plan and other statements that are not historical facts, including statements about the Group or its directors’ and/or management’s beliefs and expectations. Any such forward-looking statements are not a reliable indicator of future performance, as they may involve significant stated or implied assumptions and subjective judgements, which may or may not prove to be correct. There can be no assurance that any of the matters set out in forward-looking statements are attainable, will actually occur, will be realised, or are complete or accurate. Past performance is not necessarily indicative of future results. Differences between past performance and actual results may be material and adverse.

For these reasons, recipients should not place reliance on, and are cautioned about relying on, forward-looking statements as actual achievements, financial condition, results or performance measures could differ materially from those contained in the forward-looking statement. By their nature, forward-looking statements involve known and unknown risks, uncertainties and contingencies because they are based on current plans, estimates, targets, projections, views and assumptions and are subject to inherent risks, uncertainties and other factors both external and internal relating to the Group’s plan, strategy or operations, many of which are beyond the control of the Group, which may result in it not being able to achieve the current targets, predictions, expectations and other anticipated outcomes expressed or implied by these forward-looking statements. In addition, certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. No representations or warranties, expressed or implied, are given by or on behalf of the Group as to the achievement or reasonableness of any projections, estimates, forecasts, targets, prospects or returns contained herein. Accordingly, undue reliance should not be placed on forward-looking statements.

Any forward-looking statements made in this document speak only as of the date of this document and it should not be assumed that these statements have been or will be revised or updated in the light of new information or future events and circumstances arising after today. The Group expressly disclaims any obligation or undertaking to provide or release publicly any updates or revisions to any forward-looking statements contained in this document as a result of new information or to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based, except as required under applicable law or regulation.

Important Notice

The information, statements and opinions in this presentation do not constitute or form part of, and should not be construed as, any offer or invitation to sell or issue, or any solicitation of any offer or recommendation or advice to purchase or subscribe for any shares or any other securities nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract or commitment therefore. In particular, this presentation does not constitute an offer for sale of, or solicitation to purchase or subscribe for, any securities in the United States. Furthermore, the information in this presentation is being provided to you solely for your information and may not be reproduced, retransmitted or further distributed to any other person or published (including any distribution or publication in the United States), in whole or in part, for any purpose. No representation or warranty, express or implied, is or will be made and no responsibility, liability or obligation (whether in tort, contract or otherwise) is or will be accepted by any member of the Group or by any of their respective directors, officers, employees, agents or advisers (each an “Identified Person”) as to or in relation to the fairness, accuracy, completeness or sufficiency of the information in this presentation or any other written or oral information made available or any errors contained therein or omissions therefrom, and any such liability is expressly disclaimed, provided that this disclaimer will not exclude any liability for, or remedy in respect of, fraud or fraudulent misrepresentation.

No Identified Person undertakes, or is under any obligation, to provide the recipient with access to any additional information, to update, revise or supplement this presentation or any additional information or to remedy any inaccuracies in or omissions from this presentation.