Nick Slape (CEO) and Louise Britnell (CFO) will host a video conference on 28 April 2021 to present the first quarter trading update and a Q&A session at 2pm (UK time).
The video conference will be held via BlueJeans video conferencing.
To request access to the call please email investorrelations@co-operativebank.co.uk for the mandatory entry details.
Participants can join the conference via:

The BlueJeans mobile app; available from your respective app store (video and audio)
Direct from a web browser (video and audio)
Or by telephone (audio only)

Additional materials are available on the Bank's investor relations website which can be found at the following address:
www.co-operativebank.co.uk/investorrelations

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 2021

28 April 2021

The Co-operative Bank ('the Bank') is pleased to provide an update on its performance in the three months ended 31 March 2021.

- Statutory profit before tax of £7.2m and underlying profit of £2.6m
- Increase in mortgage balances of £1.0bn (6%) with a strong pipeline (£2.0bn) and growth in core customer deposits
- CET1 ratio increased by 0.7pp to 19.9%. Strong liquidity position with LCR of 163.3%
- New SME digital services and strong customer satisfaction
- Continued support for our charity and business partners – number one ethical banking brand position maintained
- Upgraded guidance on CET1 ratio and customer assets

Nick Slape, Chief Executive Officer, said:

"I am encouraged by the Bank's financial performance in the first quarter, achieving a small underlying profit – an important first step towards sustainable profitability from 2021. We have delivered a resilient performance by maintaining our focus on income generation, simplification and by reducing our operating costs. Our retail business continues to grow, with net residential lending increasing by 6% in the quarter with a strong pipeline. Our SME banking proposition is developing well with the launch of a new mobile app, credit card and same-day onboarding, alongside a strong pipeline of new customers switching to join us.

As I reflect on the anniversary of the first national lockdown, I have been proud of how colleagues have responded to the challenges we have faced and the way in which they have adjusted to new ways of working whilst continuing to step up for our customers. We are working closely with our charity partners in tackling youth homelessness and economic abuse, social issues which have become more acute over the past year. I was delighted that we were awarded 'Best Charity Banking Provider' by Business Moneyfacts for the sixth consecutive year. We are also pleased to have retained our position as the UK's leading ethical banking brand.

As announced separately today, we are pleased to welcome JC Flowers and Bain Capital Credit as new investors in the Bank, subject to regulatory approval, and look forward to working with them and all our stakeholders as we develop our future thinking.

At the half-year we will have reached the midpoint of our turnaround strategy and we are ahead of where we expected to be. This is a positive start to the year and we have upgraded our guidance in relation to customer assets and CET1 ratio."

INCOME STATEMENT (£m)

	3 months ended 31 March	
	2021	2020

Net interest income	71.2	64.8
Other operating income	10.0	11.0
Total income	81.2	75.8
Operating expenditure	(77.3)	(87.2)
Impairment	(1.3)	(2.9)
Underlying profit / (loss)	2.6	(14.3)
Strategic change	(4.7)	(9.4)
Non-operating income / (expense)	9.3	(3.3)
Statutory profit / (loss) before tax	7.2	(27.0)
Tax (charge) / credit	(2.3)	11.2
Statutory profit / (loss) after tax	4.9	(15.8)

Key ratios:		
Customer net interest margin (bps) [1]	151	144
Underlying cost:income ratio (%) [2]	95	115
Asset quality ratio (bps) [3]	3	6
CET1 ratio (%) [4]	19.9	19.2

1. Calculated as annualised net interest income over average customer assets
2. Calculated as operating expenditure over total income
3. Calculated as annualised impairment charge over average customer assets
4. Comparator is FY 20

PERFORMANCE HIGHLIGHTS

Statutory profit before tax of £7.2m and underlying profit of £2.6m:

- Total income increased by 7% to £81.2m (1Q 20: £75.8m); growth in mortgage balances with improved margins and gilt sales have more than offset reduced fee and commission income resulting from lower transaction volumes during the national lockdown
- Customer net interest margin of 1.51% (1Q 20: 1.44%); increase driven by higher mortgage margins and 1Q 20 non-recurring adverse impact of the reduction in the Bank of England base rate on the Effective Interest Rate asset
- Operating expenditure reduced by 11% to £77.3m (1Q 20: £87.2m); driven by restructuring actions undertaken in 2020 which had a positive benefit in the quarter of c.£5m as well as the positive impact of ongoing simplification
- Income growth and cost reduction drives an improvement in underlying cost:income ratio to 95% (1Q 20: 115%)
- Impairment charge of £1.3m (1Q 20: £2.9m); reflects extension of government support measures and a more favourable economic outlook
- Strategic change of £4.7m (1Q 20: £9.4m); 1Q 20 included costs relating to the separation of IT systems from the Co-op Group with no equivalent expenditure in the current quarter
- £9.3m non-operating income (1Q 20: £3.3m non-operating expense) includes the impact of volatile items. 1Q 21 includes receivable at fair value (£10.0m net of costs) in respect of a refund of historical ATM business rates

Increase in mortgage balances of £1.0bn (6%) with a strong pipeline (£2.0bn) and growth in core customer deposits:

- Net core residential lending has increased by 6% in the quarter (£1.0bn) to £18.1bn (FY 20: £17.1bn), with a strong pipeline going into 2Q 21 of £2.0bn
- 4% increase in SME asset balances to £0.5bn (FY 20: £0.4bn)
- Total core deposits have increased by 2% in the quarter to £20.6bn (FY 20: £20.3bn)
- Low-risk loan book with an asset quality ratio of 3bps (1Q 20: 6bps)
    - Average mortgage completion LTV of 73.1%
    - Of all the payment deferrals granted 95% of the balances have resumed their repayment profile, 1% of the balances are in arrears and 4% of the balances remain live

CET1 ratio increased by 0.7pp to 19.9%. Strong liquidity position with LCR of 163.3%:

- CET1 ratio of 19.9% (FY 20: 19.2%); increase in 1Q 21 of 0.7pp driven by a reduction in RWAs
- Total capital ratio of 24.7% (FY 20: 23.7%)
- RWAs of £4.5bn (FY 20: £4.7bn); growth in new secured lending is offset by the 2020 Optimum transaction (£117m), final settlement of the Bank's Surrendered Loss Debtor (£48m) and a reduction in unsecured lending
- LCR of 163.3% (FY 20: 193.4%); deployed TFSME and customer funding to generate mortgage balance growth
- TFSME funding remains available for further drawdown up to 31 October 2021

New SME digital services and strong customer satisfaction:

- Launched our new SME banking mobile app which will enable our customers to access their accounts via a new channel. We have also launched a new credit card product for our SME customers
- We have set up the 'Pay As You Grow' payment options and calculator to support our SME customers with Bounce-Back loans with their repayment options
- Reaching more customers by launching a mortgage product for professionals
- Current account customer satisfaction (NPS) of +21; retained 3rd place in market

Continued support for our charity and business partners – number one ethical banking brand position maintained:

- Number one ethical banking brand position maintained
- Significant milestone reached of donating over £1m to our Everyday Reward current account proposition charity partners since 2016
- 20,000 young people at risk of becoming homeless have now accessed the Bank-funded Centrepoint helpline for advice since 2017
- Continued support for co-operative businesses through our business development programme, The Hive

SEGMENTAL INCOME (£m)

1Q 21	Core				Legacy and unallocated	Group
	Retail	SME	Treasury	Total		
Net interest income / (expense)	66.5	10.9	(4.9)	72.5	(1.3)	71.2
Other operating income / (expense)	3.4	3.2	3.6	10.2	(0.2)	10.0
Operating income	69.9	14.1	(1.3)	82.7	(1.5)	81.2
Operating expenses						(77.3)
Credit impairment (losses) / gains	(0.9)	(1.6)	-	(2.5)	1.2	(1.3)
Underlying profit						2.6

1Q 20	Core				Legacy and unallocated	Group
	Retail	SME	Treasury	Total		
Net interest income / (expense)	57.4	9.9	(1.8)	65.5	(0.7)	64.8
Other operating income / (expense)	7.9	4.2	(1.2)	10.9	0.1	11.0
Operating income	65.3	14.1	(3.0)	76.4	(0.6)	75.8
Operating expenses						(87.2)
Credit impairment (losses) / gains	(0.8)	0.1	-	(0.7)	(2.2)	(2.9)
Underlying loss						(14.3)

SEGMENTAL ASSETS AND LIABILITIES (£m)

1Q 21	Core				Legacy and unallocated	Group
	Retail	SME	Treasury	Total		
Segment assets	18,314.9	468.0	5,294.7	24,077.6	1,687.7	25,765.3
Segment liabilities	17,587.4	3,052.2	3,331.4	23,971.0	321.8	24,292.8

FY 20	Core				Legacy and unallocated	Group
	Retail	SME	Treasury	Total		
Segment assets	17,360.7	447.8	5,900.9	23,709.4	1,890.1	25,599.5
Segment liabilities	17,300.0	2,964.4	3,536.8	23,801.2	323.9	24,125.1

SELECTED KEY PERFORMANCE INDICATORS

%	1Q 21	2020	Change
Total capital ratio	24.7	23.7	1.0
Risk weighted assets (£m)	4,484	4,684	(200)
Leverage ratio (EBA) [1]	3.4	3.4	-
Leverage ratio (PRA) [2]	3.9	4.0	(0.1)
Liquidity coverage ratio	163.3	193.4	(30.1)
Loan to deposit ratio	94.5	91.6	2.9
Average core mortgage LTV	56.2	56.1	0.1
Core mortgage balances ≥ 3 months in arrears	0.12	0.12	-

NPL as a % of total exposures	0.3	0.4	(0.1)

1. Calculated as per EBA definition, including Bank of England reserves
2. Calculated as per PRA definition, excluding Bank of England reserves

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About The Co-operative Bank

The Co-operative Bank p.l.c. provides a range of banking products and services to about 3.2m retail customers and c.92k 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 five occasions, with new commitments added in January 2015 to cover how the Bank operates its business, products and services, workplace and culture, relationships with suppliers and other stakeholders and campaigning.

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.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements with respect to the business, strategy and plans of 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.