Nick Slape (CEO) and Louise Britnell (CFO) will host a video conference on 28 April 2023 at 9am (UK time) to present the first quarter trading update followed by a Q&A session.

To access the call please visit https://www.co-operativebank.co.uk/about-us/investor-relations/

Additional materials are also available at this address.

BASIS OF PRESENTATION

The Co-operative Bank Holdings Limited is the immediate parent company of The Co-operative Bank Finance p.l.c. and the ultimate parent company of The Co-operative Bank p.l.c. In the following pages the term 'Group' refers to The Co-operative Bank Holdings Limited and its subsidiaries. The term 'Finance Group' refers to The Co-operative Bank Finance p.l.c. and its subsidiaries. The term 'Bank' refers to The Co-operative Bank p.l.c. and its subsidiaries which are consolidated within the Finance Group and then ultimately the Group. Unless otherwise stated, information presented for the Group equally applies to the Bank and the Finance Group.

Underlying basis: The statutory results are adjusted to remove certain items that do not promote an understanding of historical or future trends of earnings or cash flows, which therefore allows a more meaningful comparison of the Group's underlying performance.
Alternative performance measures: The Group uses a number of alternative performance measures, including underlying profit or loss, in the discussion of its business performance and financial position.

First Quarter Trading Update 2023

28 April 2023

The Co-operative Bank ('the Bank') is pleased to provide an update on its performance in the three months ended 31 March 2023.

- **Profit of £30.6m and underlying profit of £35.1m;** an increase of £0.1m and £7.6m vs 1Q 22 with RoTE of 15.1%
- **Surplus liquidity position and low cost funding model;** Pillar 1 LCR spot position 209.3%, 12 month rolling average LCR 254.8%
- **Significant headroom to MREL plus CRD IV buffers;** CET1 ratio of 19.7% including unaudited profits
- **Progress made on our transformation programme**; completed insourcing of Capita colleagues

Nick Slape, Chief Executive Officer, said:

"In the first three months of 2023 we have again delivered a strong business performance with a statutory profit before tax of £30.6m and a statutory return on tangible equity of 15.1%. In particular, I am pleased with the 28% improvement in underlying profit in the period to £35.1m.

I remain confident that the Bank is well-positioned in the current uncertain macroeconomic environment, with surplus capital and liquidity and a low-risk simple balance sheet.

In the first quarter, we completed the insourcing of Capita colleagues and are now focussed on migrating customers to our new savings platform. Our unique position as the leading ethical Bank in the UK, combined with targeted investment to transform and simplify our operations, will enable us to continue to make it easier for our customers to interact with us, whilst delivering sustainable returns for our shareholders."

INCOME STATEMENT (£m)

	3 months ended 31 March	
	2023	**2022**
Net interest income	**120.1**	99.9
Other operating income	**11.0**	10.3
Total income	**131.1**	110.2
Operating expenditure	**(101.5)**	(84.7)
Impairment credit / (charge)	**0.5**	(0.5)
Non-operating income	**0.5**	5.5
Profit before tax	**30.6**	30.5
Taxation credit / (charge)	**14.9**	(37.5)
Profit / (loss) after tax	**45.5**	(7.0)
Adjustments		
Exceptional project expenditure	**4.5**	1.7
Other exceptional losses / (gains)	**0.0**	(4.7)
Underlying profit before tax	**35.1**	27.5
Key ratios:		
Net interest margin (bps) [1]	**181**	146
RoTE (%) [2]	**15.1**	(1.7)
Cost:income ratio (%) [3]	**77.1**	73.2
Asset quality ratio (bps) [4]	**(1.0)**	0.9

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
4. Annualised impairment (credit) / charge over average customer assets

PERFORMANCE HIGHLIGHTS

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

- Total income of £131.1m; includes net interest income and other operating income, and has increased by 19% in comparison to the three months ended 31 March 2022
- Net interest income has increased by 20% to £120.1m (1Q 22: 99.9m); supported by improving deposit margins following the increases in the base rate to 4.25%
- Net interest margin of 1.81% (1Q 22: 1.46%)
- Operating expenditure increased by 20% to £101.5m (1Q 22: £84.7m); mainly driven by an increase in staff costs following cost of living payments and salary increases during 2022 as well as higher recruitment during 2022
- Cost:income ratio of 77.1% (1Q 22: 73.2%)
- Impairment credit of £0.5m (1Q 22: £0.5m charge); reflecting releases for affordability across the secured portfolio alongside support now available to leaseholders surrounding cladding issues
- Non-operating income of £0.5m (1Q 22: £5.5m); 2022 includes the sale of a small loan portfolio

Income tax credit of £14.9m

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

Surplus liquidity position and low cost funding model

- Increase in retail secured balances to £19.9bn (FY 22: £19.6bn) with a mortgage pipeline of £1.2bn
- Net mortgage lending of £272m in the quarter
- Deposit balances remain stable over the period with a Pillar 1 spot position LCR of 209.3% (12 month rolling average 254.8%)
- Total blended cost of funds of 192bps (4Q 22: 132bps)
- Asset quality ratio (AQR) remains low with a release of 1bp (1Q 22: charge of 0.9bps; FY 22: charge of 3.1bps)

Significant headroom to MREL plus CRD IV buffers

- CET1 ratio of 19.7% including unaudited profits (FY 22: 19.8%) remains well above the regulatory minimum of 13.3%
- RWAs at £4.9bn (FY 22: £4.8bn) due to a stable balance sheet, impacted by annual update of Operational Risk RWAs
- Total capital ratio of 23.8% (FY 22: 23.8%)

Progress made on our transformation programme

- Launched new savings product, Fixed Rate Cash ISA, following the launch of two other savings products in 2022 on the Bank's mainframe
- Completed the TUPE of remaining c.400 operations colleagues from Capita on 1st March
- Commenced the migration of savings customers onto new platform

SEGMENTAL PROFIT / (LOSS) (£m)

	Core			Legacy &	Group
1Q 23	**Retail**	**SME**	**Total**	**unallocated**	
Net interest income	97.8	21.1	**118.9**	1.2	**120.1**
Other operating income	6.7	4.3	**11.0**	0.0	**11.0**
Operating income/(expense)	**104.5**	**25.4**	**129.9**	**1.2**	**131.1**
Operating expenses	(78.8)	(16.5)	**(95.3)**	(6.2)	**(101.5)**
Net credit impairment gains/(losses)	0.8	0.0	**0.8**	(0.3)	**0.5**
Non-operating income	0.0	0.0	**0.0**	0.5	**0.5**
Profit before tax	**26.5**	**8.9**	**35.4**	**(4.8)**	**30.6**

1Q 22	Core			Legacy &	Group
	Retail	**SME**	**Total**	**unallocated**	
Net interest income	88.5	13.4	**101.9**	(2.0)	**99.9**
Other operating income	5.9	4.3	**10.2**	0.1	**10.3**
Operating income/(expense)	**94.4**	**17.7**	**112.1**	**(1.9)**	**110.2**
Operating expenses	(66.6)	(14.7)	**(81.3)**	(3.4)	**(84.7)**
Net credit impairment gains/(losses)	(1.0)	(0.2)	**(1.2)**	0.7	**(0.5)**
Non-operating income	0.0	0.0	**0.0**	5.5	**5.5**
Profit before tax	**26.8**	**2.8**	**29.6**	**0.9**	**30.5**

SEGMENTAL ASSETS AND LIABILITIES (£m)

1Q 23	Core			Legacy &	Group
	Retail	**SME**	**Total**	**unallocated**	
Segment assets	20,102.0	401.5	20,503.5	7,203.2	27,706.7
Segment liabilities	16,265.2	3,294.2	19,559.4	6,802.7	26,362.1

FY 22	Core			Legacy &	Group
	Retail	**SME**	**Total**	**unallocated**	
Assets	19,841.3	388.2	20,229.5	7,903.3	28,132.8
Liabilities	16,607.8	3,396.8	20,004.6	6,829.2	26,833.8

SELECTED KEY PERFORMANCE INDICATORS

% (unless otherwise stated)	1Q 23[1]	2022	Change
CET1 ratio	**19.7**	19.8	(0.1)
Total capital ratio	**23.8**	23.8	0.0
Risk-weighted assets (£m)	**4,934**	4,816	118
Leverage ratio (PRA) [2]	**4.1**	4.0	0.1
Liquidity coverage ratio (spot)	**209.3**	242.9	(33.6)
Liquidity coverage ratio (12 month rolling average) [3]	**254.8**	265.3	(10.5)
Loan to deposit ratio	**107.7**	104.1	3.6
Average core mortgage LTV	**55.0**	53.5	1.5
Core mortgage accounts > 3 months in arrears (volume)	**0.14**	0.13	0.01
NPL as a % of total exposures	**0.4**	0.4	0.0

1. Capital metrics include unaudited profits
2. Calculated as per PRA definition, excluding Bank of England reserves
3. Calculated in line with Pillar 3 requirements

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The person responsible for arranging the release of this announcement on behalf of The Co-operative Bank Finance p.l.c and The Co-operative Bank p.l.c. is Catherine Green, Company Secretary.

About The Co-operative Bank

The Co-operative Bank p.l.c. provides a range of banking products and services to about 2.5m retail customers and c.94k small and medium sized enterprises ('SME'). The Bank is committed to values and ethics in line with the principles of the co-operative movement. The Co-operative Bank is the only high street bank with a customer-led ethical policy, which gives customers a say in how their money is used. Launched in 1992, the policy has been updated on six occasions, with new commitments added in June 2022 to cover what we do for our planet, people and the community.

The Co-operative Bank p.l.c. is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Co-operative Bank p.l.c. eligible customers are protected by the Financial Services Compensation Scheme in the UK, in accordance with its terms.

Note: all figures contained in this announcement are unaudited. This announcement contains inside information.
The Co-operative Bank p.l.c. LEI: 213800TLZ6PCLYPSR448
The Co-operative Bank Finance p.l.c. LEI: 213800KNE8ER4N9BLF11

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.