Annual Report and Accounts 2024

This is
Relationship Banking

Welcome

Strategic report

Governance

Risk

Financial statements

Additional information

Evolution

2024 has been a year of evolution as we have pivoted our strategy towards corporate, commercial and SME lending, and specialist mortgages.

Focused on growth

We remain focused on achieving sustainable profitability and creating value for all our shareholders. We will continue to deliver on our strategy, building relationships and becoming the specialist lender of choice.

Read more in the Chief Executive Officer's statement on page 8

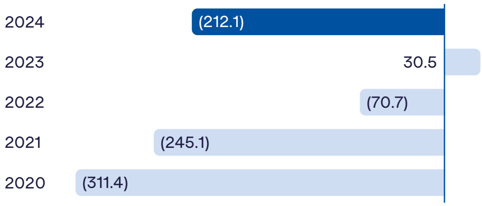
Metro Bank continues to make strong progress. We're creating a simpler, more agile and digitally enabled bank for the future.

Daniel Frumkin
Chief Executive Officer

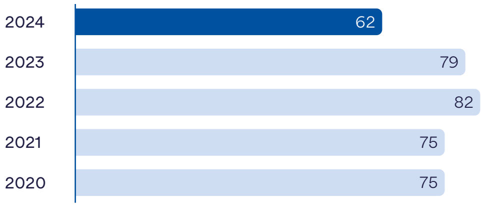
Summary of the year

2024 has been a year of transformation with the Bank returning to underlying profitability in H2, ahead of guidance, thanks to our continued emphasis on cost discipline and balance sheet management. We have positive momentum moving forwards, with a strong pipeline supporting our pivot towards higher yielding corporate, commercial and SME lending, and specialist mortgages – areas where our established relationship banking model positions us to win and create new FANS.

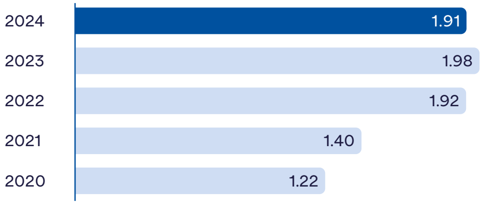
Statutory (loss)/profit before tax (£m)



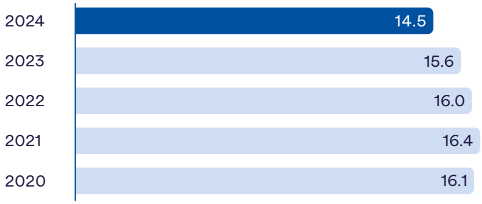
Loan-to-deposit ratio (%)



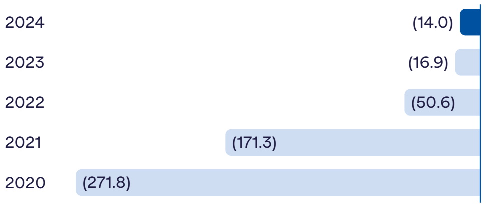
Net interest margin (%)



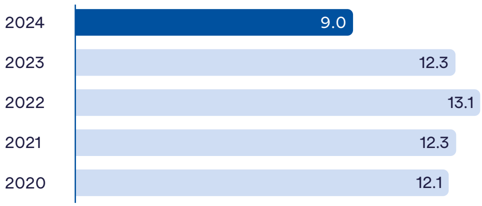
Deposits (£b)



Underlying loss before tax (£m)



Loans and advances (£b)



1. Competition and Markets Authority (CMA) survey carried out in Great Britain by Ipsos and BVA-BDRC between January 2024 and December 2024 – Services in branches. Results at ipsos.com and bva-bdrc.com

Who we are

We opened our doors in the summer of 2010 and were the first high street bank to open in the UK in over 100 years. Since then, we've built a business that is providing meaningful competition against larger incumbents and offering a compelling alternative for small business and commercial customers.

Our approach

Our approach is centred on our colleagues and building relationships with our customers and communities. Whether through our network of 75 stores, on the phone through our UK-based contact centres, or online through our internet banking or award-winning mobile app, we offer our FANS a real choice. Our established relationship banking model and focus on our localness informs everything we do and the decisions we make.

#2
In-store service for business and personal customers[1]

3.0m
Customer accounts

Our purpose and strategy framework

At Metro Bank, we have always been proud to do things our way.

In an age where banking has become less personal and increasingly faceless, we have always stood for something different, and today, it's that difference that defines the next chapter in our story. Our reason for being, why you and our customers choose us, is because of our people.

We exist to empower our customers and communities and we do so with a human approach to banking, whether face to face, over the phone or through our digital channels. We strive to make life easier for our customers by providing exceptional service every time. It's at the heart of what we do and why we are the 'relationship banking specialists'.

1. It's achieved through our purpose

Our purpose is to empower customers and communities with a human approach to banking.

Through delivering exceptional customer service, we turn customers into FANS, who champion us through actively recommending us to friends and family.

Our core principles define, guide, and inspire what we do and the experiences we create.

This simple purpose guides everything we do as it places the customer and our communities at the heart of all of our decision-making.

2. Strengthened by our AMAZEING behaviours

Our AMAZEING behaviours strengthen everything we do and are ingrained throughout our organisation helping us drive our relationship banking approach:

- Attend to every detail
- Make every wrong right
- Ask if you're not sure – bump it up
- Zest is contagious – share it
- Exceed expectations
- Inspire to create FANS
- Nurture for growth
- Game change, because we're a different kind of bank.

Our purpose and strategy framework continued

3. Delivered via our business model

Our business model is how we create sustainable long-term value for our stakeholders. It involves combining stores and digital channels with exceptional customer service to generate tangible book growth.

Integrated model
Our model combines delivery through physical and digital channels.

Unique culture
Our colleagues deliver superior service and are the heart of our relationship banking approach.

Service-led core deposits
We attract core deposits through our service-led relationship banking model with specific emphasis on our core retail and SME/ commercial franchise.

Risk-adjusted returns
We are balancing our lending mix through a broad yet simple product offering that is priced proportionate to risk.

Read more about our business model on page 10

4. Supported by our strategic priorities

Our strategic priorities are our day-to-day focus, and are crucial to delivering our long-term success.

Revenue
Create FANS to deliver strong growth.

Infrastructure
Protect value through safe, scalable infrastructure.

Balance sheet optimisation
Continued focus on risk-adjusted returns.

Communication
Engage colleagues, communities and other stakeholders to tell our story.

Cost
Cost discipline to support profitable growth and reinvestment.

5. Measured by our key performance indicators

Our key performance indicators (KPIs) are the metrics we monitor to check we are on track with the delivery of our strategy as well as to assess how our business model is performing. These consist of:

- customer accounts
- colleague engagement
- net promoter score
- senior leadership diversity
- statutory profit/(loss)
- underlying profit/(loss)
- total capital plus MREL
- cost of deposits
- cost of risk
- statutory cost:income ratio
- return on tangible equity
- loan-to-deposit ratio
- total shareholder return.

Read more about our KPIs on page 14

6. Aligned with performance based remuneration

Our approach to remuneration for management is based on a simple and clear scorecard in addition to a Long Term Incentive Plan (LTIP) and a Shareholder Value Alignment Plan (SVAP). Scorecard measures are aligned to the four components of our business model with the LTIP and SVAP based upon the successful generation of sustainable long-term value and tangible book growth.

Read more about our remuneration on pages 78 to 117

Chair's statement

2024 was a year of successful transformation, which saw the Bank return to underlying profitability through strong cost management and pivoting towards higher yielding commercial and specialist lending. Relationship Banking is at the heart of what we do and has underpinned the strong momentum delivered in 2024.

Dear shareholder

2024 was a year of transformation for the Bank. The first half of the year saw the Bank plan and articulate a strategic pivot to prioritise and grow in higher yielding commercial and specialist lending. As a relationship bank with a distinct and valued service proposition, we believe there is great potential to better serve this market and that we are ideally positioned to deliver. In the second half of the year, we have made significant progress in the delivery of our strategy. We have returned to underlying profitability, reported financial results ahead of guidance and carry real momentum into 2025.

To execute our strategy effectively, we have had to make some hard decisions, in particular around our cost model and taking measures that will allow us to invest more in future growth. Some of these decisions included reducing our store hours and making more than 1,000 colleagues redundant across our stores and the wider business.

Alongside the cost savings, we also made additional investments to improve our service to continue to provide market-leading services for our customers. For example, we have invested in the automation of services, improving our productivity and our response to customer needs.

We have also invested in a strategic collaboration with Infosys, announced in October 2024, which further demonstrates our commitment to long-term investment in digital experience for our customers.

In a year of significant change and transformation, our colleagues' dedication to our customers has remained a constant inspiration for the Board.

On behalf of the Board, I remain immensely grateful for the continued trust and support from our shareholders, bondholders, regulators, customers and colleagues.

Results

The operating environment remained challenging throughout 2024. Despite the economic headwinds, Daniel Frumkin, Chief Executive Officer (CEO) and his executive team have successfully delivered a fundamental transformation of the Bank. Business performance has improved from an H1 underlying loss of £27 million to an H2 underlying profit of £13 million, establishing momentum that we anticipate will continue into 2025 to meet our objective of returning the Bank to sustainable profitability.

2024 also saw the Bank return to the FTSE 250 and receive the first credit rating upgrade in its history. Both are important steps in the Bank's turnaround. The market reaction to our progress has been positive, with the share price closing on 31 December at £0.94, up 155% year-on-year. As the Bank delivers on its strategic pivot, our priority is to help grow shareholder returns.

“I remain immensely grateful for the continued trust and support from our shareholders, bondholders, customers and colleagues.

Robert Sharpe
Chair

Chair's statement continued

Regulatory and Compliance

I am pleased that the FCA has concluded its enquiries into a legacy issue relating to transaction monitoring systems and controls that began in 2016 and were remediated by 2020. The conclusion of these enquiries draws a line under this and all other outstanding legacy issues, allowing the Bank to entirely focus on the future, building on the solid foundations it has already laid.

Governance

In 2024, the Bank added four highly experienced directors to the Board with the appointments of Marc Page, Paul Coby, Cristina Alba Ochoa and Jaime Gilinski Bacal. Marc joined the Bank as CFO in September, bringing with him more than 20 years of financial experience, and has already made a positive contribution to the Board and Executive team. Cristina, following her strong contribution as interim CFO, was appointed as a shareholder-nominated Non-Executive Director in October. Jaime, who is a major shareholder of the Bank through his Spaldy Investments Limited vehicle, joined the Board as a shareholder-nominated Non-Executive Director in September.

In December, we were joined by Paul as a Non-Executive Director, adding a wealth of FTSE 100 executive and board technology experience which will be important as the Bank grows and develops its offering.

Outlook

The road ahead for the UK economy is not without uncertainty. Despite expectations of UK growth in 2025, renewed challenges from a higher pace of inflation, increased trade frictions, and a heightened state of economic and geopolitical uncertainty are likely.

Notwithstanding these macro challenges, I remain confident in our ability to deliver for our customers. The Bank's resilience and ability to navigate obstacles, as well as seize new opportunities, remains one of its great strengths and will support delivery of our 2025 objectives.

We will continue to champion customer service and traditional banking values of trust, honesty and integrity, delivering excellence in our products and services and nurturing the relationships we value.

Finally, I would like to extend my sincere thanks to colleagues past and present, as well as the Board and Executive team for all their hard work and contribution.

We have more to do in 2025 to get the Bank to where we all want it to be, but I look forward to the year ahead with confidence and optimism.

Robert Sharpe
Chair
22 April 2025

Where to find out more

How governance is supporting our transformation

Stakeholder impact

We focus on the impact on our stakeholders in all the decisions we make. Delivering the right outcomes to stakeholders is fundamental to empowering customers and communities in line with our human approach to banking.

Read more in our Stakeholder Engagement on pages 56 to 58 and in our Section 172 Statement on page 31

Stakeholder engagement

The Board engaged with a range of stakeholders throughout 2024 and looks forward to further engagement throughout 2025 including meeting shareholders at our AGM which will take place on 20 May 2025.

Read more in the Chair's Corporate Governance Introduction on page 49 and in our Section 172 Statement on page 31

Operating environment

The environment we operate in is both competitive and rapidly changing.
This presents us with challenges but also creates exciting opportunities for us as we grow.

Economic and political outlook

How we see it

The macroeconomic outlook has stabilised in 2024, with the UK economy continuing to be remarkably resilient. Inflation has levelled off at close to the 2% target thanks to earlier falls in energy prices. As a result of this inflation softening, the Bank of England has started reducing base rates. Whilst the outlook is that rates will continue to come down, this will be at a slower pace, and will continue to impact customers in the years ahead as they roll-off lower-cost fixed-rate borrowing. Although this has resulted in an increase in arrears, this has come off a low base. The fiscal expansion announced in the budget will drive a renewed acceleration next year as stronger government consumption and investment feed through.

How we are responding

Supported by a stable-to-improving macroeconomic outlook and decline in inflation, expected credit loss (ECL) has remained at an adequate level having declined over the course of the year, partially offset by run-off of the personal loan and credit card portfolios and limited arrears, and defaults in the retail mortgage portfolio. In addition, Post Model Adjustments (PMAs) are also being held to reflect economic uncertainty not fully captured in the IFRS9 models as well as the Moody's macro-economic outlook.

In Q3 2024, we took the decision to move away from unsecured retail credit card lending given the return on capital it is providing in the current economic climate.

The road ahead for the UK economy is not without uncertainty. Despite expectations of UK growth in 2025, renewed challenges from a higher pace of inflation, increased trade frictions, and a heightened state of economic and geopolitical uncertainty are likely. Notwithstanding these macro challenges, we remain confident in our ability to deliver for our customers. The Bank's resilience and ability to navigate obstacles, as well as seize new opportunities, remains one of its great strengths and will support delivery of its 2025 objectives.

Competition

How we see it

The UK banking market remains highly competitive in respect of both deposits and lending.

For core current accounts, digital-only operators are achieving high levels of customer satisfaction whilst incumbent players continue to deploy switching offers to defend market share. At the same time, average current account balances are stabilising industry-wide as the UK economy exits the worst of the recent inflationary cycle and base rate begins to decline.

In the lending market, whilst larger incumbents continue to price mortgages below base rate, we are seeing Net Interest Margin (NIM), Cost of Funding (CoF), and swap rate pressures impact market pricing. Specialist lenders have also had to respond to this, which has resulted in reduced volumes for some market leaders as they seek to protect and grow NIM in an interest rate environment that is expected to remain higher for longer than previously thought.

We have also started to see the early signs of consolidation within the industry, which is likely to see market share concentrated further between larger incumbents.

How we are responding

We are focusing our investment in current accounts, and supporting capabilities, for our corporate, commercial and SME customers where we see our relationship-first proposition differentiating ourselves from our peers. We continue to win new corporate, commercial and SME current accounts and average balances have stabilised following the market-wide shifts of 2022 and 2023.

In the lending space, we are focusing our attention on targeting specialist sub-segments of the market which offer relative scale at attractive risk adjusted returns. We believe our target operating model, distribution and lower CoF relative to leading specialists provides a competitive advantage as opposed to continuing to compete within the vanilla/ Advanced Internal Rating-Based (AIRB) space, where structural disadvantages in the capital treatment of residential mortgages compared to larger AIRB-approved competitors persist.

Customer behaviour

How we see it

Customer behaviour in 2024 has been marked by the decline in base rate and reduction in inflation and cost-of-living pressures. This has seen customers stabilise the balances they hold in current accounts relative to expenditure and saving. The higher base rate environment, with associated higher savings rates, means the savings market remains highly competitive with ongoing switching behaviours. We have also seen customers making greater use of ISAs as a tax shield, particularly amongst savers with high balances where interest payments exceed the personal savings allowance.

We are witnessing the acceleration of digitisation with customers continuing to prefer digital-first channels. This rise in use of new technology also gives rise to increasingly sophisticated fraud.

How we are responding

In 2024 we have been optimising our deposit base, and associated cost, reflecting the sale of a portfolio of mortgage assets and prudent reduction in excess liquidity held as cash. We continue to invest in current accounts, and supporting capabilities, for our corporate, commercial and SME customers where we see our relationship-first proposition differentiating ourselves from our peers.

We expect the current digitisation trend to continue, and we will make disciplined investment choices in response including capabilities to minimise the risk of fraud and financial crime.

We remain committed to stores and maintaining a fully integrated offering.

Operating environment continued

Regulatory environment

How we see it

The UK regulatory environment has undergone significant changes in recent years and continues to evolve, with further changes on the horizon from key regulatory bodies.

Regulatory authorities including the Prudential Regulation Authority (PRA), and Financial Conduct Authority (FCA) have introduced reforms aimed at enhancing financial stability, consumer protection and market integrity.

Key regulatory initiatives have included the new Consumer Duty requirements and Basel 3.1 which sees changes to the industry's capital requirements.

We are also continuing to see regulators take a firm approach to misconduct and ensuring fair outcomes for customers.

How we are responding

We are delivering on a range of comprehensive projects to ensure we remain compliant with changes to the regulatory environment. We are preparing for the introduction of Basel 3.1, the finalisation of the PRA's Consultation Paper 9/24 on streamlining the Pillar 2A capital framework and the capital communications process, and the Bank of England's Consultation Paper on amendments to the MREL regime.

We proactively engage with our regulators, industry bodies and other stakeholders to help shape the regulatory agenda, provide feedback on proposed reforms and continue to advocate for proportionate and pragmatic regulations that support both innovation and growth, whilst protecting the integrity of the financial system.

Capital and funding regime

How we see it

The UK's stringent approach to capital management continues to shape the banking industry. This is particularly true for new and mid-sized challengers like us who remain subject to MREL requirements but unable to leverage the structural advantages of larger players able to benefit from their AIRB status for determining risk-weightings. This makes providing the required return on capital challenging, particularly in mainstream lending, which would benefit from additional competition.

With respect to funding, the Bank of England's continued planned withdrawal of TFSME[1] (combined with additional quantitative tightening) will put additional pressure on banks' funding requirements, with firms needing to either shrink balance sheets or increase their deposits to replace this form of funding. Liquidity will remain a core focus for banks going into 2025, with firms likely to continue to hold excess liquidity over minimum requirements.

How we are responding

The successful sale of the £2.5 billion portfolio of prime residential mortgage in Q3 2024 was earnings, NIM and capital ratio accretive, and the sale proceeds were used for the early repayment of TFSME[1] in Q4 2024. The £584 million unsecured personal loan portfolio sale announced post period-end is capital accretive. Both portfolio sales create additional lending capacity to enable the Bank to continue its asset rotation towards higher yielding assets.

The cost of capital remains high, both industry-wide and for us in particular. We are therefore continuing to ensure we optimise our return on regulatory capital when determining our product and pricing strategy. Equally, we are working to ensure we are right-sizing our cost base to aid in the delivery of sustainable organic capital generation.

Following the successful deposit campaign launched in Q4 2023, the Bank has been actively managing down expensive tactical deposits to optimise cost of deposits. Cost of deposits at year end was 1.40%, down from a peak of 2.29% in February 2024. We retain high levels of liquidity with a liquidity coverage ratio (LCR) as at 31 December 2024 of 337% (compared to the minimum requirement of 100%). Our strong levels of liquidity provide further opportunity to continue to optimise our deposits and funding position.

1. Bank of England Term Funding Scheme with additional incentives for SMEs.

Focus on sustainability

How we see it

2024 was the hottest year on record globally and we are seeing the impacts of climate change both around the world and in the UK.

As awareness of the risks and opportunities around sustainability grows, stakeholders are increasingly scrutinising companies' responses to these sustainability factors. Customers expect the companies they interact with to operate and grow in a sustainable manner and are taking these considerations into account when making purchasing decisions.

As well as our own decisions around sustainability within our operations, we recognise the role we play in broader society, primarily through the decisions over who and what we choose to finance and the suppliers we chose to work with. The financial system has a central role in acting as a catalyst for change in broader society and as such can play a significant role in contributing to the transition to a more sustainable and resilient economy.

How we are responding

We recognise the interconnectedness between sustainable business practices and long-term financial performance and as a result continue to integrate sustainability into all of our core operations and decision-making processes.

We remain on track to deliver on our pledge to achieve net zero carbon emissions across Scope 1 and 2 emissions by 2030 and continue to make progress with mitigating our wider Scope 3 emissions. In achieving this, we remain committed to being transparent in respect of our reporting of progress to delivering this.

We also recognise the importance of giving back to society and this will continue to be achieved through a range of initiatives which utilise our physical and digital channels.

Our corporate governance structure ensures that sustainability remains a key focus as part of our ambition to empower colleagues and communities with a human approach to banking.

CEO's statement/FY 2024 business review

2024 has been a transformational year for Metro Bank.

We have made significant progress in creating a simpler, more agile bank and continued, at pace, the strategic shift towards corporate, commercial and SME lending, and specialist mortgages – a compelling opportunity in an underserved area of the market.

We have delivered on an ambitious transformation, delivering £80 million annualised run rate cost savings in FY 2024- primarily from reducing on-shore headcount numbers by more than 30% from 4,458 to 2,972. These cost savings helped offset headwinds and created capacity for investment to support future growth.

In Q4 2024, we announced a new partnership with Infosys, a world leader in strategic outsourcing, to enhance digital capabilities, improve automation, and embed further AI capabilities.

We continued to optimise the balance sheet, including a £2.5 billion sale of prime residential mortgages in Q3 2024 and a £584 million sale of unsecured personal loans announced post year-end. Both transactions are in line with the Bank's strategy to reposition its balance sheet, actively manage the asset rotation and enhance risk-adjusted returns on capital. The transactions create additional lending capacity to enable the Bank to continue its shift towards higher yielding corporate, commercial and SME lending, and specialist mortgages.

We delivered strong growth momentum supporting our strategy, with corporate, commercial, and SME gross new lending growing by 71% year-on-year. Effective asset rotation has also allowed us to actively manage down excess liquidity, particularly expensive fixed-term deposits, resulting in a significant reduction in cost of deposits throughout the year. Underlying momentum in the franchise remains strong, with 110,000 new personal and 36,000 new business current accounts opened in the year.

Successful operational execution has resulted in the Bank outperforming the 2024 guidance and reconfirming all guidance previously provided at half-year results, building to best-in-class performance:

- Underlying profit of £13 million in H2'24, beating guidance of profitability during the 4th quarter
- Net interest margin at year-end was 2.65%, beating guidance of 2.50%
- Cost savings delivered
- RoTE guidance reconfirmed to mid to upper single digit in 2025, double digit in 2026 and mid to upper teens thereafter
- Continued NIM expansion driven by asset rotation and cost of deposits, with 2025 exit run-rate expected to be between 3.00% – 3.25%, 3.60% – 4.00% in 2026 and 4.00 – 4.50% in 2027, respectively
- Continued cost discipline and control, guiding to a 4-5% year-on-year reduction in costs for 2025. Cost to income ratio improves to be between 75% – 70% in 2026, 65% – 60% in 2027 and 55% – 50% in 2028.

Delivery in 2024 provides strong growth momentum and proves the Bank's ability to deliver on an ambitious future strategy. By 2027, we remain committed to generating one of the best returns on tangible equity of any UK High Street bank.

Progress on strategic priorities

Revenue

As part of our strategic shift, corporate, commercial and SME lending, and specialist mortgages in the year. Corporate, commercial and SME gross new lending grew by 71% year-on-year, and we ended 2024 with a credit approved pipeline which was two times larger than at the start of 2024. 78% of new corporate and commercial lending was non-broker led, and c.30% of this came from refinancing existing customers. On average, new originations attracted a margin in excess of 350 bps over base rate, driving year-on-year improvements in yield. Progress in specialist mortgage originations was strong, with the launch of new propositions helping to drive a significant increase in spread over swaps on new mortgage originations. New lending, together with attrition of legacy portfolios at lower yields, has led to a 61 bps year-on-year improvement in overall lending yield.

> It has been a transformational year for Metro Bank as we made substantial progress against our strategy, ending the period ahead of guidance, profitable, and with strong momentum going forward.

Daniel Frumkin
Chief Executive Officer

CEO's statement/FY 2024 business review continued

Following our successful deposit campaign at the end of 2023, we have observed a subsequent decline in balances as we optimise our deposits and cost of funding. The cost of deposits at year-end of 1.40% continues to fall, down from a peak of 2.29% in February 2024, as more expensive fixed term deposits are allowed to attrite.

The combined impact of increased lending yields and a lower cost of deposits has resulted in an exit NIM of 2.65%, ahead of guidance of 2.50%, and up 1.13% from nadir of 1.52% in February 2024.

Cost

Over the past year, we have fundamentally transformed our cost base, reducing operating costs in line with a bank of our size and driving towards sustained profitability. We continue to take a disciplined approach to cost management, with underlying costs down YoY by 4%, despite inflationary pressures. We have delivered £80 million of annualised run rate cost savings in FY 2024, after reducing on-shore headcount numbers by more than 30% from 4,458 to 2,972 within 12 months. We fundamentally repositioned our store and call centre propositions in line with customer usage patterns, and enhanced cost control frameworks. We have driven efficiencies across the business. The Bank established a strong strategic partnership with Infosys to enhance digital capabilities, improve automation, refine data, and embed further AI capabilities. This collaboration has helped make the Bank model more scalable.

Infrastructure

To drive our next stage of growth, we have strategically invested in platforms and capabilities. Central to this is a collaboration with Infosys which will revolutionise our digital capabilities, including actionable data analytics, automated processes, and compelling digital platforms.

Our redesigned store offering empowers colleagues to drive growth in the SME and commercial segments, whilst also driving efficiency and improving customer experience. Our store openings in the North of England are on track, with new stores planned for Chester, Gateshead and Salford in Q2 2025. Back-end processes, particularly around lending and digital customer onboarding, have also improved key customer interactions. We have also built a range of new products and platforms, such as online chat and an enhanced business overdraft via mobile app which will enable customers to engage with us any way they want. We have implemented over 450 technical changes to systems, products and infrastructure – even more than last year – along with upgrading our fraud tools, and our new first line risk function.

The Bank also resolved the FCA's enquiries into transaction monitoring systems and controls that began in 2016 and were remediated by 2020. The conclusion of these enquiries draws a line under this legacy issue, allowing the Bank to move forward and fully focus on the future, building on the solid foundations it has already laid.

Balance sheet optimisation

We have made significant progress in restructuring our balance sheet to align with strategic growth opportunities, including a £2.5 billion sale of prime residential mortgages in Q3 2024 and a £584 million sale of unsecured personal loans post year-end. The mortgage sale proceeds were used to repay TFSME[1], providing further opportunity to continue optimising our funding capabilities. Both transactions are in line with the Bank's strategy to reposition its balance sheet, actively manage the asset rotation and enhance risk-adjusted returns on capital.

Following the successful deposit campaign in Q4 2023, we have worked to reduce our cost of funds and excess liquidity. Overall, customer deposits reduced by 7% at 31 December 2024 to £14.5 billion, down £2.0 billion from the February 2024 peak of £16.5 billion (31 December 2023: £15.6 billion) reflecting the deliberate focus on reducing excess liquidity and cost of deposits. The core deposit base continues to be predominantly retail and SME. Higher cost fixed-term deposits have reduced by 46% year-on-year as deposits from the successful Q4 2023 deposit campaign have started to mature and are being allowed to attrite.

Communications

We continue to focus on engaging our colleagues, communities and other stakeholders. Our focus on delivering excellent customer service is reflected in the latest independent Competition and Markets Authority survey where we ranked number two for in-store service quality for retail customers, up from third place in August 2024. We were also placed second for service quality, both in stores and in our business service centres. We remain committed to maintaining a physical presence and ensuring that stores remain both accessible and at the heart of local communities. We will be opening three new stores in 2025 in Chester, Gateshead and Salford.

Following a year of transformation, we are a leaner organisation, and as part of our continuous improvement, we will keep creating an environment where colleagues can grow, thrive and be their true authentic selves. We continue to focus on our culture of promoting from within, with over 55% of the open positions in the year filled from our existing Metro Bank team. Given our strategic focus on corporate, commercial and SME lending, and specialist mortgages, we have hired additional colleagues into corporate and commercial relationship and credit teams to drive our next stage of growth.

Our partnership with the England and Wales Cricket Board went from strength to strength, as we continue to be committed to growing Women's and Girls' Cricket. We launched Metro Bank Girls in Cricket Fund contributing in one year to a 21% increase in the number of girls' teams. We also launched our 'Relationship Banking specialists' brand positioning to ensure we are uniquely positioned to serve our corporate, commercial and SME customers.

Capital

Our capital position continues to strengthen, with the Bank's MREL ratio 23.0% as at 31 December 2024, up 100bps year-on-year from 22.0% as at 31 December 2023, reflecting the mortgage sale and ongoing focus on capital management whilst optimising risk-adjusted returns on regulatory capital.

Post year-end, we announced completion of a £584m personal unsecured loan portfolio sale, resulting in a 31 December 2024 improvement in total capital plus MREL ratio from 23.0% (reported) to 24.5% and CET1 ratio from 12.5% (reported) to 13.4%.

We also completed our inaugural £250 million, 13.875% fixed rate reset perpetual subordinated contingent convertible capital securities (AT1) raise in Q1 2025. The successful issuance resulted in a further 31 December 2024 pro forma improvement in Tier 1 capital ratio from 13.4% (post loan sale) to 17.5%.

Both transactions were in line with the Bank's capital management framework and strategy and were aimed at optimising the capital structure and providing further flexibility for growth.

Looking ahead

2024 has been a pivotal year for the Bank. We outperformed market guidance and delivered an ambitious transformation plan. However, we know there is more to be done if we are to realise our ambition of generating one of the best returns on tangible equity of any UK High Street bank by 2027.

As we move into 2025, we are focused on continuing to grow higher-yielding corporate, commercial and SME, and specialist mortgages, whilst optimising deposits to lower cost of funds and grow revenue. All while maintaining a focus on cost discipline, and a prudent approach to credit risk. With a robust capital base, a growing customer base, and a clear path for future growth, the Bank is well-positioned to capitalise on the opportunities ahead.

Daniel Frumkin
Chief Executive Officer
22 April 2025

1. Bank of England Term Funding Scheme with additional incentives for SMEs.

Business model

Our business model is simple. By delivering great customer service we can attract and grow a sustainable deposit base, allowing us to lend money to help individuals and businesses fund their ambitions.

is underpinned by…

Environmental and social priorities
We ensure that our business model and approach is focused on the areas that matter most to our stakeholders.

Read more on pages 19 to 41

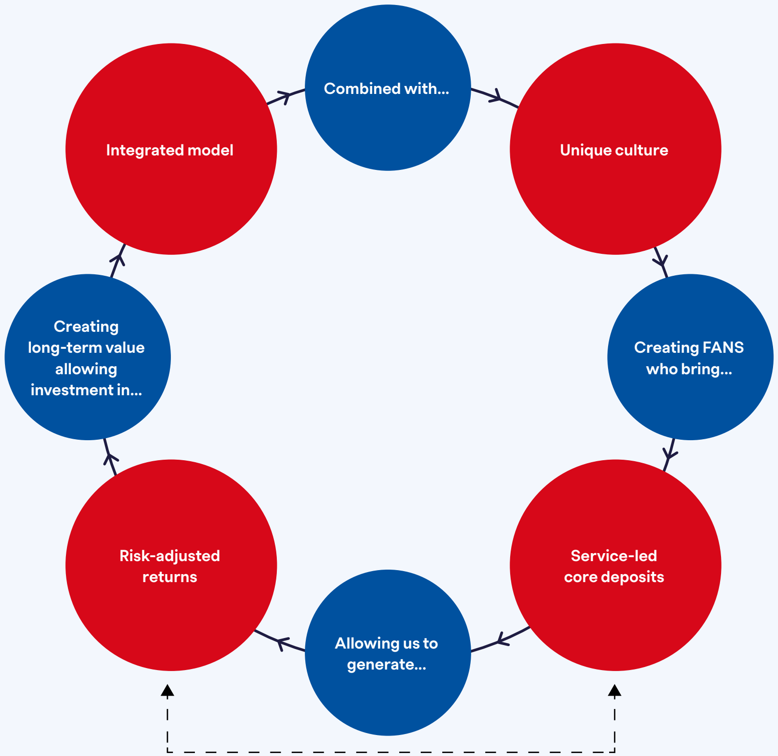
Risk management
We focus on enhancing our control environment and risk capabilities, to balance the risks that need to be taken to deliver on our strategy whilst doing so in a managed and appropriate manner.

Read more on pages 121 to 150

Governance
We continuously improve our approach to governance. Maintaining a robust governance framework is important in allowing all stakeholders to have confidence that we are making decisions in the right way.

Read more on pages 48 to 120

Our model



How we make money
We make money through the difference we charge on the loans we issue and the deposits we take, less our operating costs and changes in ECL.

Read more on pages 11 to 13

delivers value for…

Customers
Without the loyalty of our customers we would not exist. Turning our customers into FANS ensures the enduring success of our business.

Colleagues
We strive to make Metro Bank a great place to work, where colleagues can excel, grow and be themselves.

Investors
We are committed to being an attractive investment for equity and bondholders. We never take our investors for granted and are working hard to build and maintain trust.

Regulators
We continue to play our part in ensuring a safe and stable financial system.

Suppliers
Building a trusted supplier base is key to delivering our ambitions. We want to ensure that as we grow they share in our success.

Communities
We believe in being truly local through supporting businesses to strengthen local economies, and addressing local issues with initiatives that benefit our neighbours and friends.

Read more on pages 56 to 58

Business model continued

Integrated model

Our integrated model aims to combine delivery through physical and digital channels.

Progress in 2024

We have delivered stand-out service through our stores and digital presence.

Our focus in 2024 has been on pivoting towards corporate, commercial and SME lending, and specialist mortgages.

In commercial, we have enhanced our business overdraft offering via mobile application and launched revolving credit facilities for larger, more complex businesses. We have also enhanced our digital self-service and onboarding capabilities as well as reviewing internal processes to improve our speed to market.

In mortgages, we launched our first truly "specialist" product – limited company buy-to-let, with more to launch throughout 2025.

We also made changes to our store opening hours in response to observed changes in customer behaviour though noted some decline in customer satisfaction as customers adjusted to our revised proposition.

Operating environment

Competition

The UK banking market continues to be very competitive with high levels of innovation. To remain competitive we need to continue to invest in all of our channels to ensure they meet our customer needs.

Customer behaviour

Customers are continuing to place a strong reliance on in-person service, although the move to digital continues.

Focus on sustainability

We continue to see strong pressure from all of our key stakeholders to ensure all of our operations are sustainable.

Read more about our operating environment on pages 6 to 7

Priorities

We are committed to serving customers through stores, and continue to reassess our store opening hours, based on how and when our customers use our services.

We will explore options to further right-size our cost base in the months ahead by assessing all opportunities across the real estate we lease and own. Our plans are progressing with focus on opening smaller sites in strategic locations in the North of England.

Although a physical presence remains core to our offering, our focus will be to expand our digital offering to ensure we remain competitive against both larger high-street peers and new digital-first or digital-only entrants.

Risks

Our principal risks in respect of delivering our integrated model are:

- conduct risk
- operational risk
- strategic risk.

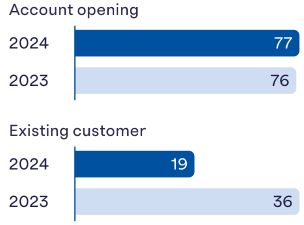
We continue to enhance our processes and systems to minimise the risk of operational issues, and to continue delivering on our strategy.

Read more about risk on pages 121 to 150

KPIs

Number of accounts (m)

Net promoter score (%)



Read more about KPIs on pages 14 to 15

Business model continued

Unique culture

Our colleagues deliver superior service and are the heart of our relationship banking approach.

Progress in 2024

We pride ourselves on being a bank that puts our colleagues at the heart of what we do. Following a year of transformation, we are a leaner organisation, and, given the backdrop of change both internally and externally, we saw a disappointing but not unexpected drop in our engagement scores.

As part of our continuous improvement, we will keep creating an environment where colleagues can grow, thrive and be their true authentic selves. We are focused on being an employer of choice. In 2024, we were awarded the Diversity, Equity & Inclusion Award in the Top 12 Inclusive Employer category at the 2024 British LGBT Awards reflecting our commitment to attract and retain talent from within the diverse communities we serve.

Operating environment

Competition

The market for talent remains highly competitive, and the high inflationary environment has continued to put pressure on wages. To attract and retain talent, we must remain competitive.

Priorities

We are committed to ensuring our people are our key focus and that recent cost reduction measures do not impact our unique culture — we are focused on continuing to drive our colleague engagement. This includes continuing to support a diverse and inclusive workforce where colleagues can be themselves. We will leverage the assistance of our suppliers to deliver efficient and cost effective opportunities.

Our transformation initiatives in 2025 will focus on further automation to free up colleagues' time and allow them to focus on what they do best — creating FANS.

Risks

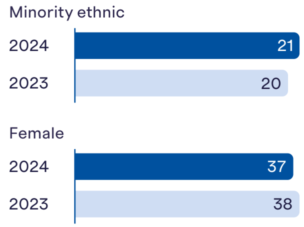
Our principal risks in respect of delivering our unique culture:

- conduct risk
- legal risk
- operational risk
- strategic risk.

KPIs

Colleague engagement (%)

Senior leadership diversity (%)



Service-led core deposits

We attract core deposits through our service-led relationship banking model with specific emphasis on our core retail and SME franchise.

Progress in 2024

Throughout 2024 our focus has been three-fold.

Firstly, optimising the Bank's liquidity and cost of deposits in the context of our evolving balance sheet requirements. This has resulted in prudent and deliberate reductions in interest-bearing deposit balances throughout the year resulting in a lower year-end exit cost of deposits of 1.40%, down 0.89% from a February 2024 peak of 2.29%.

Secondly, growing our core low-cost relationship current account deposits, with growth across corporate, commercial, business and personal in 2024.

Finally, refreshing product availability and fees across our corporate. commercial, business and personal proposition to ensure we remain competitive and the cost of our services are adequately reflected.

Operating environment

Competition

Interest rates have remained elevated despite two base rate reductions in 2024. Competition for deposits has remained robust, both from challenger banks and larger incumbents. Alongside this, newer digital-only fintechs continue to grow.

Regulatory environment

The regulatory environment continues to work towards ensuring the fair treatment of customers with a particular focus on vulnerable customers and Consumer Duty. As a deposit-taking institution we proactively engage with our regulators to advocate for regulations that support both innovation and growth. We continue to deliver and implement a range of comprehensive projects to ensure we remain compliant with changes to the regulatory environment.

Priorities

During 2025, we will concentrate on growing our current account numbers, with priority geared towards increasing commercial, corporate and business accounts, where balances tend to be higher and fee earning opportunities are greater.

Risks

Our principal risks in respect to delivering service-led core deposits are:

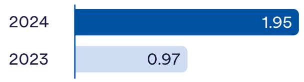
- conduct risk
- financial crime
- legal risk
- liquidity and funding risk
- market risk
- regulatory risk
- pricing risk.

We are actively managing our balance sheet to ensure we retain high levels of liquidity and appropriately hedge our interest rate risk.

Alongside this, we continue to enhance our controls and review our products to both protect our customers and ensure we are delivering fair outcomes.

KPIs

Cost of deposits (%)



Business model continued

Risk-adjusted returns

We are balancing our lending mix through a broad yet simple product offering that is priced proportionate to risk.

Progress in 2024

Going into the year we took the decision to refocus our attention on commercial and specialist mortgage lending, with a shift away from consumer lending.

The £2.5 billion portfolio sale of prime residential mortgages to NatWest Group plc in Q3 2024 demonstrated commitment to the Bank's strategy to reposition its balance sheet and enhance risk-adjusted returns on capital. The transaction was capital ratio accretive and created additional lending capacity to enable the Bank to continue its asset rotation.

Like most banks, a large proportion of our mortgage lending is fixed rate and therefore despite base rates having stabilised we are continuing to see the benefits as older loans mature into a higher rate environment.

Read more about our operating environment on pages 6 to 7

Operating environment

Competition

Competition in the lending space remains strong notably in the SME/commercial and specialist mortgage markets, where competitors include both larger banks and smaller, specialist lenders.

Capital and funding regime

The UK's rigorous capital regime continues to see large financial firms, including ourselves, dependent on capital markets to support regulatory requirements.

Economic and political outlook

We expect interest rates to fall towards a more normalised level in 2025, but financial pressure on households and an uncertain political outlook remains.

Priorities

We will continue to optimise our balance sheet and utilise our capital stack more efficiently to generate the best possible returns for all stakeholders.

We continue to shift our focus away from unsecured personal lending towards corporate, commercial and SME lending, and specialist mortgages, where our manual underwriting capacity is a competitive advantage.

Risks

Our principal risks in respect of delivering risk-adjusted returns are:

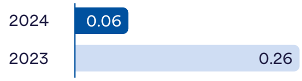
- conduct risk
- credit risk
- market risk
- regulatory risk
- model risk
- capital risk
- strategic risk.

We take a prudent approach to lending to minimise the risk of losses. We continue to review and update our credit models to support this issue.

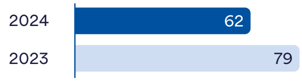
Read more about risk on pages 121 to 150

KPIs

Cost of risk (%)



Loan-to-deposit ratio (%)



Total capital plus MREL ratio (%)

Read more about KPIs on pages 14 to 15

Key performance indicators

Our KPIs are the metrics we monitor to check we are on track with the delivery of our strategy, as well as to assess how our business model is performing.

Link to business model

Components of our business model

Our business model is set out on page 10. Further details of each component of our business model can be found on pages 11 to 13, including how our KPIs link to measure our performance for each of these components.

Output of our business model

The output of our business model is to generate long-term value and create tangible book growth, measured through:

- total shareholder return
- return on tangible equity.

Link to remuneration approach

Our approach to remuneration for management is based on a simple and clear scorecard. The scorecard measures are aligned to the four components of our business model to ensure management is focused on these. In addition, we provide an LTIP and SVAP which are linked to our scorecard outcomes of long-term value generation and tangible book growth.

Key

S Score card measure

L LTIP measure

A Alternative performance measure

Alternative performance measures

Where a financial KPI is an alternative performance measure, a reconciliation to the nearest statutory measure can be found on pages 224 to 228.

KPI performance during 2024

Our KPIs in 2024 are reflective of a year of transformation and transition as we took proactive steps to position ourselves for future growth and sustainable profitability.

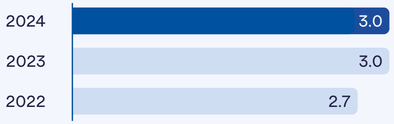
Our colleague engagement score is also aligned with this period of change which we recognise has been challenging for some. Building on this remains a focus for us looking ahead.

We have maintained a steady portfolio of customer accounts, kept the cost of risk low and managed our capital position to end the year above regulatory minima (including public buffers) for CET1, total capital and total capital plus MREL ratios.

As we look forwards into 2025, we will continue to drive our cost of deposits down whilst growing customer accounts and moving steadily into long-term profitability.

Non-financial

Customer accounts (m)



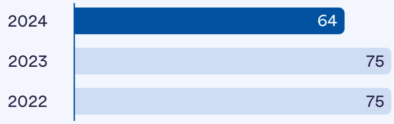
How we define it

Number of active customer accounts.

Why it is important

Growing our customer accounts is key to our franchise and validates that our approach is working and that our proposition resonates with customers.

Colleague engagement (%) S



How we define it

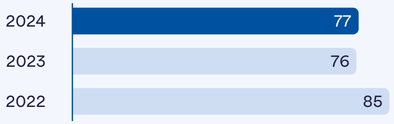
The result is taken from our annual Voice of the Colleague survey.

Why it is important

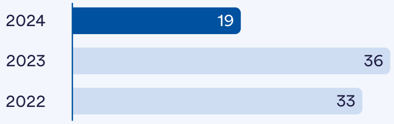
Attracting and retaining talent is vital to delivering superior service and preserving our culture so we want to ensure colleagues enjoy working for us.

Net promoter score (%) S

Account opening



Continuing relationships



How we define it

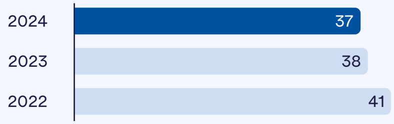
Net promoter score for new account openings and continuing customer relationships.

Why it is important

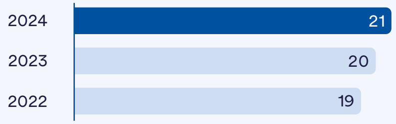
Our purpose is to create FANS and ensuring strong ongoing levels of customer satisfaction is important in measuring this.

Senior leadership diversity (%) S

Female



Minority ethnic



How we define it

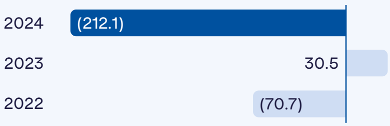
Proportion of female/minority ethnic colleagues amongst our senior leadership team (Executive Committee and their direct reports).

Why it is important

Ensuring diversity amongst our senior management ensures we are representative of the communities we serve and our colleagues as a whole. This means we are more likely to make decisions that are beneficial to all our stakeholders and help us deliver on our strategy.

Financial

Statutory (loss)/profit before tax (£m)



How we define it

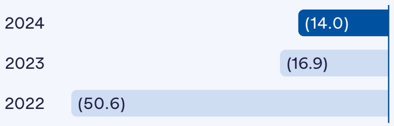
Our earnings before tax as defined by International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

Why it is important

Achieving sustainable profitability is the key financial measure to demonstrate we are creating long-term value.

Underlying loss before tax (£m)

S A



How we define it

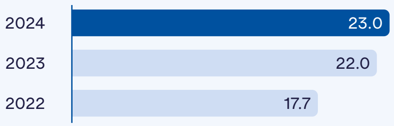
Our statutory earnings adjusted for certain items that distort year-on-year comparisons.

Why it is important

It provides further understanding of the underlying trends in the business.

Total capital plus MREL ratio (%)

S



How we define it

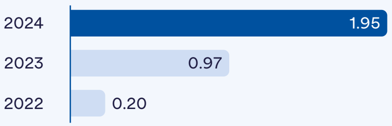
Our total capital plus MREL expressed as a percentage of risk-weighted assets (RWAs).

Why it is important

Whilst we measure capital at multiple levels our biggest constraints are at our total capital plus MREL level which we are actively addressing, ending the year above regulatory minima including public buffers.

Cost of deposits (%)

A



How we define it

Interest expense on customer deposits divided by the average deposits from customers for the year.

Why it is important

Our ability to attract service-led core deposits is a component of our business model with cost of deposits being a key determinant in measuring this.

Cost of risk (%)

A

How we define it

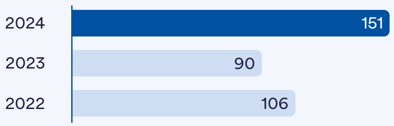
ECL expense divided by average gross loans for the year.

Why it is important

We seek to minimise our cost of risk, balanced with the interest received, to ensure we are optimising our lending.

Statutory cost:income ratio (%)

A



How we define it

Total costs (excluding ECL expense) expressed as a proportion of total income.

Why it is important

Achieving tangible book growth involves achieving profitability and therefore creating positive operating jaws is vital. Statutory cost: income ratio is a useful metric in measuring this.

Return on tangible equity (%)

L A

How we define it

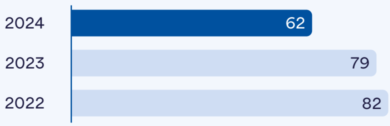
Earnings for the year divided by average tangible shareholders' equity (total equity less intangible assets).

Why it is important

This is the strategic output of our business model and how we judge success.

Loan-to-deposit ratio (%)

A



How we define it

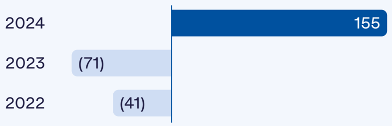
Net loans and advances to customers expressed as a percentage of total deposits.

Why it is important

As we seek to be a deposit funded bank, ensuring we maintain an appropriate loan-to-deposit ratio is a key measure in managing this.

Total shareholder return (%)

L A



How we define it

Total capital gains and dividends returned to investors over a one-year rolling period.

Why it is important

We want to ensure shareholders are rewarded for their continued investment in us.

Financial review

Summary of the year

2024 was an important year as we pivoted our focus to corporate, commercial and SME lending, and specialist mortgages and took proactive steps across the Bank to position ourselves for further growth and future profitability in the coming years.

For the full year ended 31 December 2024, we recorded an underlying loss before tax of £14.0 million, a reduction of 17% from £16.9 million as at 31 December 2023, reflecting the commitment to greater cost discipline and transition to a leaner, more agile operating model designed to most effectively support our customers and better position the Bank for profitability.

We recognised a statutory loss before tax of £212.1 million for the full year, largely driven by a one-off loss on the sale of a £2.5 billion mortgage portfolio to NatWest Group plc and various charges relating to the transformation of the business and remediation costs. However, we recognised an underlying profit of £12.8 million in H2 (H1: loss of £26.8 million) that supported a forecast indicative of future profitability. We recognised a deferred tax asset on unused tax losses and subsequently recorded a statutory profit after tax of £42.5 million for the full year (2023: £29.5 million).

Our proactive and positive management of our balance sheet and our dedication to the cost reduction programme we outlined at the beginning of the year support the future prosperity of a profitable bank and position us well looking into 2025.

Statutory and underlying results

Financial information in this report is prepared on a statutory (taken from our financial statements on pages 151 to 218) and underlying basis (which we use to assess performance on a management basis). Further details on how we calculate underlying performance, as well as our other alternative performance measures can be found on pages 224 to 228.

Income statement

	2024 £m	2023 £m	Change %
Underlying net interest income	377.9	411.9	(8%)
Underlying non-net interest income	125.6	134.6	(7%)
Total underlying income	503.5	546.5	(8%)
Underlying operating expenses	(510.4)	(530.2)	4%
ECL expense	(7.1)	(33.2)	79%
Underlying loss before tax	(14.0)	(16.9)	17%
Non-underlying items	(198.1)	47.4	(518%)
Statutory (loss)/profit before tax	(212.1)	30.5	(795%)
Taxation	254.6	(1.0)	25650%
Statutory profit after tax	42.5	29.5	44%

Interest income

Interest income benefitted from a higher average base rate during the year, increasing 9% to £935.4 million (2023: £855.7 million). Lending income continues to make up the largest proportion of our interest income, though following the sale of a portfolio of prime residential mortgages, this has decreased marginally to £586.2 million (2023: 599.9 million).

Asset yields increased to 4.17% (2023: 3.37%) as we pivoted towards more specialist mortgages and sold £2.5 billion of prime residential mortgages. Our remaining retail mortgages are 90% fixed with an average time to reversion of 2.23 years (31 December 2023: 2.41 years). We expect to see further improvements to asset yields and associated income in the years ahead as older balances roll-off and are replaced with new lending at a higher rate.

Our commercial lending portfolio income grew, predominantly driven by our floating business loans which have seen greater yields as a result of the higher base rate environment, as well as the continued attrition of lower-yielding commercial real estate. The consumer and Government-backed lending portfolios are in run-off as the Bank continues to pivot its strategy towards corporate, commercial and SME lending, and specialist mortgages.

We also saw the benefits of increased rates flowing through to our floating treasury portfolio, as well as the fixed rate treasury assets maturing at an average blended yield of 1% and replaced by assets in line with base rate.

Interest expense

Interest expense increased by 26% to £557.5 million (2023: £443.8 million). This increase reflected an increase in cost of deposits that followed our deposit campaign in Q4 2023. We sought to increase deposit inflows by launching a range of products such as Instant Access accounts at competitive rates, the impact of which has materialised in 2024 where the average cost of deposits increased to 1.95% (2023: 0.97%) as a result. We actively managed down costly deposits in the latter half of the year, reducing the average cost of deposits from 2.18% in H1 to 1.72% in H2.

In January 2024, we repaid a £255 million repurchase agreement with NatWest Group plc, reducing the associated interest expense for the year.

We continue to see the impact of the increased cost of funding following our repricing and restructuring of debt securities in 2023. The successful debt refinancing strengthened our balance sheet and enabled us to embed our strategy to pivot to specialist and commercial lending throughout 2024. The launch of products such as Limited Company Buy-to-let represented the realisation of our revised strategy and ability to enhance future earnings through asset growth and risk adjusted returns.

Non-interest income

Net fee and commission income has increased by £2.8 million to £93.2 million in 2024 (2023: £90.4 million), reflecting nation-wide use of Bank products including safe deposit boxes and Metro Bank cards. Both safe deposit box income and ATM and interchange income remained fairly static at £19.0 million and £40.4 million respectively (2023: £18.2 million and £40.0 million). Service charge and other fee income grew by £1.8 million to £38.6 million (2023: £36.8 million) providing a valuable source of income, whilst having minimal impact on our capital ratios.

Operating expenses

	2024	2023
Underlying cost:income ratio	101%	97%
Statutory cost:income ratio	151%	90%

In Q4 2023, we committed to a cost reduction plan to support a return to sustainable profitability. Despite inflationary pressures, we have seen this disciplined approach to cost management materialise into a 4% improvement in underlying operating expenses, year on year and a decrease in general operating expenses from £502.9 million in 2023 to £489 million in 2024.

People related costs remain our largest operating expense but reduced to £209.6 million in 2024 (2023: £241.2 million) following difficult decisions to restructure and reduce headcount. This is offset partially by an increase in transformation costs. The provision for the restructure is recognised as part of non-underlying items.

Professional fees increased by 19% to £27.7 million (2023: £23.2 million) as we prioritised digital enablement and enhancement to deliver customer initiatives.

Information technology costs remained broadly flat at £60.1 million (2023: £59.7 million) reflecting investment into digitising and improving new and existing products and making internal processes more efficient.

Financial review continued

Occupancy expenses are driven by costs associated with our continued store presence. Despite inflationary pressures, costs remained broadly flat at £30.9 million (2023: £31.7 million) reflective of our disciplined approach to cost management.

We continuously exercise discipline around cost whilst acknowledging the costs associated with greater investment in diversifying our product capabilities to both boost deposits and transition further into specialist lending. We value our relationship-centric approach to banking and will continue to drive proactive cost management whilst maintaining and growing our physical presence.

Non-underlying items

	2024 £m	2023 £m	Change %
Impairment and write-off of property, plant, equipment and intangible assets	(44.0)	(4.6)	(857%)
Remediation costs	(21.3)	–	n/a
Transformation costs	(31.1)	(20.2)	(54%)
Mortgage portfolio sale	(101.6)	–	n/a
Holding company insertion costs	–	(1.8)	n/a
Cost of capital raise[1]	(0.1)	74.0	n/a
Non-underlying items	(198.1)	47.4	(518%)

We have recognised non-underlying items of £198.1 million in 2024 (2023: income of 47.4 million) driven by a loss on the sale of the £2.5 billion mortgage portfolio, write offs and impairments of £44.0 million in relation to intangible assets, and transformation.

The sale of the mortgage portfolio provides us with additional lending capacity to enable a further shift to high yielding assets in niche markets, supporting our strategic focus to become a specialist lender of choice.

1. Relates to the capital raise in Q4 2023.

Transformation costs consist primarily of the costs associated with restructuring, specifically movements to appropriately size the Bank and make operations and support services more agile and efficient going forwards.

Remediation costs refer to any and all costs associated with legal or professional proceedings such as the final conclusion of FCA enquiries.

At the end of 2024, we wrote off the outstanding net book value of a number of intangible assets. The larger proportion of the balance related to legacy RateSetter and AIRB models.

Expected credit loss expense

31 December 2024	ECL allowance £m	Coverage ratio[1] %	NPL ratio %
Retail mortgages	15	0.29%	3.95%
Consumer lending	108	14.43%	13.02%
Commercial	68	2.06%	6.16%
Total lending	191	2.07%	5.48%
31 December 2023			
Retail mortgages	19	0.24%	1.87%
Consumer lending	108	8.33%	5.94%
Commercial	72	2.13%	4.91%
Total lending	199	1.59%	3.11%

1. Coverage ratio is calculated using underlying figures.

We recognised an expected credit loss expense of £7.1 million in 2024 (2023: £33.2 million), primarily due to improvements in the proportion of commercial lending balances in stage 2 and 3. Some deterioration has been noted in the outstanding retail lending balances due to the macroeconomic environment but our strategic pivot allows us to benefit from the improvements in commercial. We recognised management overlays and adjustments of £18.74 million (2023: £23.4 million) which represents 10% of ECL stock (31 December 2023: 12%). As at 31 December 2024, our coverage ratio was 2.07% (2023: 1.59%) and we believe we remain appropriately provided at this stage in the economic cycle.

Balance sheet

Lending

	31 December 2024 £m	2023 £m	Change %
Retail mortgages	5,145	7,817	(34%)
Consumer lending	745	1,297	(43%)
Commercial	3,314	3,382	(2%)
Gross lending	9,204	12,496	(26%)
ECL allowance	(191)	(199)	4%
Net lending	9,013	12,297	(27%)

Net loans and advances to customers ended the year at £9,013 million, down 27% from 12,297 million as at 31 December 2023, in large part driven by the sale of the mortgage portfolio. As a result, retail mortgages represented a smaller proportion of our lending base than in previous years, 56% compared to 63% as at 31 December 2023, as we pivoted our strategy to commercial and specialist lending.

The consumer portfolio has decreased from £1,297 million at the end of 2023, to £745 million as at 31 December 2024 driven by the cessation of lending through the RateSetter brand, further supporting our strategic transition.

Commercial lending has reduced by a smaller margin than retail and consumer lending, representing a greater proportion of our overall lending base, 36% as at 31 December 2024 compared to 28% as at 31 December 2023. Commercial lending is down to £3,314 million as at 31 December 2024 (31 December 2023: £3,382 million) driven by a run off of government backed lending and Professional Buy-to-Let but is offset by more core commercial lending.

Throughout 2024, we have supported our shift to commercial and specialist lending by digitalizing more products and launching products such as Limited Company Buy-to-Let. As we look forward to 2025, commercial lending will be a focus for us specifically those parts of the market where our manual underwriting capacity present a competitive advantage.

Treasury portfolio

Over the year, we have continued to optimise our treasury portfolio to maximise our risk adjusted return on regulatory capital, particularly as rates have risen. We ended the year with £7,301 million of treasury assets (31 December 2023: £8,770 million), comprising £4,490 million investment securities and £2,811 million cash and balances at the Bank of England (31 December 2023: £4,879 million and £3,891 million respectively). Our investment securities remain high quality and liquid with 75% being either AAA-rated or gilts (31 December 2023: 75%).

Other assets

Property, plant and equipment ended the year at £711 million, down from £723 million as at 31 December 2023. No new store openings took place in 2024 though we are committed to identifying appropriately sized sites in the North of England that are conveniently located for surrounding businesses. We obtained the freehold of two more stores in 2024, a more cost-effective way of delivering our store-based service-led model.

Intangible assets have decreased to £126 million, down from £193 million in 2023, reflecting a more selective approach to investments and write offs including the RateSetter platform in line with the cessation of our RateSetter brand and the AIRB platform. Our investments in 2024 have included Mobile LiveChat and Online Self-serve.

Financial review continued

Deposits

	31 December 2024 £m	2023 £m	Change %
Retail customer (excluding retail partnerships)	5,968	7,235	(18%)
Retail partnership	1,785	1,708	5%
Commercial customers (excluding SMEs)	2,263	2,898	(22%)
SMEs	4,442	3,782	17%
Total customer deposits	14,458	15,623	(7%)
Of which:			
Demand: current accounts	5,791	5,696	2%
Demand: savings accounts	7,534	7,827	(4%)
Fixed term: savings accounts	1,133	2,100	(46%)

We are committed to being a relationship-focused deposit-driven bank. We ended the year with deposits of £14,458 million (31 December 2023: £15,623 million), a decrease of 7% year on year. A successful deposit campaign at the end of 2023 helped to manage the reduction but increasing the overall cost of deposits.

Our overall deposit base remains diversified with a 54%:46% between retail and commercial customers (31 December 2023: 57%:43%) with growth noted within the SME and retail partnership areas, a trend we expect to see continue in 2025.

Wholesale funding

In 2024, we significantly reduced our TFSME balance from £3,050 million to £400 million, utilizing the proceeds of the mortgage portfolio sale to NatWest to fund the reduction and repay our holding early.

Taxation

We recorded a tax credit of £255 million (2023: £1.0 million tax charge) in the year.

We have unused tax losses totalling £1,073 million which equated to a deferred tax asset of £269 million. £13 million was already recognised so the credit to the income statement in 2024 was £256 million.

The future profit projections as per the board approved Long-Term Plan support the recognition of the deferred tax asset. There is no time limit on the utilisation of tax losses.

Liquidity

Our liquidity position remains strong and in excess of regulatory minimum requirements despite efforts being made to reduce the more costly deposits. We ended the year with a liquidity coverage ratio of 337% (31 December 2023: 332%) and a net stable funding ratio of 169% (31 December 2023: 145%).

We hold large amounts of high-quality liquid assets totalling £6,071 million (2023: £6,656 million). This included £2,811 million of cash held at the Bank of England (2023: £3,891 million).

Capital

	2024 £m	2023 £m	Change %
CET1 capital	808	985	(18%)
RWAs	6,442	7,533	(14%)
CET1 ratio	12.5%	13.1%	(56bps)
Total regulatory capital ratio	14.9%	15.1%	(24bps)
Total regulatory capital plus MREL ratio	23.0%	22.0%	100bps
UK regulatory leverage ratio	5.6%	5.3%	30bps

We ended the year with CET1, total capital and total capital plus MREL ratios of 12.5%, 14.9% and 23.0% respectively (31 December 2023: 13.1%, 15.1% and 22%), above regulatory minima, including buffers (excluding any confidential buffers, where applicable), of 9.2%, 12.9% and 21.2%.

We noted improvements in our total capital plus MREL ratio in excess of those expected as part of the capital raise, as we actively constrained lending in order to preserve capital. The sale of a portfolio of £2.5 billion of prime residential mortgages to NatWest Group plc in Q3 24 demonstrated further commitment to the Bank's strategy to reposition its balance sheet and enhance risk-adjusted returns on capital. The transaction was capital ratio accretive and created additional lending capacity to enable the Bank to continue its asset rotation.

We ended the year with risk-weighted assets of £6,442 million (31 December 2023: £7,533 million), reflecting the proactive steps to effectively manage our capital position for positive future growth.

Looking ahead

We took proactive steps to position ourselves for future growth throughout 2024 and will continue to build on that progress as we enter 2025.

We will integrate our agile working model in collaboration with Infosys as we simplify and digitise our ways of working to maintain strong cost discipline.

We will continue to prioritise a reduction in cost of deposits whilst remaining committed to positive and meaningful relationships with our customers opening new stores and offering more specialist products.

Marc Page
Chief Finance Officer
22 April 2025

Environmental, social and governance review

Our strategic pivot towards corporate, commercial and SME lending, and specialist mortgages sits alongside our belief in the ethos of relationship banking which is closely interlinked with ESG.

Our focus areas

Our customers, communities and colleagues

Page 21

Governance, resilience, suppliers, data privacy and security

Page 25

Our planet and climate-related disclosures

Page 27

A business with strong ESG credentials has a positive impact on the communities it engages with and consumers are increasingly influenced by the ESG performance of the companies they interact with.

According to the Federation of Small Businesses there are 5.5 million small businesses in the UK employing over 60% of the UK's workforce, a total of 16.7 million people. These businesses are seen as the lifeblood of local economies, bringing jobs, services and revenue as well as being an integral part of their communities. The Bank's strategic pivot with its new focus on relationship banking will help to further improve the prospects for many small and medium-sized businesses.

The Bank's ethos centres on remaining deeply rooted in the communities in which we operate, whether that be through support for local businesses or our participation in local community initiatives and events. Aligned with this is our continued desire to act sustainably and responsibly towards our customers, our communities, our colleagues and our environment; to achieve that we have continued to evolve our ESG activity in order to amplify the work underway across the Bank and further embed a strong and lasting ESG culture.

Our customers value us for the high-quality service they receive; our communities benefit from our local engagement, investment and fundraising; our colleagues thrive in our inclusive culture; and we act where possible to make a difference to our environment.

Support for communities in 2024 has included:

- **Lunar New Year** – customers being given red envelopes over the Lunar New Year period to use to gift money to friends and family
- **Easter Egg Appeal** – 38 stores taking part in our appeal to donate chocolate eggs to local causes
- **Eid al-Adha** – Eid colleague communities shared stories and educated others on Eid al-Adha and Eid al Fitr
- **International Women's Day** – 27 stores hosting events in-store and externally
- **British Legion Poppy Appeal** – over 40 colleagues, alongside Armed Forces personnel, raised over £60,000 in support.

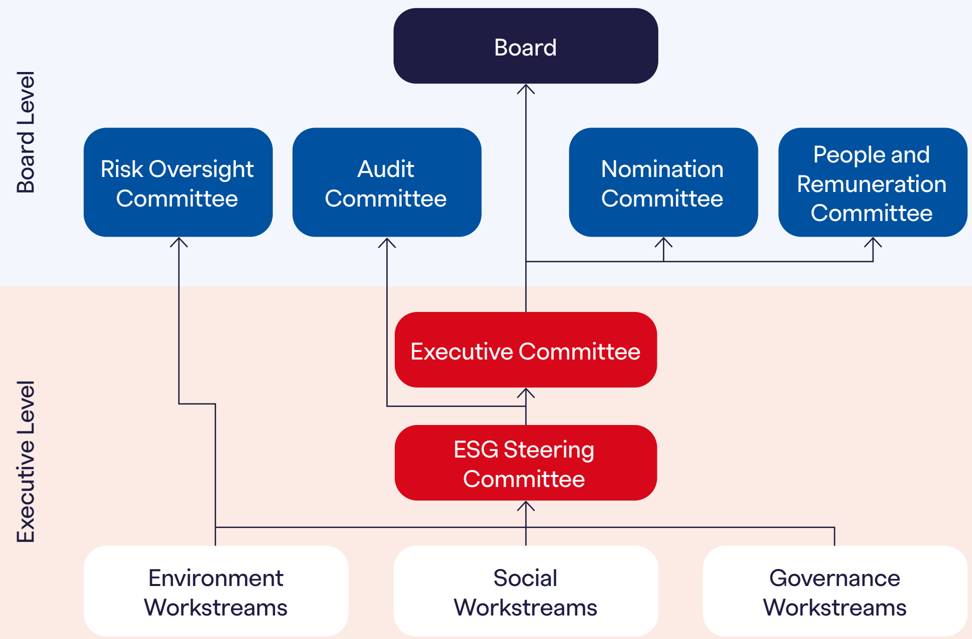
ESG governance and structure

The Board maintains oversight of our ESG strategy and priorities with ESG issues regularly considered by the Executive Committee (ExCo). An ExCo-level ESG Steering Committee meets once a quarter, to ensure the Bank's approach to ESG is strategic, coordinated and consistent with the direction set by the Board. Following our organisational restructure, strategic requirements and resources were reviewed with the Social and Governance Working Groups operating as workstreams.

The Risk Oversight Committee (ROC) has oversight of the framework for managing and reporting the risks from climate change, as set out in the Enterprise Risk Management Framework. ROC can escalate climate-related risk matters to the Board.

The Audit Committee reviews our ESG update and disclosures for TCFD requirements as part of its wider role in reviewing our Annual Report and Accounts.

Non-Executive Director Nick Winsor has an informal Board role for ESG oversight which includes engaging with senior management on ESG matters. The Chief People Officer is the ExCo member responsible for ESG strategy and the Chief Risk Officer has Senior Management Function (SMF) responsibility for climate change risk.



ESG materiality and priority themes

In 2022, we conducted a materiality assessment of our approach towards current and emerging ESG issues to obtain deeper understanding of our external and internal stakeholders' views. We used the Global Reporting Initiative approach. Following research and a shortlisting exercise, we asked stakeholders to rank 19 issues, which we mapped against six overarching priority themes. We take account of the results in our considerations of ESG issues.

Our customers and communities

Turning customers and the communities we serve into FANS is central to everything we do.

Topics identified via materiality assessment:

- customer service and experience – creating FANS
- financial inclusion, literacy and education
- supporting vulnerable customers
- community engagement, investment and fundraising.

Our colleagues

We are committed to an AMAZEING colleague experience, based on an inclusive culture.

Topics identified via materiality assessment:

- colleague attraction training and development
- colleague engagement, health, safety and wellbeing
- diversity, equality and inclusion.

Data privacy and security

We continue to assess, evolve and mature our data privacy and cyber security capabilities.

Topics identified via materiality assessment:

- data privacy and cyber security
- financial crime and fraud.

Our suppliers

We work with suppliers who uphold our values and actively assess and monitor the controls they put in place.

Topics identified via materiality assessment:

- supply chain engagement and responsible procurement
- human rights and modern slavery
- anti-bribery and corruption.

Governance and resilience

Good governance, compliance and risk management practices make sure we remain a sustainable, strong and resilient business.

Topics identified via materiality assessment:

- good governance practices
- ethics and compliance
- risk management and business resilience.

Our planet

We are taking the actions required to make positive changes and reduce our impact on the environment.

Topics identified via materiality assessment:

- climate change
- operational environmental efficiency
- responsible investment and stewardship
- sustainable product innovation.

Environmental, social and governance review continued

UN SDGs

Our ESG strategy contributes to a number of the United Nations Sustainable Development Goals (UN SDGs) and this is highlighted as appropriate in the following pages.

Our customers, communities and colleagues

Our commitment to the social element of ESG can be best showcased through our community ethos which is interlinked with our recent strategic pivot to corporate, commercial and SME lending, and specialist mortgages. We have developed deep relationships with local and regional businesses around the country, helping them thrive and grow alongside our own business. Responsibility for developing and maintaining those relationships sits across the Bank, from store colleagues working day in, day out in their local communities to local business managers and commercial and regional business banking colleagues. Through this approach we are able to demonstrate promotion of education, employment, equality and equity, and this is echoed in colleague community and internal culture too, which we measure each year in our Voice of the Colleague survey.

Education

Alignment to UN SDGs: 4 QUALITY EDUCATION

We continue to champion financial education and wellbeing within our local communities. Our free Money Zone financial education programme supports children aged 7 to 17 to develop the skills needed to handle money as adults. Since its launch in 2020 we have supported over 250,000 young people to develop their financial literacy skills. Over 400 of our colleagues are trained to host sessions for Key Stages 2 and 3. The Money Zone programme now also covers care leavers and military personnel. We will continue to evolve our financial literacy skills training with our strategic aims in mind.

We have been running learning campaigns focused on the capabilities that help drive our strategy such as Learning to Work Week and Digital Skills. The latter are becoming even more important as technology including automation and data analysis advances, and proves crucial in helping us enhance the face-to-face relationships which our FANS value so much. Over 1,000 colleagues engaged in our dedicated internal campaign to explore the current digital initiatives and future possibilities.

To support our pivot to relationship banking, we have worked towards building the skills of our business, commercial, and corporate colleagues, with refreshed learning journeys and investment in key credit skills training.

Our Diversity and Inclusion agenda continues to be a focus and to support this we have introduced new mandatory e-learning. Colleagues explore why having a diverse workforce matters and what it means to have a truly inclusive workplace culture.

57
colleagues have started their Learning to Lead journey this year

Leader capability is one of our key focus areas and we have invested in all leaders from newly appointed line-managers to our senior team. In May, we launched our compulsory leader learning to give all new leaders a strong foundation in people management. To support this, we relaunched our four people management essentials modules in August. 57 colleagues have started their Learning to Lead journey this year with 79% from corporate functions. 162 store managers and assistant store managers were trained over six weeks to support the new operating model – over 80% attended at least four of the six sessions. Finally, our senior leaders were offered training in building high performing teams through psychological safety (81% attended) and effective decision-making (64% attended). These topics were designed to support our business transformation as part of our Consumer Duty responsibilities.

Armed Forces Business Insights Day

As an active supporter of the Armed Forces Community we have re-signed our commitment to the military family through the Armed Forces Covenant. We are currently a holder of the gold award under the Employer Recognition Scheme and will be working towards our recertification in 2026. Colleagues have attended a number of events to support members of the armed forces transition into a new career this year and already have plans for further events in 2025. We have continued to support the annual Royal British Legion, with some colleagues using their Day to Amaze to fundraise on the London Poppy Appeal Day.

Employment

Alignment to UN SDGs:

Metro Bank is a multi-award winning organisation. The awards we've won in 2024 include:

- British LGBT Awards – Top 12 Inclusive Employer
- Trans in the City Awards – Trans inclusive organisation
- Asset Finance Connect Awards – Social award
- UK Sponsorship Awards – Women's Sports Sponsorship
- The Money Age Mortgage Awards – "Large Loans Mortgage Lender of the Year"
- British Specialist Lending Awards – "Business Leader: Complex Income Lender" – Charles Morley, Director of Mortgage Distribution
- British Specialist Lending Awards – "Lender: Head of Sales" – Joanne Hollins, Head of Mortgage Intermediary Distribution
- Elite Woman – "Best Women Mortgage Leaders in the UK" – Joanne Hollins, Head of Mortgage Intermediary Distribution
- British Mortgage Awards – "Business Leader: Intermediary Lender (less than £5bn gross lending p.a)" – Charles Morley, Director of Mortgage Distribution

A signatory and active member of the Investing in Women Code, the Bank is keen to support and encourage female entrepreneurs to start up and grow businesses. We have showcased our case studies on the Invest in Women hub – a financial guide for women-led businesses. Key highlights for this year include profiling three female founders and their businesses across cricket grounds and through local and social media as part of our sponsorship with the England and Wales Cricket Board (ECB) to promote women in cricket and business. We have also hosted dozens of complementary business networking and mentoring events across our store network.

This year, we transferred a portion of our apprenticeship levy to female-run businesses. We are supporting Encore Environments by funding an apprentice to complete the AAT Level 3 diploma in accounting and Velvet Mortgages through funding two Level 3 mortgage advisor apprenticeships. We also supported two female-led businesses with funding for apprentices to help encourage business growth.

As an employer provider, we run a Level 2 and a Level 3 financial services apprenticeship. Of those due to complete their apprenticeship this year, five have passed with one achieving a distinction. We will also be sponsoring colleagues to join our sixth cohort with Cranfield School of Management to work towards achieving an MSc in Sustainable and Digital Banking (Retail) along with a Level 7 senior leader apprenticeship.

We have already commenced recruitment for our new stores, opening in 2025, where we will be employing around 30 additional colleagues. We also support a number of jobs indirectly via the many businesses we support in our local communities. Our wellbeing offer for colleagues includes a suite of tools, including our Employee Assistance Programme, and additional support through our health partners as well as the Bank Workers Charity. In 2024, 58% of colleagues who utilised the health care programme completed a Health Review Check to support them in making informed choices about improving their mental and physical wellness. The Bank's Wellbeing hub is a home for colleagues to explore all topics related their physical health and mental wellbeing; colleagues can read blogs created by their peers, explore our Mental Health First Aid Kit and find out about upcoming wellbeing events such as guided meditation sessions and webinars to managing stress and anxiety.

In 2024, the Bank reviewed its health partners with a view to optimising colleague medical provision and value for money. As a result, the Bank made the decision to move from Vitality to Bupa, effective from January 2025.

Our inclusion networks have also been responsible for launching game-changing initiatives to enable our colleagues to thrive at work – see Network highlights on page 24.

Environmental, social and governance review continued

Transforming the game for girls with The Metro Bank Girls in Cricket Fund

In May 2024, we launched The Metro Bank Girls in Cricket Fund with the ambition to triple the number of girls' teams in England and Wales. The Fund, co-designed with the support of research commissioned with Women in Sport, and jointly funded by Metro Bank and the ECB, focuses on recruiting, educating, supporting, and celebrating the people that make girls' cricket happen. To help the mission come to life, the Fund provides support to current and potential new coaches and volunteers, female and male, both in clubs with a girls' section and those starting a new girls' section.

The Fund comprises seven 'pillars' of activity designed to help overcome the key barriers holding back growth in girls' cricket, as well as providing lasting support as people progress through the game to help women and girls succeed both on and off the pitch.

In 2024 alone there have been: 70 brand new to cricket volunteers recruited; 168 coaching qualification places created for new learners; 1,130 mentoring hours delivered; 24 coaching resources and tutorials created for coaches; 38 Metro Bank Champion of Girls' Cricket award winners; and, a 56% to 44% female to male split for the ECB Coach Developer 2024 cohort, making it the first time ever that there have been more women than men.

The activity in 2024 contributed to a 21% increase in the number of girls' teams in 2024, which is making a huge impact to so many of our communities.

2025 will see The Metro Bank Girls in Cricket Fund further supercharged to deliver genuine change for the game, and for the lives of so many young girls.

463
more girls teams in 2024

Equality and equity

Alignment to UN SDGs:

Recognising the continuing economic challenges faced by many of our customers, we continue to support the UK Government's Mortgage Charter to offer additional support including for customers struggling to keep up with mortgage payments. Our website also has pointers to a number of resources to help customers with budgeting, boosting their credit score and avoiding fraud and scams.

We are committed to financial inclusion and ensuring our customers have access to market leading service and support. We have continued our focus on further enhancing how we consider and support customers with characteristics of vulnerability across all areas of what we do.

52
of our stores are now Safe Spaces

Progress in 2024 has included:

- becoming a member of the Hidden Disabilities Sunflower Lanyard Scheme with training for customer facing colleagues
- introducing the ability to support vulnerable customers through LiveChat without the need to call
- improving identification of signs of customer vulnerability through our contact centre automated voice response system
- continuing our extensive training programme for all customer facing colleagues to further uplift skills and capabilities in recognising and responding to the needs of vulnerable customers
- research into the nature, scale and experiences of existing customers with characteristics of vulnerability
- updating our website to improve support content available to our customers
- regular vulnerable customer training sessions hosted by external 'lived experts' to help improve all colleague awareness and consideration.

We always strive to deliver a positive customer experience and right any wrongs. We publish customer complaints data on our website here: www.metrobankonline.co.uk/helpand-support/forms/give-us-feedback/complaints-data

In keeping with our commitment to local communities, every colleague is entitled to a paid day to volunteer – their very own 'Day to Amaze' – as a way of supporting good causes in their local areas. Alongside this, our colleagues and local communities raised £115,000 for local, national and international good causes via collections and sponsored activities and events.

2024 was the second year of the Bank's groundbreaking partnership with the ECB as its first-ever Champion of Women's and Girls' Cricket. The partnership, developed around a shared commitment to diversity, inclusion and community impact, has gone from strength to strength, with another really strong year of results for both the growth of women's and girls' cricket, and for the Metro Bank brand.

As a snapshot of activity and impact, 2024 delivered:

- 101% increase in women's international cricket attendance vs the last non-Ashes year in 2022
- 28% increase in the number of women playing cricket in the UK vs 2023
- 155 match days featuring Metro Bank branding across the summer
- 6pp increase in brand awareness of Metro Bank amongst cricket fans
- launch of The Metro Bank Girls in Cricket Fund, contributing to a 21% increase in the number of girls' teams vs 2023.

Our Voice of the Colleague survey showed that, although the engagement score dropped as anticipated given the scale of transformation and change within the Bank and in the external context, colleagues still value our people-centric, inclusive culture and the chance to share their thoughts — the survey response rate was 5 points above the global benchmark. We also saw our question 'I have good working relationships with members of my team' score 5 points above global benchmark, reflecting our new brand positioning and focus on people and relationships, both inside the Bank and out.

In 2024, the Bank won several awards in the diversity and inclusion space — see Employment section page 22 — and our five inclusion networks have supported the business as it continues to build on its inclusive culture, highlighting and supporting important events as well as raising money for brilliant causes. We also launched our sixth inclusion network Mforces to support people leaving the military and their families.

Network highlights

Mbody

- worked with our Vulnerable Customer team to support the launch of our membership to the Hidden Disabilities Sunflower Lanyard scheme, supporting our colleagues with hidden disabilities and sharing valuable information, enabling colleagues to become allies for their peers
- celebrated World Mental Health Day by facilitating a virtual session in conjunction with Mind to highlight and discuss mental health in the workplace.

Mbrace

- celebrated Black History Month with colleagues being joined by black artists and poets from the local community and raising funds for Sickle Cell Society
- celebrated Diwali raising awareness of how our colleagues mark this special occasion, and collecting funds for Great Ormond Street Hospital
- marked other occasions throughout the year, including Eid, Rosh Hashanah, South Asian Heritage Month, Vaisakhi, Holi, and Lunar New Year
- focused on educating and awareness-raising by distributing huddle packs on key events to colleagues in our AMAZE Direct call centres and stores.

Mfamily

- collaborated with Working Families to help identify opportunities to offer even better support to parents, carers, and families and set us apart as an employer of choice
- along with WOW, held an event for colleagues to hear from speakers inside and outside Metro Bank about their experiences of being a working parent
- focused on celebrating families of all shapes and sizes, promoting career progression for parents/carers and working towards improving family-related policies
- held a number of neurodiversity coffee chats to enable colleagues to share their own experiences and support one another
- launched the Back to Work Buddy scheme to support colleagues who return to work after family leave and hosted a career and networking event.

WOW

- renewed membership to the Menopause Friendly Employer scheme and Women in Finance charter
- ran mentoring circles, for which a record number of colleagues signed up, supporting colleagues with their personal and professional growth
- invited all colleagues to 'Wear It Pink' Day in October, with colleagues across the Bank taking part and raising £1,500 for Breast Cancer Awareness.

Mpride

- led Pride celebrations with a virtual Pride parade which was open to all colleagues
- focused on intersectional collaboration across all inclusion networks, creating self-service educational material to promote allyship and raise awareness of LGBTQ+ issues
- supported LGBTQ+ charity 'LGBT Hero' with fundraising and volunteering opportunities.

Mforces

- supported colleagues on London Poppy Day alongside the Royal British Legion
- facilitated the resigning of the Armed Forces Covenant, demonstrating our commitment to supporting those who have served.

Environmental, social and governance review continued

Gender pay gap

We believe it is important that our team reflects the diverse communities we serve. We continue to make progress in tackling our gender pay gap with both mean and median pay gaps decreasing over a three-year period to 15.9% and 15.7% respectively. The main driver for the pay gap exists due to a disproportionate number of women in senior positions.

As at 5 April 2024

15.7%
median pay gap

15.9%
mean pay gap

Read more on our gender pay at metrobankonline.co.uk

Female Directors on the Board	
2024	27%
2023	36%

Female colleagues as % of the workforce	
2024	46%
2023	46%
Industry	47%

% Females in SLT (ExCo -1)	
2024	37%
2023	38%
Industry	35%

Governance and resilience

Alignment to UN SDGs:

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

We have always had zero tolerance for bribery and corruption. We continue to deliver regular training to all colleagues on our Anti-Bribery and Corruption Policy and they are encouraged to raise any concerns about the conduct of others or the way the business is run, without fear of unfair treatment under our Whistleblowing Policy.

We comply with all applicable sanctions regimes, UK anti-money laundering and anti-terrorist financing legislation and have an implementation framework in place. We do not give or receive improper financial or other benefits in our business operations, nor do we help facilitate tax evasion in any way. We do not tolerate any deliberate breach of financial crime laws and regulations that apply to our business and the transactions we undertake, and we continue to invest in our processes, systems and monitoring.

Data privacy and security

Keeping our customers safe from fraud and scams is naturally one of our highest priorities. Our 'scam of the month' series informs people on how to protect themselves against the latest scams used by the fraudsters. There have been changes this year to support scam victims and this has led to improvements with detection and reimbursing our customers. We continue to be supporters of the Take Five fraud awareness campaign and have been working with Meta/Facebook to help reduce the fraudulent accounts on their platforms.

Safe management of personal data is taken seriously and remains a priority for us. In 2024, we focused on responding to an increase in data subjects exercising their rights, while supporting the Bank to reduce operational costs of data management.

Recognising the ever-evolving nature of cyber risk, we continue to run a strategic programme that focuses on our capabilities keeping pace. We constantly monitor for emerging threats and new attack methods as well as strive to improve our response capabilities, all of which support operations and resilience. We have a vulnerability management process in place that we aim to adapt and improve as external and internal changes occur. Our comprehensive policies and standards align to ISO 27001 best practice, and we benchmark ourselves against the National Institute of Standards and Technology framework. We are active members of a number of industry forums and provide awareness campaigns to colleagues in addition to annual mandatory cyber security training.

Our suppliers

It is important to us that we work with suppliers who uphold our values. We take this seriously – starting when we select a supplier during our procurement processes and running throughout the entire life-cycle of our business relationships.

In 2022, we launched our first Supplier Code of Conduct, setting out the expectations we have of our suppliers. In 2025, we will introduce an annual review cycle of the code of conduct to ensure it aligns to our business priorities.

We remain committed to using the Financial Services Supplier Qualification System (FSQS) for our suppliers to share information with us and we encourage all our suppliers to become members. FSQS helps our suppliers by reducing duplication of effort in responding to buyer due diligence requests and benefits us by sharing resources. We have made great progress through 2024, inviting a number of our suppliers who have not previously been part of FSQS to join.

FSQS includes a subset of ESG questions and we are using this information to inform conversations with our suppliers about their ESG approach during our regular governance. This information is also reviewed as part of our sourcing processes when selecting new suppliers to work with.

Our pledge to be net zero for operational, supply chain and financed emissions by 2050 will require us to work even more closely with our suppliers on this topic going forwards. In 2025, we will define the metrics that we will be using to track progress towards this goal.

Human rights

In line with our brand ethos, we are committed to maintaining positive relationships with our stakeholders including conducting our business in a way that respects human rights. Our policies and practices reflect this, including our Whistleblowing Policy which applies to any information relating to suspected wrongdoing or dangers, and our detailed Modern Slavery Policy.

Slavery, servitude, forced labour and human trafficking (modern slavery) is a crime and a violation of fundamental human rights. We have zero tolerance of modern slavery and remain committed to conducting all of our business activities professionally, fairly and with integrity across all of our relationships, including enforcing appropriate systems and controls to ensure, on a risk basis, that modern slavery is not taking place in our business or supply chains.

During 2024 we:

- published our eighth Modern Slavery Statement, approved by the Board and signed by the CEO (available on our website at www.metrobankonline.co.uk/about-us/modern-slavery/)
- delivered the seventh report of the Modern Slavery Champion to the Board. The report included an update on the progress against the Modern Slavery Statement and Action Plan, and an update on our internal Modern Slavery Working Group.

We continue to leverage the FSQS to support due diligence on suppliers before contracting and on an ongoing basis.

In 2024, we engaged 1845 active third parties. 0.65% were either based in riskier countries (where the 2023 Global Slavery Index score, an independent assessment of government progress toward UN Sustainable Development Goal 8.7, is less than 50) or were more likely to be exposed to modern slavery risk due to the nature of the services.

In accordance with our Modern Slavery Policy, further investigation was conducted, following which all suppliers demonstrated adequate controls to mitigate modern slavery risk.

We continue to support our suppliers in relation to the risk of modern slavery, to clearly explain our approach to modern slavery and our expectations of our suppliers. We require suppliers to comply with the Modern Slavery Act 2015 and to ensure that modern slavery is not taking place in their business or supply chains.

All colleagues were required to undertake modern slavery computer-based training during 2024.

Political neutrality

Metro Bank is and will remain politically neutral and it is not our policy to open or close an account due to the political or personal beliefs of an individual or organisation.

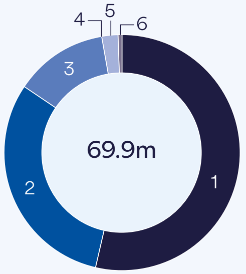
Taxation

We recognise the benefits to society that arise from full participation in the tax system. As with everything we do, we are committed to acting with integrity and honesty as set out by the tax strategy, policies and practices we adopt.

We made a total tax contribution in 2024 of £130.2m, which comprised of £69.9m of taxes we paid and £60.3m of taxes we collected on behalf of the government. Taxes paid in the period represent a direct cost to us and are either, charged to our income statement, or capitalised as part of an asset's cost. Taxes collected are generated by the Bank's business activity and are part of our indirect contribution to tax revenues. These are the taxes of employees and customers collected during the period in the usual course of business and administered on behalf of the UK government.

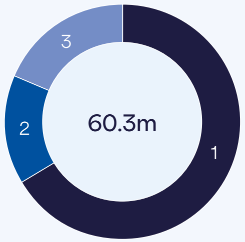
Further information can be found in our Tax Strategy document available on our website at: www.metrobankonline.co.uk/globalassets/documents/customer_documents/personal/2024-tax-strategy.pdf

Taxes paid (2024)



	£m	%
1. Irrecoverable VAT and customs duty	37.6	53.8
2. Employer NICs	21.5	30.8
3. Business rates	8.9	12.7
4. Corporation tax	–	–
5. Land transaction taxes	1.7	2.4
6. Other tax	0.2	0.3

Taxes collected (2024)



	£m	%
1. PAYE	40.1	66.5
2. Employee NICs	9.1	15.1
3. Net VAT	11.1	18.4

Environmental, social and governance review continued

Our planet

Alignment to UN SDGs:

We continue to work to reduce the impact of our operations on the environment. Climate change is a risk both to the Bank and the communities we serve – managing this risk, and helping our colleagues, suppliers, customers and communities also to do so is a key part of our ongoing commitment to being a responsible bank.

In recognition of this, we have committed to two headline pledges to reduce our carbon footprint:

- to achieve net zero across Scope 1 and Scope 2 emissions by 2030
- to achieve net zero across Scope 3 emissions by 2050.

Our Scope 1 and 2 emissions have reduced by 96% from our baseline level in 2019, evidencing strong progress towards achievement of our 2030 pledge. We have identified the key sources driving our residual emissions and continue to assess opportunities to mitigate these ahead of 2030. We are committed to following the carbon mitigation hierarchy and will continue to prioritise prevention, reduction and substitution of our residual emissions, with the remainder being offset via the purchase of high-quality carbon removals.

Our stores and offices continue to be assessed and reviewed to ensure that energy efficiency and wider environmental considerations are incorporated into the ongoing management of our estate. As we grow and expand into new communities, we will build these considerations into the plans for our new stores.

In 2024, we engaged a third party to conduct an energy audit to identify opportunities for energy efficiency across our estate and in 2025 will submit an Energy Action Plan to the UK Government in line with the requirements of the Energy Savings Opportunity Scheme. We do not have any operations based in high biodiversity habitats.

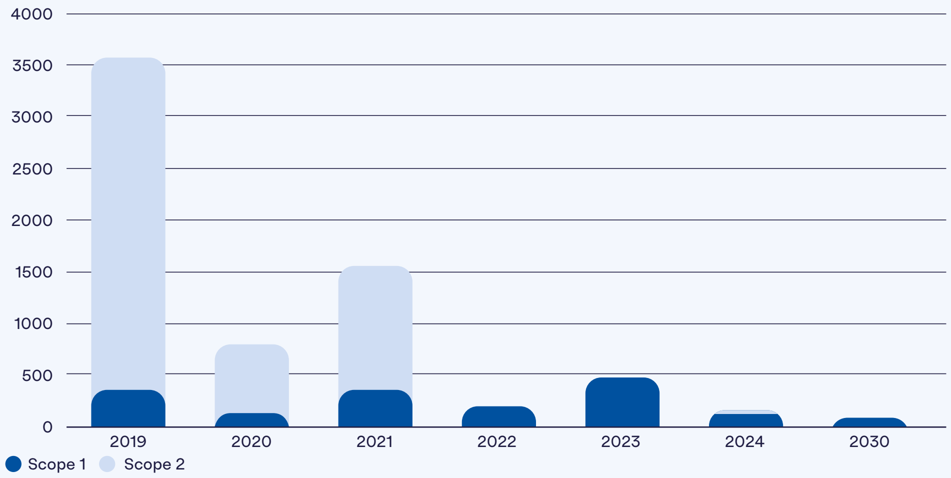
Since 2020, we have sent zero waste to landfill. We source supplies from renewable sources and recycle where possible. We donate surplus office furniture to local charities, reducing the amount of material being disposed of in addition to preventing the carbon emissions that would arise from purchasing equivalent new equipment.

This year, we have made another full disclosure of our corporate environmental data via the Carbon Disclosure Project, having made our first full disclosure in 2023.

We do not lend directly to businesses that undertake:

- metal ore mining, coal mining; peat, oil or gas extraction
- fossil fuel power generation
- activities that cause deforestation
- arms manufacture or military activities.

Operational emissions road map tCO_2e



The table below sets out our GHG emissions.

	2024	2023	2022	2021	2020	2019
Scope 1 emissions	122	469	179	336	67	319
Scope 2 emissions (location based)	2,532	2,705	2,855	3,327	3,799	4,247
Scope 2 emissions (market based)	32	–	–	1,194	729	3,256
Scope 3 emissions (core)[1]	1,181	1,335	1,397	n/a	n/a	n/a
Scope 3 emissions (all)	72,670	111,205	129,363	155,182	190,333	248,979
Total GHG emissions (location based)	75,324	114,379	132,397	158,845	194,199	253,545
Total GHG emissions (market based)	72,824	111,674	129,542	156,712	n/a	n/a
Full-time equivalent colleagues (FTE)	3,449	4,281	4,040	4,184	3,850	3,555
Total emissions per FTE	21.1	26.1	32.8	38.0	50.4	71.3

1. This measure covers emissions arising from purchased paper (Cat. 1), Fuel and energy related activities (Cat.3), Waste Generated in Operations (Cat.5) and Business Travel (Cat. 6). Quoted emissions figures are quoted in tCO_2e.

Non-financial information and sustainability information statement

This statement is prepared in compliance with sections 414CA and 414CB of the Companies Act 2006 and explains where you can find further information about how we do the right thing in relation to our customers, communities, colleagues and the environment. A description of our business model and strategy, as well as the non-financial KPIs relevant to our business can be found on pages 10 to 13.

Reporting requirement	Where to find further information for an understanding of our business and our impacts, including outcomes of our activities	Relevant policies and standards that govern our approach (please see policy list on pages 29 to 30 for a description of each policy)
Environmental matters	Page 27 – Our planet. Page 32 – Task Force on Climate-related Financial Disclosures.	• Climate Pledges. • Supplier Management. • Business and Commercial Lending.
Colleagues	Page 21 – Our colleagues. Page 25 – Gender pay gap. Page 59 – Letter from the Designated Non-Executive Director for Colleague Engagement. Page 103 – Annual report on remuneration.	• Diversity and Inclusion. • Recruitment and Selection. • Health and Safety. • Whistleblowing. • Conflicts of Interest.
Social matters	Page 22 – Our customers and communities. Page 25 – Data privacy and security. Page 25 – Governance and resilience. Page 27 – Our planet.	• Climate Pledges. • Supplier Management. • Business and Commercial Lending. • Vulnerable Customers. • Data Protection. • Anti-Tax Evasion. • Anti-Money Laundering/Counter Terrorist Financing. • Business Continuity. • Complaints.
Human rights	Page 22 – Our colleagues. Page 25 – Gender pay gap. Page 59 – Letter from the Designated Non-Executive Director for Colleague Engagement. Page 103 – Annual report on remuneration.	• Modern Slavery. • Outsourcing. • Diversity and Inclusion.
Anti-bribery and corruption	Page 25 – Governance and resilience. Page 144 – Financial crime risk.	• Anti-Bribery and Corruption.

Environmental, social and governance review continued

Key
1 Our customers and communities
2 Our colleagues
3 Data privacy and security
4 Our suppliers
5 Governance and resilience
6 Our planet

Policy list

Policy	Description	ESG priorities
Anti-Bribery and Corruption	The policy outlines our approach to managing the risk of bribery and corruption and to ensure we conduct business in an honest and ethical way, with a zero-tolerance approach to bribery and corruption.	2 5
Anti-Money Laundering/ Counter Terrorist Financing	The policy sets out the systems and controls to identify, assess, monitor and manage financial crime risks and the procedures in place to assess their effectiveness.	1 2 5
Anti-Tax Evasion	The policy sets out our zero-tolerance approach to facilitating tax evasion.	1 5
Business Continuity	The policy makes sure we are able to continue delivering services to our customers at acceptable levels if something unexpected were to happen. It addresses impacts to the continuity of critical business activities in the case of man-made disasters, natural disasters or other material events.	1 2 3 4 5
Change Risk Management	The policy sets out the principals with which the Bank manages the risk of failing to meet planned delivery objectives, desired outcomes, or causing detriment to existing services/customers whilst implementing change.	1 2 3 4 5
Complaints	The policy is in place to ensure customer complaints are handled promptly and effectively, with a focus on fair outcomes for our customers and meeting our regulatory obligations when things go wrong.	1 2
Conflicts of Interest	The policy provides consistent practical guidance to all relevant parties in relation to the identification, recording and maintenance of actual and perceived conflicts of interest.	2 4 5
Data Management	The policy sets out our objectives and expectations in managing data and data governance practices. It makes sure that data is managed, governed, accessed, protected, utilised and disclosed appropriately. It also focuses on the quality of key data elements and their ongoing maintenance.	1 2 3 5
Data Protection	The policy is in place to ensure we comply with our data protection obligations and have the adequate level of data protection as prescribed by the General Data Protection Regulation.	1 2 3 5
Diversity, Equity and Inclusion	The policy means that we treat our colleagues fairly. It sets out our commitment to having a diverse workforce which reflects our customer base and to employment policies which follow best practice, based on equal opportunities for all colleagues.	1 2
Fraud	The policy sets a consistent approach to the deterrence, detection and prevention of internal and external fraud.	1 2 5
Health and Safety	The policy protects our customers and colleagues. It recognises our statutory duties and responsibilities under the relevant Health and Safety and Welfare legislation.	1 2
Information Security and Acceptable Use	The policy sets objectives, expectations, roles and responsibilities and requirements for protecting both our and customer information and the use of IT assets.	3 5

Key		
1 Our customers and communities	3 Data privacy and security	5 Governance and resilience
2 Our colleagues	4 Our suppliers	6 Our planet

Policy list continued

Policy	Description	ESG priorities
Lending and Arrears Management (including Retail, Business and Commercial Lending)	These policies set our approach to making lending decisions in a structured, consistent and fair way that is compliant with all relevant regulatory requirements. They define the way we safeguard both ourselves and our customers in pursuit of our goals and how we support our customers during periods of financial difficulty.	1
Modern Slavery	The policy describes our approach towards preventing slavery, servitude, forced and compulsory labour and human trafficking in any of our operations or at any of our suppliers and, through them, our supply chains.	1 5
Physical Security	The policy protects our customers and colleagues. It defines the measures to protect our premises from security threats and to ensure the personal safety and security of all customers, colleagues and visitors.	1 2
Procurement and Supplier Management	The policy ensures that when we rely on an external supplier for key processes and activities, we take the reasonable steps to identify, monitor and mitigate the external supplier risks.	1 4 5 6
Product Governance	The policy sets requirements to ensure products and services are developed to address customer needs, have a defined target market, are designed to deliver good customer outcomes and are understood by customers.	1 5
Records Management	The policy sets out our objectives and expectations for managing records responsibly and efficiently from creation to disposal, complying with legal and regulatory obligations.	1 2 3 5
Recruitment and Selection	The policy relates to all recruitment-related activities and is relevant for all colleagues and any third-party recruitment partners. The policy outlines responsibilities for hiring aligned to our Company objectives/ethos and in accordance with the relevant legislation and regulation.	2
Regulatory Reporting and Disclosure	The policy set out the principles, governance and control considerations required for accurate, complete, and timely regulatory reporting.	1 5
Sanctions	The policy sets the requirements and approach to managing financial sanctions risks in compliance with applicable sanctions regimes including the prevention, detection and investigation of potential sanctions evasion.	1 5
Share Dealing	The policy sets out the approach and process relating to dealing in Metro Bank shares by the Board, colleagues and, where appropriate, third parties.	2 4 5
Technology	The policy sets our approach to the management of technology and associated risks across each of the delivery channels, to support our strategic objectives and deliver good customer outcomes.	1 2 3 5
Vulnerable Customer	The policy sets out our approach to identifying and interacting with vulnerable customers to ensure we deliver good customer outcomes.	1 2
Whistleblowing	The policy encourages colleagues to disclose information, in good faith and without fear of unfair treatment, when they suspect any illegal or unethical conduct or wrongdoing affecting us.	2 5

Section 172 statement

Stakeholder engagement is essential to the execution of our purpose to empower customers and communities with a human approach to banking.

Our six key stakeholders:

Our customers

Our business model is predicated on attracting customers and turning them into FANS. Our reputation and creating FANS is at the core of our values.

Our colleagues

As a growing business, we need to attract new talent. We also want to ensure our colleagues are happy and engaged so that they provide excellent service to each and every customer.

Our communities

We are proud to be an integral part of the communities we serve.

Our investors

We engage openly and transparently with our investors who help us to grow.

Our regulators

Following our regulators' principles, rules and guidance helps us to put customers at the heart of everything we do.

Our suppliers

We pride ourselves on doing the right thing, and maintaining the highest values in everything we do, and this extends to the suppliers we work with.

The Board must act in accordance with the duties set out in the Companies Act 2006 ('the Act'). Under section 172 of the Act, the Board has a duty to promote the success of the Company for the benefit of its members as a whole. When making decisions, the Board ensures that it acts in the way it considers, in good faith, would most likely promote success for the benefit of our members, and in doing so has regard to the matters set out in Section 172(1) of the Act.

The different needs of stakeholders are considered throughout the whole decision-making process. The Board, at all times, has regard to the impact of material decisions on the different stakeholder groups. However, it is not always feasible to provide pragmatic outcomes for all stakeholders and the Board, at times, has to make decisions based on the competing priorities of stakeholders and the needs of the Bank. More information on the key decisions made by the Board in the year and how stakeholders were considered can be found on page 54.

S.172 factor	Relevant disclosures	Pages
(a) the likely consequences of any decision in the long-term	• Our purpose and strategy framework • Business model • Strategic priorities • Risk report	2–3 10–13 3 121–150
(b) the interests of the Company's employees	• Non-financial information statement • Our colleagues • Board activity and stakeholder engagement • Letter from the Designated Non-Executive Director for Colleague Engagement	28 22 and 56 54–58 59–60
(c) the need to foster the Company's business relationships with suppliers, customers, and others	• Board activity and stakeholder engagement • Environmental, social and governance review • Our suppliers	54–58 19–30 58
(d) the impact of the Company's operations on the community and the environment	• Board activity and stakeholder engagement • Task Force on Climate-related Financial Disclosures • Environmental, social and governance review	54–58 32–41 19–30
(e) the desirability of the Company maintaining a reputation for high standards of business conduct	• Whistleblowing • Anti-bribery and corruption • Audit Committee report • Modern slavery	70 25, 28 and 144 66–70 26 and 70
(f) the need to act fairly between members of the Company	• Board activity and stakeholder engagement • 2024 AGM • Share capital	54–58 57 118

Task Force on Climate-related Financial Disclosures

This section of our annual report includes our climate-related financial disclosures, consistent with the recommendations of the Task Force on Climate-related Financial Disclosures, providing an update on our current progress and areas of future focus.

During 2024, we built upon the progress made in previous years by further enhancing and embedding our approach to the management of climate-related risks across both our governance structure and the wider risk management framework, as well as making positive strides on our data and metrics. There remains work to do to further enhance our transition planning, including more granular assessment of the impact of climate-related risks and opportunities on our businesses, strategy, and financial planning, as well as continued evolution of the coverage and application of climate-related metrics as our capabilities and methodologies mature.

Key points	Future developments	Page
Governance		
Describe the Board's oversight of climate-related risks and opportunities.		
• The Board retains oversight for all climate-related risks and opportunities and has received an annual update on our progress in this regard in 2024. • The Risk Oversight Committee has oversight of the framework for managing and reporting on climate-related risks in line with our Enterprise Risk Management Framework.	• The Board will continue its regular oversight, engagement and challenge on climate-related strategy and activity. • Ongoing review of governance framework to ensure continued alignment with regulation and industry-recognised best practice to ensure that an appropriate level of oversight of climate-related risks and opportunities is in place.	19, 35
Describe management's role in assessing and managing climate-related risks and opportunities.		
• Overall responsibility for our approach to climate-related risks and opportunities sits with the CEO and is devolved to relevant members of ExCo. • Senior Management Function responsibility under the Senior Managers and Certification Regime sits with the Chief Risk Officer for climate-related risks. • Our Environment Working Group, reporting into the ESG Steering Committee, is accountable for delivering our Net Zero strategy, bringing together stakeholders from across the business. In 2024 it has focused on building out the foundations of a multi-year roadmap, delivery of which will be tracked through the ESG Steering Committee.	• Focus on enhancing our data and reporting on climate-related risks via key risk indicators to facilitate improved management assessment of these risks via enhancements to data coverage, reporting and disclosures. • In 2025, management will finalise the roadmap and continue to deliver the actions across workstreams covering risk management and reporting, customer engagement, suppliers, colleague capability, customer communications and brand.	19, 35
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.		
• Climate-related risks have been identified and assessed as part of a wider review of top and emerging risks and embedded in the Enterprise Risk Management Framework. The most material risk exposures were identified in Credit, Capital and Operational Risk and assigned potential time horizons. • Considerations covering risks and opportunities within our internal operations and our engagement with stakeholders across our value chain are embedded in the ESG materiality assessment for the organisation. • Opportunities to support our customers in achieving their climate-related aspirations are considered in the strategy review and product development process.	• Continue to assess and evolve our climate-related strategy in line with the Bank's wider strategic objectives. • Expand dialogue with customers on climate-related risks and opportunities to ensure we can both manage our risk exposure and best support their transition to a low-carbon economy. • Enhance data capture and quality to support identification, assessment and mitigation of climate-related risks and opportunities and evolve risk capabilities, origination strategy and product suite accordingly.	35–36

Task Force on Climate-related Financial Disclosures continued

Key points	Future developments	Page
Strategy continued		
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.		
• The potential impact of climate-related risks and opportunities on our strategy and financial position continues to be considered on an ongoing basis.	• Further embedding of climate considerations in our strategic and financial planning processes, with consideration of the necessary tools and methodologies to support delivery of the climate-related strategy.	35–36
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		
• Climate-related stress testing is in place and continues to evolve in maturity. There is a credit impairment overlay process established to cover climate-related risks. • Scenario analysis insights are used to inform the Internal Capital Adequacy Assessment Process and in financial reporting.	• Continued enhancement of our modelling capabilities, including integration of Network for Greening the Financial System (NGFS) aligned scenarios developed with Moody's into our scenario analysis activity.	36, 39
Risk management		
Describe the organisation's processes for identifying and assessing climate-related risks.		
• Climate change has been embedded as a cause into the Enterprise Risk Management Framework, together with frameworks, policies and standards for the relevant principal risks. • To form a view on materiality and assess impacts across different time horizons, we assess each principal risk to identify how climate change could manifest. • Internal modelling capabilities are in place to assess the exposure of our lending portfolios to climate-related risks. Mortgage portfolio data is monitored to understand material climate risk drivers.	• Continue to develop methodologies to identify and assess climate-related risks. • Enhanced coverage and quality of climate-related data and monitoring across risk types and processes. • Review of commercial customer population to identify high risk sectors, potential concentrations and associated risks.	37–39
Describe the organisation's processes for managing climate-related risks.		
• We have integrated climate-related controls into our credit processes across both retail and commercial lending, with credit assessments for in-scope commercial clients including qualitative climate risk considerations. • We engage closely with our material suppliers to ensure climate-related risks are identified and appropriate controls put in place, as well as doing so as part of our RFP process.	• Extend climate scenario analysis to additional portfolios. • Enhance capabilities for mortgage portfolio physical and transition risk data capture to enable enhanced portfolio monitoring. • Further development and embedding of climate-related controls.	37–39
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.		
• Climate-related risks are fully embedded in our Enterprise Risk Management Framework and Three Lines of Defence model, with associated governance structures and defined roles and responsibilities.	• Continue to keep pace with evolving industry requirements around risk management, reporting, governance and disclosures.	37–39

Task Force on Climate-related Financial Disclosures continued

Key points	Future developments	Page
Metrics and targets		
Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.		
• Climate-related metrics across our operations, supply chain and financed emissions are reported on an annual basis via our climate-related disclosures. • The properties securing our lending portfolios are assessed for flood and subsidence risk, as well as EPC distribution. • For financed emissions, intensity metrics covering the Bank's residential and commercial mortgage lending are disclosed, as is a weighted PCAF data quality score.	• Continued review and enhancement of our calculation methodologies for Scope 3 emissions across all categories in line with industry best practice. This includes data enhancements to further improve PCAF data quality levels and increase coverage of portfolio data as well as engagement with suppliers to increase utilisation of activity based methodologies for assessing supplier emissions. • Development of climate-related key risk indicators and further intensity metrics for intra-year monitoring.	27, 39–41
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.		
• Scope 1, 2 and 3 emissions are disclosed within the wider TCFD disclosure, with full disclosure across all applicable Scope 3 categories. Methodological and data quality enhancements were embedded across all Scopes in 2024.	• Continued enhancement of emissions calculation methodologies in line with industry best practices. • Define required data enhancements to extend calculation of financed emissions to additional portfolios.	27, 39–41
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		
• We have two overarching net zero targets in place – to achieve net zero emissions across Scope 1 and Scope 2 by 2030 and across Scope 3 by 2050. • We have achieved emissions reductions of 96% across Scope 1 and 2 and 71% across Scope 3 from our baseline year of 2019.	• Continued monitoring of performance against these targets and development of interim milestones for sub-categories across all Scopes.	27, 39–41

We have highlighted some key opportunities across different time horizons which we believe will help us to meet our 2030 and 2050 Net Zero pledges.

Short-Term	Medium-Term	Long-Term
Delivery of ESOS Energy Action Plan, identifying opportunities to mitigate Scope 1 emissions	Introduction of activity based assessment of supplier emissions for our most material supplier relationships	Review of origination strategy, product proposition and asset mix to support mitigation of financed emissions
Integration of Moody's Macroeconomic Climate Risk Scenarios into scenario analysis activity	Sector and channel based review of climate related risks and opportunities	Ongoing identification of new physical and transition risks impacting our portfolio through scenario analysis
Review financed emissions calculation methodologies for non-mortgage lending	Purchase of high quality carbon removal credits to mitigate residual Scope 1 and 2 emissions	
Further enhance data capture capability for employee commuting		

Task Force on Climate-related Financial Disclosures continued

Governance

Board oversight of climate-related risks and opportunities

The Board has ultimate accountability for all climate change risk-related matters. During 2024, the Board has been engaged in the development of our approach, receiving an annual update on the management of climate-related risks and opportunities, as well as a broader annual ESG update. The Board considers climate-related risks and opportunities as part of the annual strategic and financial planning process to ensure our approach to these matters evolves in line with the ongoing evolution of regulation, industry best practice and capabilities. The Risk Oversight Committee (ROC) has oversight of the framework for managing and reporting the risks from climate change, as set out in the Enterprise Risk Management Framework. The Committee can escalate any climate-related risk matter to the Board. The Audit Committee approved the approach to disclosures, in line with TCFD requirements, and reviews climate-related financial disclosures as part of its wider role in reviewing our Annual Report and Accounts.

Management's role in assessing and managing climate-related risks and opportunities

Responsibilities for the management of climate-related risks extend across the organisation and its 'Three Lines of Defence'. As climate risk impacts a significant number of our principal risks, it requires integration with existing control frameworks, policies and strategies. The accountability for our approach to ESG sits with the CEO and is devolved to relevant members of ExCo. The Chief Risk Officer has Senior Management Function responsibility under the Senior Managers and Certification Regime for our approach to managing both financial and non-financial risks arising from climate change, including:

- embedding the consideration of climate-related risks into the governance structures
- incorporating the risks from climate change into risk management practices
- using long-term scenario analysis to inform strategy setting, risk identification and assessment
- ensuring that climate-related risks are appropriately disclosed in line with the recommendations of the TCFD.

Executive Risk Committee

The Executive Risk Committee (ERC) has delegated authority from ROC for overseeing our exposures and approach to managing climate-related risks. In 2024, the Committee received an update on the progress of our approach to managing climate-related risks, including an overview of current regulatory requirements and industry expectations, their expected evolution over the next two years and the implications for the Bank. An overview of the controls mitigating credit-related aspects of climate risk was included, as was an overview of our existing data and reporting capabilities related to financed emissions, benchmarking against peer institutions and updates on our progress towards our Net Zero goals.

Credit Risk Oversight Committee

The Credit Risk Oversight Committee (CROC) has specific responsibility for oversight of climate-related aspects of credit risk including recommending strategies to adjust the credit risk portfolio to react to changes in the prevailing market or physical environmental conditions. During the year, the Committee received updates on the credit risk aspects of climate change, including climate risk-specific analysis relating to lending portfolios.

Asset and Liability Committee

The Asset and Liability Committee (ALCO) oversees the effective management of the Bank's financial risks of capital, funding, liquidity and market risk. The Committee considers the impact, or potential impact, of climate change within its assessment of holding adequate capital and liquidity resources within the respective planning horizons.

Environment Working Group

The Environment Working Group brings together key stakeholders from across the first and second lines of defence to support work to help embed climate risk into the Enterprise Risk Management Framework and support our wider climate-related goals and ambitions.

The Environment Working Group is accountable for delivering our net zero strategy and objectives across three strategic focus areas:

- managing the impact of climate change on the business
- supporting our customers' transition to a low-carbon economy
- reducing the impact that the business has on the environment.

The Environment Working Group has focused on building out the foundations of a multi-year roadmap across core business areas and risk management disciplines. Delivery on the roadmap is tracked through the Bank's ESG Steering Committee and enhancements to the roadmap are informed by our ongoing analysis of risks and opportunities arising from climate change. This will help to accelerate progress and prioritisation, particularly in relation to our climate change response.

Strategy

2024 has been a pivotal year for the Bank, with leadership setting out our strategic pillars for the road ahead and colleagues delivering significant levels of transformational change to set the foundations for growth. As we progress through this evolution, we will embed the assessment of climate-related risks and opportunities in the formulation of our strategic approach throughout the business, whether in our own operations, strategic partnerships and supplier relationships or our financing activity.

Whilst the changes associated with the transition to a lower-carbon economy pose risks, they also present significant opportunities for organisations focused on climate change mitigation and adaptation solutions.

We have an important role to play in facilitating the transition to a low-carbon economy, leveraging the opportunities, and managing the risks we are exposed to from climate change.

We are committed to supporting our customers along the journey as they make the transition towards a low-carbon economy, and to enhancing our own capabilities by identifying and managing the potential impact of climate change on the business, as well as exploring ways to reduce the impact that the business has on the environment.

We recognise that climate change presents both risks and opportunities to our business model and strategy over short-, medium- and long-term horizons:

- short-term (0-1 years): The time horizon for annual financial planning
- medium-term (1-5 years): The time horizon for strategic and financial planning cycles
- long-term (> 5 years): This timeframe is considered using scenario analysis.

Identifying and managing the impact of climate change on the business

The ability to identify, understand and manage risk is critical to our long-term strength and stability and climate risk is no different in this regard. Climate risk does, however, require us to address risks that may manifest over a significantly greater period than that covered by more traditional approaches to risk management. We broadly categorise climate risks into two types: transition risk and physical risk. Within these broad categories, we have identified a number of potential impacts arising from climate change which we monitor over the short-, medium- and long-term.

Our initial focus has been to identify and assess risks to the business. The assessment of climate risks is embedded into our key risk process, with controls in place across our lending activity and internal operations. We utilise our internal climate scenario analysis and stress testing capability in line with emerging industry methodologies and have used outputs from initial methodology developments to formulate an initial impact assessment to inform considerations in developing our strategic response. The risks we face in the medium term are primarily transition risks, predominantly arising from developing regulatory and legislative expectations. For example, potential changes to minimum energy efficiency standards applicable to the properties securing our lending may lead to transition risks which could impact the value of these properties or the ability of borrowers to service debt.

Physical risks represent a longer-term risk (primarily from changes in climate patterns impacting the physical property securing our mortgage portfolio) and the most material risks are expected to crystallise over the long term. Changes in extreme variability in weather patterns are forecast to lead to increased incidence and severity of physical risk events which, in addition to the disruption felt by customers, can lead to a decrease in the valuations of property taken as collateral to mitigate credit risk.

Whilst the nature of our business model means we are not heavily exposed to certain carbon intensive industries, exposures to physical and transition risks may arise within our commercial lending portfolio due to changes in policy, consumer preferences or technology. Our strategic pivot towards corporate and commercial lending will transform our portfolio, impacting both volumes of lending and the channels/propositions through which we deliver that lending to our customers. The nature of our customer base may also evolve, changing our proportional exposure to existing sectors as well as introducing new ones. Through 2025, we will review our sectoral exposures to identify higher-risk sectors as well as climate-related risks and opportunities across the broader portfolio. Additionally, we will further develop our customer engagement model to ensure we are well placed to understand our customers' climate related ambitions and ensuring we are supporting them with the guidance and financing required to help achieve their goals.

Operational risk exposures arise from physical damage to key office locations and physical and transition risks via key suppliers, which could result in business disruption or increased costs. Our strategic collaboration with Infosys represents a significant milestone for the Bank and our transformation journey. Climate considerations were taken into account throughout the RFP process and will continue to be as our collaboration evolves. We will work with Infosys over the coming months to more fully understand their own commitments and progress in the climate space and ensure these are closely aligned with our own.

We have worked with Moody's to define two new climate scenarios which align to a set of scenarios developed by the NGFS. These scenarios will be leveraged in 2025 to refine our approach to climate change scenario analysis. As these methodologies develop, we will be progressively drawing on our scenario analysis to inform strategic planning; providing insight into/for our strategy, business model and financial plans. At present we do not believe risk arising from climate change to have had material impact on the financial statements.

Operations

We have made substantial progress in reducing the impact of our direct operations on the environment. We have maintained our position of procuring 100% renewable electricity with full backing by REGO certificates.[1] Waste levels have reduced materially from our baseline year of 2019 and we are maximising recycling rates, as well as diverting zero waste to landfills. In line with the UK government's Energy Savings Opportunity Scheme (ESOS), we will deliver an Energy Action Plan in Q1 2025 outlining key actions to be taken across our operational footprint and will consider how these will be integrated into our wider climate roadmap.

The actions taken to date have helped us to achieve an overall reduction of 96% across our Scope 1 and 2 emissions from the 2019 baseline, and this keeps us strongly positioned to meet our stated commitment of being net zero across Scope 1 and 2 by 2030. We have identified the activities driving our residual Scope 1 emissions and have considered the actions required to eliminate, reduce or substitute them. Once these steps have been taken, we will assess the level of residual emissions and deliver our full net zero pledge through the purchase of high-quality carbon offsets derived from solutions which are characterised by carbon removal, durable storage and low risk of reversal.

1. 32 tonnes of market based Scope 2 emissions set out in the Emissions summary by Scope and Category table on page 39 are derived from one site where we are a tenant and unable to verify the energy consumption and tariff. We have assessed the consumption as the mean of all other stores and assumed a non-green tariff.

Task Force on Climate-related Financial Disclosures continued

Risk management

Identification and assessment

We classify climate-related risks as either physical risks or transition risks. We are exposed to both physical and transition risks arising from climate change. Risks arising from climate change materialise through various channels:

1) through the financial services and support we provide to customers who may themselves be exposed to the climate change
2) the operation of our own infrastructure, business and premises which may be exposed to both transition and physical risks
3) through a deteriorated perception of our brand if we do not adequately support a transition to a low-carbon economy.

To form a view on materiality, and to understand the broad financial impacts across different time horizons, the Enterprise Risk Management Framework was assessed through a climate change lens to identify how climate change could manifest in each of our principal risks. Due to the longer timeframes associated with climate impacts, short-, medium- and long-term horizons are being applied to the consideration of impacts. This assessment has been included in the 2024 Internal Capital Adequacy Assessment Process (ICAAP) and identified our top three climate change risks as: credit, capital and operational. Credit risk is the most material climate change risk due to our mortgage portfolio exposures.

Our Risk Appetite Statement includes a qualitative statement in relation to climate risk. In support of this appetite, complementary quantitative key risk indicators are being developed and will be assessed with a view to integrating them into risk appetite metrics, where appropriate. Metrics will be further enhanced as data and capability evolves and will leverage scenario analysis outputs.

Credit risk

Physical risk examples	Transition risk examples	Time horizon
Repayment challenges from obligors due to reduced profitability or asset devaluation because of climatic shifts.	Failure to adapt to changes in policy, regulation, and technology resulting in negative impact to customers.	Medium term to long term.

Mortgages

We have controls in place to mitigate against flood risk, subsidence, and landslip in our residential mortgage portfolio. Where it is identified that a property is situated on a flood plain, borrowing is only permitted where a suitable insurance policy is in place. Specific requirements are in place in relation to lending to buy-to-let properties which have an Energy Performance Certificate (EPC) rating below E. In accordance with the Minimum Energy Efficiency Standards Regulations, all buy-to-let properties must have a minimum EPC rating of E.

All physical valuations must be completed by registered valuers to utilise their local knowledge and expertise, including the assessment of physical risks and climate-related information.

We receive open-source property data for our mortgage portfolio to enhance our portfolio risk identification and monitoring processes. We also review and evolve our secured lending policies and standards in response to the external environment, regulation, investor and other stakeholder interest.

Commercial lending

Our approach to commercial lending and collateral management incorporates environmental risk considerations. We have additional credit risk assessment requirements for customers operating in carbon-intensive industries. Our Commercial Lending Policy also outlines the prohibited and restricted industries where we have either no or limited appetite to lend.

A large proportion of our business lending customers are privately owned and/or SMEs. Very few lending customers therefore report against voluntary disclosure initiatives such as Carbon Disclosure Project, Sustainability Accounting Standards Board or TCFD.

A top-down assessment of sectors (and sub-sectors) which may have a higher likelihood of being impacted by transition risks has been performed. It highlighted that our direct exposure to commercial lending segments with high emissions is relatively low. We continue to enhance and refine this work at both counterparty and sector level, considering both risks and opportunities as we look to support our customers' responses to climate change. The output will be used to inform the evolution of our credit policies and risk appetite measures to monitor the portfolio transition risk.

Capital and liquidity risk

Physical risk examples	Time horizon
• Our capital position is indirectly subject to climate risk through Bank-wide exposures across all risk types. • Longer-term climate change risks may adversely impact our future revenue through customer behaviour, balance sheet or strategy changes over the longer term in response to climate change risk factors. • Market dislocation could also impact the value or the ability to monetise liquidity buffers or incremental client deposits run-off resulting from transition risk drivers.	Medium term to long term.

Climate change risk has been considered as part of the 2024 ICAAP. This includes a qualitative assessment of the potential financial implications of climate-related risk, namely transition and physical risks. The ICAAP is a key planning process and facilitates the Board and senior management in identifying, measuring and monitoring our risks and ensures that we hold adequate capital to support our risk profile. Based on our current assessment the capital requirement is not considered to have a material impact over the planning horizon at this time. Consideration of climate risk will continue to be further embedded in key processes where investment decisions are made and the level of climate risk being taken is material. The output of the climate scenario analysis and stress testing is used to inform the understanding of how capital management may be impacted.

Climate risk and broader ESG considerations are now reflected in our liquid asset portfolio investment strategy, with implications for securities that can be included in the Liquidity Pool. The 2024 Internal Liquidity Adequacy Assessment Process (ILAAP) outlined the potential funding and liquidity risks that may arise as a result of physical risks or transition risks.

The impacts of climate change will continue to be assessed within our prudential statements, namely the ICAAP and ILAAP.

Operational risk

Physical risk examples	Time horizon
Business interruptions due to extreme weather events and damage to facilities. Disruptions in supply chain.	Medium-term to long-term
Transition risk examples	
Increased operating costs for facilities and higher capital expenditures for resiliency and carbon reduction measures.	

Climate change is embedded as a cause within the Enterprise Risk Management Framework and our principal risks are assessed through a climate lens. All loss events are recorded in our incident management system, enabling the identification of climate-related risk events.

Scenario analysis is performed to assess the potential effects of climate-driven events including disruption to business services, damage to physical assets, and health and safety. Physical risk data has been obtained in relation to key data centres and office/store locations to support our assessment of future risk. The results of the scenario analysis are used to plan, prepare and respond to potential disruptions. There are also plans in place to help resume business operations as quickly as possible in the aftermath of an extreme climate event to minimise operational disruptions.

We take steps to integrate climate change considerations into our procurement and supply chain management processes, including exploring different methods to collect environmental performance data from third parties. More broadly, the Operational Resilience programme outlines the requirements (including requirements of suppliers) to respond to business disruption.

We will continue to identify, manage and disclose material climate-related risks and their impacts on our strategy and financial planning, in line with the TCFD framework.

Task Force on Climate-related Financial Disclosures continued

Response

Climate change has been embedded as a cause into the Enterprise Risk Management Framework, together with the frameworks, policies and standards for these principal risks. For credit risk, we have also integrated climate risk considerations into both the Business and Commercial Lending Policy and the Collateral Management Policy to aid the embedding, management and monitoring of climate change risk as a cause to our credit risks.

Scenario analysis

As the understanding and importance of climate risk progresses, climate scenario analysis is becoming an essential capability and risk management tool. Scenario analysis assists the identification, measurement and ongoing assessment of climate risks over the longer term, and the potential threats to our strategic objectives. Throughout 2024, we have used the analysis from the Biennial Exploratory Scenario work conducted in 2021, leveraging the results of that analysis in the corresponding period and using this to inform a Post Model Adjustment (PMA) which is incorporated within our IFRS 9 ECL calculation. In addition, a Climate Risk scenario was formally assessed as part of the 2024 ICAAP, reviewing the potential impact of an extreme weather event causing prolonged physical damage to our stores and a breakdown in the transport infrastructure servicing the stores. Outcomes from these pieces of analysis have indicated that we are considered to have sufficient capital to withstand the losses associated with the climate scenarios that have been assessed. As this capability is established and further developed, the assessment will be run on an ongoing basis to inform scenario planning and monitoring of the portfolio composition to ensure no undue concentrations. The results of the scenario analysis will be used to support the evolution of origination strategies in line with our overarching strategic objectives and risk appetite to factor in climate change risks and opportunities. It will also inform product opportunity assessment and help to identify areas where we could best support customers' transition to improved energy efficiency or reduction in exposure to physical risks.

Metrics and targets

Our climate change metrics are anchored to our commitment to achieve Net Zero across our Scope 1 and 2 emissions by 2030, and across all Scopes by 2050. Our emissions data for 2024 is disclosed in the summary table below, outlining year-on-year changes as well as overall progress from our 2019 baseline.

In 2024, we have taken positive steps to enhance our metrics, particularly with regards to our financed emissions. For the first time, we have included emissions intensity metrics and a weighted PCAF Data Quality score covering our retail and commercial mortgage portfolios, have disclosed our EPC profile for commercial property and our unmatched EPC profile across both commercial and residential portfolios, as well as including data on subsidence risk for property securing our lending. For supplier emissions, we have transitioned to use of DEFRA Environmentally Extended Input-Output (EEIO) model conversion factors, allowing us to more accurately categorise supplier spend and derive emissions. Additionally, we have transitioned the calculation of supplier emissions for water and paper from spend-based to activity-based, further enhancing the accuracy of emissions calculations.

As our approach to transition planning continues to evolve, we will embed further metrics and develop interim targets across key Scope 3 categories, driven by both our data capabilities and our understanding of the climate risks and opportunities within our operations and lending activities.

Emissions summary by Scope and category

Emission Scope	Category	2024	% change PY	2023
Scope 1	Fuels (transport)	22	7	20
	Gas	82	14	71
	Fugitive	19	(95)	378
	Total	**122**	**(74)**	**469**
Scope 2	Electricity (market)	32	–	–
	Total Scope 1 & 2	**154**	**(67)**	**469**
	% change from 2019 baseline	(96)	–	(87)
Scope 3	Cat 1: Purchased goods & services	36,737	(33)	54,986
	Cat 2: Capital goods	1,131	(48)	2,155
	Cat 3: Fuel & energy activities	853	(6)	903
	Cat 4: Upstream transportation	301	(19)	371
	Cat 5: Waste	13	36	9
	Cat 6: Business travel	272	(36)	423
	Cat 7: Employee commuting	3,641	(19)	4,495
	Cat 9: Downstream transportation	73	(36)	114
	Cat 15: Investments	29,650	(38)	47,749
	Total Scope 3	**72,670**	**(35)**	**111,205**
	% change from 2019 baseline	(71)	–	(55)
	Total GHG emissions	**72,824**	**(35)**	**111,674**
	% change from 2019 baseline	(71)	–	(55)

Emissions figures are quoted in tCO_2e and rounded to the nearest whole number (whilst % change is calculated on un-rounded figures).
For Scope 3 emissions, categories 8 and 10-14 are assessed not to apply to our operations at this time and are therefore excluded from our analysis.

Operational emissions

Greenhouse gas (GHG) reporting is undertaken in line with our obligations under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, and the Streamlined Energy and Carbon Reporting regulations 2019. GHG emissions are reported in accordance with the GHG Protocol, which sets a global standard for how to measure, manage and report emissions.

We report GHG emissions in accordance with the operational control approach. Limitations in the emission data relate to employee commuting, where data for all individuals was not available; and one site where we are a tenant and unable to verify the energy consumption and tariff. For employee commuting the average population values were used to perform the calculation and for energy consumption we have utilised the mean consumption of all other stores and assumed a non-green tariff.

We have seen a significant overall reduction in our Scope 1 emissions this year, primarily driven by a 95% reduction in fugitive emissions (those derived from refrigerant and coolant leaks in our HVAC systems) and partially offset by small increases in gas consumption from our Stores and fuel consumption from our vehicle fleet. The ESOS Energy Action Plan to be submitted in 2025 will identify opportunities to mitigate the emissions arising from both the gas and fuel consumption, as well as identifying opportunities to increase the efficiency of HVAC systems such that fugitive emissions are reduced both in terms of overall volume and volatility. We do acknowledge that fugitive emissions will remain present in our Scope 1 profile and as we progress towards achievement of our 2030 commitment, we will utilise high-quality carbon offsets derived from solutions characterised by carbon removal, durable storage and low risk of reversal. Overall, we have achieved a reduction of 96% in Scope 1 and 2 emissions from our baseline year of 2019 and are well-positioned to achieve our 2030 net zero commitment for Scopes 1 and 2.

All electricity procured by the Bank across our operations is 100% renewable and backed by REGO certificates, Our location-based emissions are reduced by 40% from our 2019 baseline, reflecting a reduction in energy consumption across our estate over this period.

We recognise that our climate impact extends beyond emissions arising from fuel consumption and electricity across our direct operations and that we have a responsibility to understand and address emissions across our wider value chain. Therefore, we have measured our Scope 3 operational emissions in 2024 as set out in the summary table. To enhance our reporting, we have broken down our Scope 3 emissions into their underlying categories. In addition to tracking the emissions for buildings, water and waste consumption are measured across our sites. We have continued to see a reduction in emissions from these sources both year on year and from our baseline in 2019. We have also seen concurrent reductions in paper usage covering both our direct consumption and downstream distribution of paper through customer communications.

Supplier Emissions

Emissions arising from the goods and services procured from third parties currently represent the largest individual contribution to our emissions, accounting for 50% of our total. Emissions are currently calculated using a spend-based methodology, based on DEFRA EEIO conversion factors which are assessed at a sectoral level. The exceptions to this are water and paper, which are calculated using an activity-based methodology. As our engagement with suppliers on ESG evolves (as outlined in the ESG report), we will improve our ability to expand the scope of our activity-based calculations, further improving the assessment of supplier emissions. In 2025, we will leverage our strategic partnership with Infosys to define and implement activity-based metrics to track our supplier's progress towards Net Zero and utilise these to assess our own supplier emissions, extending these metrics across our top 5 suppliers (by spend).

Financed emissions

We remain fully committed to our pledge to make our financing activity and value chain net zero by 2050 to achieve alignment with the 2015 Paris Agreement. Financed emissions are absolute GHG emissions that we finance through our lending and investment activity.

For 2024, we have calculated financed emissions from our residential mortgage portfolio (both organic and acquired) and residential and commercial buy-to-let portfolios. In line with last year, we have followed the industry-standard PCAF methodology for calculating financed emissions, however improvements in our underlying data have allowed us to use property-level EPC and floor area data for 77% of our residential portfolio and 53% of our commercial portfolio (by volume), achieving a weighted PCAF Data Quality score of 3.4 and 3.9, respectively. This has allowed us to more accurately assess our financed emissions from these properties. Whilst the notable reduction in financed emissions can be in large part attributed to the reduction in overall balances driven by the £2.5 billion mortgage portfolio sale to NatWest, the data enhancements made this year and the consequent ability to more accurately measure financed emissions has been a contributing factor.

The introduction and continued development of emissions intensity metrics and targets is critical to tracking our performance against our climate goals, particularly as the Bank continues through its transformation and growth in lending activity accelerates. With overall balances projected to increase, it is reasonable to expect that our absolute financed emissions could exhibit a concurrent increase. Key to our transition planning and achievement of our 2050 goal will be ensuring that lending activity across portfolios and channels is assessed for climate risk exposure and there is ongoing engagement with customers to support their transition to a low-carbon economy, ultimately ensuring emissions intensity is diminishing in the medium-to-long term.

In 2025, we will assess how to best extend EPC and floor area data across the unmatched portfolio as well as the necessary enhancements to elevate our PCAF Data Quality score across the overall portfolio. We will also explore the methodologies and data enhancements required to extend our analysis of financed emissions to other lending portfolios, utilising PCAF guidance and methodologies, where available, to gain more comprehensive insight into the impact of our lending activity.

Task Force on Climate-related Financial Disclosures continued

Portfolio Metrics

The use of EPC data has informed our understanding of the potential impact of transition risk on the property portfolio securing our residential and commercial mortgages. EPC ratings of the mortgage portfolio are monitored to provide a view on the energy efficiency of the housing stock securing our lending. The table alongside shows a summary of EPC ratings on our mortgage book as at the end of 2024, covering both residential and professional buy-to-let.

Approximately 77% of mortgaged properties in the residential portfolio and 53% in the commercial portfolio have been matched to an EPC rating, with the most common EPC rating in our mortgage book being D.

Approximately 42% of the residential portfolio and 45% of the commercial portfolio are currently rated EPC C or better on an interpolated basis, broadly aligned with the UK property EPC register at 43%.

Physical climate risk data was matched for 95% of the properties in the portfolio, with the incremental impact of river, coastal and surface flooding assessed to 2050, and subsidence risk assessed through to 2070. The assessment shows that the flood risk of the properties in our mortgage portfolio is broadly in line with the national average and slightly elevated for subsidence, reflecting our concentration in the Southeast of England. Our scenario analysis results suggest physical risks arising from climate change should have a low impact on our mortgage portfolio over the next 30 years.

	% of properties	
EPC rating	Residential	Commercial
A	<1%	<1%
B	10%	5%
C	22%	19%
D	31%	21%
<E	14%	8%
Unmatched	23%	47%

Emissions Intensity (tCO_2e/£m)	2024	2023
Residential	5.44	6.00
Commercial	5.83	5.60

Flood Risk		Negligible	Low	Medium	High
Residential	Rivers and sea	94.35%	3.05%	1.89%	0.70%
	Surface water	86.77%	8.77%	2.19%	2.27%
Commercial	Rivers and sea	93.27%	4.04%	2.33%	0.36%
	Surface water	82.87%	12.91%	2.24%	1.97%

		Improbable		Possible		Probable	
Subsidence Risk		Metro	UK	Metro	UK	Metro	UK
Residential	Risk in 2030	63.69%	80.50%	13.60%	8.50%	22.54%	10.60%
	Risk in 2070	53.34%	72.30%	10.53%	8.40%	35.96%	19.00%
Commercial	Risk in 2030	70.13%	80.50%	12.20%	8.50%	17.67%	10.60%
	Risk in 2070	60.18%	72.30%	10.67%	8.40%	29.15%	19.00%

Risk overview summary

This year there has been a clear risk focus on safely supporting the Bank as it executes a programme of strategic change and transformation. Alongside our continued management of business-as-usual risks, this has positioned the Bank to deliver its growth objectives.

Approach to risk management

Our risk management framework underpins our ability to safely deliver, ensuring risks are carefully considered when making decisions and are managed within acceptable limits on an ongoing basis. It sets out the tools and techniques used to manage each of our principal risks within our stated appetite.

Risk management is a key aspect of every colleague's objectives and is embedded within our scorecard, against which performance is measured. We work to create an environment in which colleagues are encouraged and able to raise concerns and act to meet all applicable legal and regulatory requirements and maintain constructive relationships with our regulators.

We operate a 'three lines of defence' model of risk management and by leveraging well-defined governance structures and processes, promote individual accountability and action in mitigating our risk exposures.

Further information on our risk management framework can be found on page 122

Risk environment in 2024

The 2024 risk agenda has been framed by the need to safely execute on the Bank's transformation initiatives whilst continuing to manage business-as-usual risks.

Whilst some of our risk exposures have changed, measures taken have ensured these have been managed within our risk appetite. The Bank's resilience has been maintained and we remain focused on ensuring our customers receive good outcomes. Achieving these objectives has guided strategic decision-making and is at the heart of the value proposition for our new partnership with Infosys.

Greater macroeconomic stability including a decline in inflation has supported a reduction in expected credit losses, partially offset by run-off of the personal loan and credit card portfolios and limited arrears and defaults in the retail mortgage portfolio.

Capability is in place to support targeted lending growth objectives, including risk expertise to safely expand into higher yielding specialist mortgage lending and capabilities in commercial underwriting. Plans are in place to scale this capability in line with delivery of commercial objectives.

We have continued to actively manage our capital position including through the successful sale of a portion of our residential mortgage book in the second half of the year. This supported the Bank's strategy to enhance risk-adjusted returns and to increase capacity for future lending. Maintaining capital above regulatory requirements and to support strategic growth remains a key focus for the Bank.

Work has been completed to establish and embed the Bank's approach to meeting the FCA's Consumer Duty. This remains a key priority subject to ongoing close monitoring and enhancement.

This year we also completed the third operational resilience self-assessment which demonstrated further maturity in our approach and capability in line with FCA and PRA regulatory requirements. Alongside, we have continued to comprehensively risk assess our key third-party relationships including our partnership with Infosys, the success of which is a key growth enabler.

The FCA concluded their enquiries into the Bank's historic transaction monitoring systems and controls in place between 2016 and 2020. Since then, the Bank has invested in transaction monitoring enhancements and management of financial crime risk remains a key priority. Progress has been made in strengthening our financial crime controls, including through establishing enhanced central operational and risk management capabilities. Responding to the dynamic external threat, we have also invested further in our fraud systems and controls to safeguard our customers and funds.

Further information on our operating environment can be found on pages 6 to 7

Principal risk exposures

On an ongoing basis, we assess our risks against risk appetite, including those that could result in events or circumstances that might threaten our business model, future performance, solvency or liquidity, and reputation. We consider the potential impact and likelihood of internal and external risk events and circumstances, and the timescales over which they may occur.

We identify, define and assess a range of principal risks to which we are exposed, for which risk appetite is set and monitored via key risk indicators. They are consistent with those set out in last year's annual report and comprise:

- credit risk
- capital risk
- liquidity and funding risk
- market risk
- financial crime risk
- operational risk
- conduct risk
- regulatory risk
- legal risk
- model risk
- strategic risk.

Further details on all of our principal risks, including our risk appetite, exposure and response to each can be found on pages 121 to 150

Amongst these, certain risks have been the most material over the course of the year.

Further details on these four risks are set out on pages 43 and 44

Risk overview summary continued

Principal risks

	Exposure	Response	Outlook
Credit risk	Our primary source of credit risk is through the loans, limits and advances we make available to our customers. We have exposures across three key areas: corporate and commercial, retail mortgages, and consumer lending. Over the course of 2024, the macroeconomic outlook has gradually improved, and arrears and loss outcomes have been lower than prior expectations. Inflation reduced significantly and property prices exceeded prior forecasts. Whilst we saw some deterioration in economic variables, these were generally less severe than previously forecast. We have observed some crystallisation of the prior economic deterioration on customer positions, this was lower than previously forecast. As affordability for customers came under pressure from higher interest rates, we observed an increase in arrears for the mortgage portfolio as existing customers transitioned from low fixed rate products onto higher rates. Although customers continue to be impacted by higher interest rates, arrears have shown signs of stabilising. Furthermore, given the forward-looking nature of IFRS 9, ECL stock was built in prior years and has not been materially impacted by this increase in arrears.	We have an appetite and credit criteria appropriate for managing lending through an economic cycle. We have enhanced our credit risk appetite, framework, and policies where appropriate to support the Bank's strategy to grow corporate and commercial lending, and drive the pivot to specialist mortgage lending, whilst managing our exposure to risk to minimise losses. We support customers who are in arrears, have payment shortfalls or are in financial difficulties to obtain the most appropriate outcome for both the Bank and the customer. The primary objectives of our policy are to ensure that appropriate mechanisms and tools are in place to support customers during periods of financial difficulty and to minimise the duration of the difficulty and the consequences, costs and other impacts arising.	Our updates to risk appetite and policies put us in a strong position to deliver on the Bank's strategy for growth in a way that appropriately manages credit risk. The macroeconomic outlook has improved during 2024, although risks remain as central banks manage the course of interest rates with a background of potential trade friction from political risk, and geopolitical instability continues from conflicts. We utilise forward-looking macroeconomic scenarios provided by Moody's Analytics in the assessment of provisions. The use of an independent supplier for the provision of scenarios helps to ensure that the estimates are unbiased. The macroeconomic scenarios are assessed and reviewed monthly to ensure appropriateness and relevance to the ECL calculation.
Capital risk	Capital risk exposures arise from the depletion of our capital resources which may result from: • increased RWAs • losses • changes to regulatory minima or other regulatory rules. Our capital risk management approach is centred around ensuring we can maintain appropriate levels of capital to meet regulatory minima, including changes, and support our strategic objectives.	Our capital risk mitigation is focused on three key components: • a return to sustainable profitability that will allow us to generate organic capital growth • the continued optimisation of our balance sheet to ensure we are utilising our capital stack efficiently • continuing to assess the raising of external debt capital, as and when market conditions and opportunities allow. The Board is committed to these principles and has taken steps through 2024 to strengthen the capital base.	The focus for 2025 remains on supporting the Bank's strategy through an appropriate and efficient capital stack that allows us to lend in our target market whilst maintaining ratios above our regulatory minima.

Risk overview summary continued

Principal risks continued

	Exposure	Response	Outlook
Financial crime risk	We may be exposed to financial crime risk if we do not effectively identify and appropriately mitigate the risks of criminals using our products and services for financial crime. Financial crime risks include money laundering, sanctions violations, bribery and corruption, facilitation of tax evasion, proliferation financing and terrorist financing. Failure to prevent financial crime may result in harm to our customers, ourselves and third parties. In addition, non-compliance with regulatory and legal requirements may result in enforcement action such as regulatory fines, restrictions, suspension of business or cost of mandatory corrective action, which will have an adverse effect on us from a financial and reputational perspective.	We are committed to safeguarding both ourselves and our customers from financial crime. We continue to invest in our financial crime control framework to ensure compliance with current as well as newly issued legal and regulatory requirements. We continue to identify emerging trends and typologies through conducting horizon scanning activity, through information obtained from investigative and intelligence teams and through attending key industry forums (or associations) such as those hosted by UK Finance. As required, we continue to update our control framework to ensure emerging risks are identified and mitigated.	Recognising the evolving landscape of financial crime risk against the backdrop of increasing regulatory focus, we continue to invest in our financial crime control environment to prevent financial crime and remain aligned to our legal and regulatory requirements.
Strategic risk	Strategic risk can arise from an insufficiently defined, flawed, or poorly implemented strategy resulting in the expectations of our stakeholders not being met, including our customers, regulators and investors. We are confident that the strategy set in 2024 lays the foundations for long-term growth but recognise that its success is dependent on our effective execution. Volatility in the external environment, the challenge of safely exploiting opportunities for efficiency and the possible impact of negative external sentiment are all recognised as having the potential to push us off course.	The Board completes an annual review of the strategy and Long-Term Plan, supported by a risk assessment reviewed at the Risk Oversight Committee. The Executive team and Board monitor strategy execution risks closely across all business lines and transformation initiatives. Elevated reputational risk exposure has been monitored closely throughout the year with proactive and coordinated responses seeing coverage and sentiment normalise by year end.	Our established Risk Management Framework is applied to oversee the Bank's evolving risk profile and we will act as needed to ensure we operate inside our agreed risk appetite. The Bank also continues to conduct horizon scanning against emerging risks with the potential for a severe impact and will adjust its approach accordingly.

Risk overview summary continued

Emerging risks

We proactively identify a range of evolving threats, which cannot yet be reliably quantified, but which have the potential to significantly impact the Bank. These are actively monitored and regularly reported through the Bank's governance structures with preparatory actions taken in response where necessary.

Emerging risks are classified using the Bank's principal risks and time horizons for their potential emergence as crystallised risks are estimated.

A range of methods are used to identify emerging risks including internal working groups, scenario analysis and consulting with external experts to ensure an external perspective is incorporated. There continues to be increased focus on assessing and understanding how different individual risks and threats are correlated with each other, including via scenario analysis.

Emerging risks and time horizon

Emerging risk	Response	Principal risks	Crystallising time horizon
Geopolitical instability Market volatility from trade disruptions, conflicts, supply chain shocks or energy insecurity.	• ongoing investment in sanctions capability and active monitoring • resilience planning, including scenario plans for trade disruption, supply chain shocks, energy insecurity • diversified portfolios and revenue streams to manage concentrations in exposures.	Operational Financial crime	< 12 months
Prolonged macroeconomic deterioration and credit risk Rising defaults from economic stagnation or contraction.	• close and active monitoring of customers in, or with signs of, arrears/distress • application of Consumer Duty principals to deliver good customer outcomes • continued investment in fraud and financial crime monitoring and controls.	Credit Conduct Financial crime	1 to 3 years
Digital disruption and technological competition Disruption of traditional banking models by fintechs, Big Tech and peer adopters.	• adoption of a flexible IT infrastructure and investment in the digital customer experience • safe and staged introduction of AI/machine learning use cases (internal efficiencies, customer opportunities) • communicate and demonstrate the value of our relationship banking proposition.	Operational Strategic Regulatory	1 to 3 years
Demographic and social shifts Ageing population and demand for ESG and ethical financial products.	• design and deliver products aligned to evolving customer expectations, demographic and social shifts such as an ageing population, changes in home ownership, socially conscious customers with increased focus on ESG initiatives • use of data analytics to identify, adapt and respond to emerging customer needs.	Operational Conduct Strategic	3+ years
Climate-related financial risk Financial exposure to climate events and transition to a low-carbon economy.	• maintenance of a robust climate strategy, with climate risk fully embedded within the Enterprise Risk Management Framework and integrated into strategic planning activities • quantified and modelled climate risk assessments and scenario analysis for lending portfolios and operational risk exposures, ensuring sufficient capital is held to withstand modelled losses • embedding of climate risk controls into retail and commercial lending practices covering both physical and transition risk exposures.	Credit Operational Strategic	3+ years

Viability statement and going concern

Assessment of principal and emerging risks
The Directors undertook a robust assessment of all the principal and emerging risks we face, to understand those that presented the greatest risks to going concern and viability.

See pages 43 and 44 for our principal risks

Risks to going concern and viability
The principal risks that were felt posed the greatest risk to going concern and viability were:

- a lack of liquidity (liquidity and funding risk)
- insufficient capital (capital risk)
- delivery risk for planned transformation (strategic risk).

Risk management and internal controls
The Directors undertook an assessment of our approach to risk management and the effectiveness of our internal control systems to ensure these remained appropriate and didn't require any additional consideration in respect of assessing going concern and viability.

Assessment of prospects

Strategic planning process
Our strategic planning process consists of our Long-Term Plan which covers a five-year period from the year-end and is central to the assessment of prospects. It is reviewed annually by the Board with the first four years forming the viability assessment period.

Board review of the Long-Term Plan
- determination of whether the assumptions underpinning the Long-Term Plan remain appropriate
- consideration of whether the plan continues to take appropriate account of the external environment.

See pages 43 and 44 for our principal risks

Assessment of viability
Although our Long-Term Plan reflects the Directors' best estimate of the future prospects of the business, they have also tested the potential impact by examining our sensitivity to a 'severe but plausible' downside. This has been undertaken via the creation of a scenario that reflects additional downside risks.

Severe but plausible stress
Directors considered a scenario that led to increased ECL, deposit outflows, reduced fee income, increased costs, the removal of our ability to raise incremental regulatory capital and base rate stress and we fell below regulatory minima at a total capital plus MREL level. Directors also considered a severe liquidity stress scenario where we did not retain sufficient liquidity.

Scenario outcome and mitigating actions
The Directors considered the actions that could reasonably be deployed to mitigate the liquidity and capital risks and concluded that these were both plausible and did not in and of themselves constitute any additional risk. Mitigating actions for liquidity could include increasing savings rates as part of a deposit-raising campaign and repo funding; and for capital could include reducing commercial lending originations and forgoing payment of discretionary cash bonus. Accounting for these actions we would remain above minima although we would need to operate in our capital buffers for a period of time.

Routine stress testing
In addition to the specific scenario, we perform routine stress testing (including reverse stress tests) for both management and regulatory purposes including as part of the ICAAP and ILAAP. Directors review these assessments to understand the likelihood of such events occurring and what mitigating actions could be taken.

Viability statement
The Directors confirm that they have a reasonable expectation that we will be able to continue in operation and meet our liabilities as they fall due over the four-year assessment period to 31 December 2028.

Going concern
The Directors consider it appropriate to prepare the financial statements on the going concern basis.

Viability statement and going concern continued

Approach and horizon period

Our approach starts with the consideration of the principal risks we face. Of our principal risks it was felt that only a lack of liquidity (liquidity and funding risk), insufficient capital (capital risk) or delivery risk for planned transformation (strategic risk) could directly lead to us not being able to continue in our current form if they were to occur (although a failure of our other principal risks could lead to one of these events).

Alongside this, the Directors considered our approach to risk management and the effectiveness of our internal control systems to understand if there were any other considerations that should form part of the assessment. This included consideration of all material controls, including financial, operational and compliance controls. As described in the corporate governance and risk reports, our risk management and internal control systems are monitored and evaluated on an ongoing basis at the Risk Oversight Committee, Audit Committee and Board.

Although underpinned by a wide variety of support, central to the assessment was our Long-Term Plan. The Long-Term Plan represents our best forecast estimate covering the period from 1 January 2025 to 31 December 2029, the first year of which reflects our 2025 budget. Although the plan covers five years the Directors have assessed prospects and viability for the four years through to 31 December 2028. This is felt appropriate as it is the period over which forecasts have a greater level of certainty (although the fifth year still provides a robust planning tool against which strategic decisions can be made). The assessment then focused on reviewing the plan against the principal risks identified above that could impede our ability to remain viable over the four-year horizon period.

Assessment of prospects

The Directors have an obligation in accordance with provision 31 of the Code to confirm that they believe that we will be able to continue in operation, and to meet our liabilities as they fall due. Our prospects are assessed primarily through our strategic planning process (our Long-Term Plan) as set out to the left. The Board participates fully in the annual process and is responsible for signing off the plan and in doing so considers whether the plan continues to take appropriate account of the external environment (see Operating environment on pages 6 to 7 for further details). The latest updates to the Long-Term Plan (covering the period 2025 to 2029) were formally approved by the Board in February 2025.

Our purpose and strategy framework which incorporates our business model and strategic priorities (see pages 2 to 3) are central to an understanding of our prospects. The nature of our activities is long-term, and our business model has remained unchanged since we were founded.

Delivering on our strategic priorities is key to achieving our forecasts in the Long-Term Plan. The Directors have reviewed the assumptions underpinning our plan and have determined they are appropriate.

Assessment of going concern

In line with the work undertaken in respect of viability the Directors also undertook an assessment of going concern, which they consider to cover a period of at least 15 months from the date of approval of the financial statements.

Consistent with their approach to considering viability, the Directors assessed whether we continued to maintain sufficient liquidity and capital for the period of assessment. Given this assessment, combined with the fact that the Directors do not intend to liquidate or to cease our operations, they concluded that there was a reasonable expectation that we have adequate resources to continue as a going concern. They have also concluded that there are no material uncertainties that could cast significant doubt over this assessment.

Viability statement

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that we will be able to continue in operation and meet our liabilities as they fall due over the four-year assessment period to 31 December 2028.

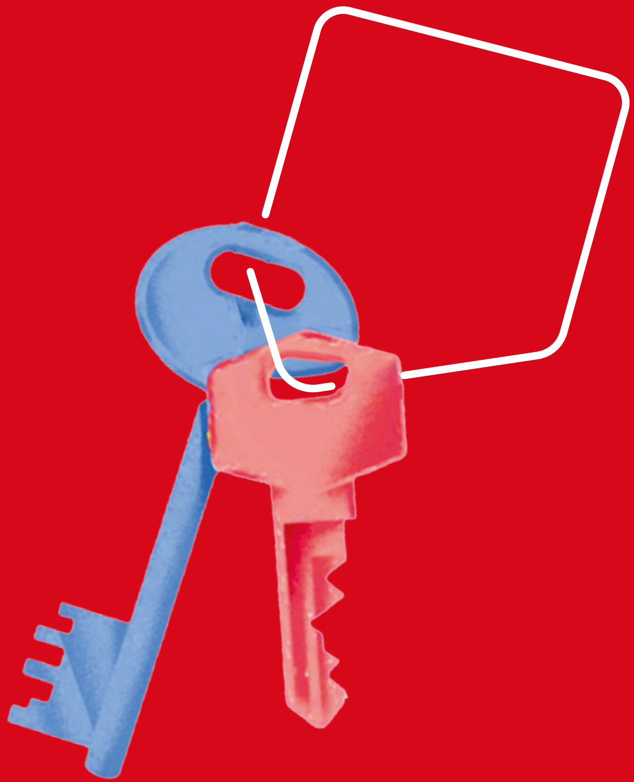
Going concern statement

The Directors also consider it appropriate to prepare the financial statements on a going concern basis, as explained further in the Basis of preparation paragraph in note 1 to the financial statements.

Daniel Frumkin
Chief Executive Officer
22 April 2025

Governance

In this section



Corporate governance introduction

On behalf of the Board, I am pleased to set out Metro Bank's Corporate Governance Report.

This section sets out how, during 2024, the Board has considered and made decisions that were in the best interests of shareholders, customers, colleagues and all other stakeholders. The Board remains committed to the highest standards of corporate governance and this is reflected in the decisions we take, the transparency of the standards we set, our culture and our communication with stakeholders.

2024 was a pivotal year in the Bank's transformation journey and the Board continued to focus on overseeing ExCo's delivery of the Bank's strategy, centred on our five strategic priorities.

Aligned to a strong cost discipline focus and targeted growth in higher yielding corporate, commercial and SME lending and specialist mortgages where our established relationship banking model positions us to win and create new FANS, 2024 saw the Board approving business cases for new stores aligned to the Bank's pivot to commercial; the sale of a £2.5 billion residential mortgage portfolio in September 2024, with TFSME repaid from proceeds; and the announcement of the Bank's strategic collaboration with Infosys in October 2024 to enhance digital capabilities, improve automation, refine data, and embed further AI capabilities.

In November 2024, the Bank announced the conclusion of the FCA's enquiries into transaction monitoring systems and controls that began in 2016 and were remediated by 2020, drawing a line under this legacy issue and allowing the Bank to move forward and fully focus on the future.

Some of the progress and decisions made in 2024 have resulted in a reduction in the number of roles in the Bank, with some colleagues exiting the Bank or transferring to our strategic partner, Infosys. These difficult decisions were necessary to support the long-term sustainability of the Bank and were in the best interests of all stakeholders.

On behalf of the Board, I would like to thank each and every colleague for their hard work and support over the year.

The Board continued to review and monitor progress against the Bank's ESG strategy and priorities and is proud of the initiatives successfully launched during the year. The Bank's ESG strategy will remain under close review by the Board as it is a key enabler of our purpose. More information on ESG can be found on pages 19 to 30.

I am proud of the progress made during the year. Moving forward, the Board is focused on how the Bank can continue to deliver sustainable profitability and growth for our stakeholders whilst continuing to navigate an uncertain economic environment.

Leadership

Following the departure of James Hopkinson in January, Cristina Alba Ochoa joined the Bank as interim CFO in February, and, following regulatory approval, was appointed to the Board in June. Jaime Gilinski Bacal joined the Board in September. Upon completion of her role as interim CFO, Cristina Alba Ochoa was appointed as a shareholder-nominated Non-Executive Director in October. Having joined the Bank in September, CFO Marc Page was appointed to the Board in November following regulatory approval. Paul Coby joined the Board in December.

As at 31 December 2024, the percentage of females on the Board was 27%, below the recommended 40%. The Board has retained its ethnic diversity on the Board and the Senior Independent Director (SID) is female.

We recognise the benefits of having a balanced and diverse Board which represents the views, experiences and backgrounds of our customers and colleagues. We are committed to increasing the diversity of our Board over time and in line with our Board succession plan.

In terms of ExCo changes during 2024, Andy Veares was promoted to Managing Director, Corporate and Commercial in January.

The Nomination Committee is delighted that the strong pipeline and succession planning in place for our senior leaders is continuing to bear fruit.

The changes made to ExCo, as well as the appointment of Marc Page as CFO reflect our continuing commitment to creating a strong, experienced and diverse leadership team.

During 2024, the Board received regular updates on culture, including current and future initiatives to define, measure and sustain culture at the Bank.

Following Catherine Brown's appointment as SID on 1 January 2024 and to ensure appropriate ongoing Board focus on creating FANS and ensuring good outcomes for customers, in line with the FCA's Consumer Duty objectives, Nicholas Winsor took over from Catherine as Consumer Duty Champion on 1 February 2024.

Governance

Our aim in this Corporate Governance Report is to provide a clear and meaningful explanation of how the Bank applies the principles of the 2018 UK Corporate Governance Code (the 'Code') and how the Board provides oversight of the Bank and discharges its governance duties.

In view of the changes made to the Bank's ownership structure and Board composition, the Board's effectiveness and performance in 2024 was assessed via an externally facilitated evaluation which commenced in January 2025. I am pleased to report that the Board continues to operate effectively. Like all boards, there are areas where our performance and value to stakeholders can be enhanced, and these are outlined on page 64.

Drivers of the Board's effectiveness highlighted in the 2024 Board Effectiveness Report include:

- its focus on the highest priority issues
- collegiate and committed Directors
- effective oversight
- robust and constructive challenge.

I would like to thank our shareholders for their support throughout the year — 18 of 20 resolutions at our AGM on 21 May were duly passed.

Future priorities

As we move forwards, both the Board and management still fundamentally believe that to be successful we must continue to offer both physical and digital services and we know the value this creates for our customers and our communities. The Bank remains committed to having store presence a key differentiator for our customers.

We continue to invest further in creating and offering products and services that meet the needs of our diverse customer base and create an even better consumer experience for our customers. Looking forwards to 2025, I remain positive about the future of the Bank. As a Board, our focus will be on continuing to provide effective oversight of management as they deliver our strategic priorities of revenue, balance sheet optimisation, cost, infrastructure and communication.

Robert Sharpe
Chair
22 April 2025

Board of Directors

As at the date of publication

Key to Committees

A Audit
N Nomination
R People & Remuneration
O Risk Oversight

Robert Sharpe

Chair

N R

Robert has over 45 years' experience in retail banking and is currently Chair at Pollen Street Group Limited and Hampshire Trust Bank plc. He has had an extensive number of board appointments both in the UK including Chair of Bank of Ireland UK plc, Chair of Al Rayan, Chair of Retirement Advantage, Non-Executive Director at Aldermore Bank plc, George Wimpy plc, Barclays Bank UK Retirement Fund, Vaultex Limited, LSL Properties plc, RIAS plc; and several independent Non-Executive Director roles at banks in Qatar, UAE, Oman and Turkey. Robert was previously Chief Executive Officer at West Bromwich Building Society, a role he took to chart and implement its rescue plan. Prior to this, he was Chief Executive Officer at Portman Building Society and Bank of Ireland's consumer business in the UK.

Appointed to the Board:
1 November 2020

Daniel Frumkin

Chief Executive Officer

Daniel is responsible for leading the Bank – with a focus on driving long-term sustainable growth by delivering great customer service at the right cost, to create even more FANS.

Prior to joining Metro Bank, Daniel worked in America, the UK, Eastern Europe and Bermuda. He has performed business, risk, product and commercial executive level roles throughout his career. Most recently, Dan was Group Chief Operating Officer at Butterfield Bank with responsibility for eight jurisdictions across the globe covering a range of business and support areas.

Appointed to the Board:
1 January 2020

Marc Page

Chief Financial Officer

Marc has more than 20 years' experience in financial services roles in Barclays, HBOS and Lloyds Banking Group. He is Metro Bank's Chief Financial Officer and joins from Barclays where he held a number of senior positions since joining in 2017. He was most recently CFO of Kensington Mortgages following its acquisition by Barclays in 2023; and Non-Executive Director of Clydesdale Financial Services, also part of Barclays, having previously been its CFO. Marc has significant cross- functional banking experience having led distribution strategy/ optimisation; customer integration programmes (post the HBOS and Lloyds merger) and global credit impairments (notably for Barclays through the COVID pandemic).

Appointed to the Board:
12 November 2024

Catherine Brown

Senior Independent Non-Executive Director

A N O R

Catherine is the Chair of The Bank of London. Her other non-executive director and committee chair roles include QBE Underwriting Limited and QBE UK Limited, one of the world's leading international insurers, and FNZ Securities Limited. Catherine has previously held a Non-Executive Director role at the Cabinet Office and was Chair of Additive Flow Limited. She has been a Trustee of Cancer Research UK and Chatham House. Catherine has extensive experience in organisational transformation in financial services and a wide range of experience in leadership and operations. Her previous executive appointments include Group Strategy Director at Lloyds Banking Group, Executive Director of Human Resources at the Bank of England and Chief Operating Officer at Apax Partners.

Appointed to the Board:
1 October 2018

Paul Coby

Independent Non-Executive Director

A O R

Paul is an experienced FTSE 100 Chief Information Officer with a successful track record in delivering digital transformation and tech-enabled change across a range of sectors, having been the Group CIO at British Airways, the John Lewis Partnership, and Johnson Matthey. Currently, Paul is Group Chief Information Officer at Persimmon Homes, a Trustee of Museum of London Archaeology, and a member of the Board of Governors of More House School for boys with Specific Learning Difficulties. Paul was previously a Non-Executive Director at Clydesdale Bank, subsequently Virgin Money, from June 2016 until June 2022. Prior to this, Paul's non-executive directorships included Pets at Home Group and chairing SITA, the global supplier of air transport communications and IT.

Appointed to the Board:
30 December 2024

Paul Thandi CBE

Independent Non-Executive Director

N O R

Paul is an experienced Chief Executive Officer, Chair and Non-Executive Director with diverse international media and service-led experience with an emphasis on people, innovation, data and culture. Paul is the former Chief Executive Officer and Chair of the NEC Group in Birmingham and successfully steered the NEC on a journey from public sector ownership to a £307 million management buyout in 2015, and then an £800 million acquisition of the NEC Group by Blackstone in 2018. In addition, Paul is the Chair of BOXPARK, Chair of Student Energy Group, sits on the Board of the West Midlands Growth Company Limited and the British Allied Trades Federation, and is a patron of Marie Curie and Heads Together. Paul is Deputy Lieutenant of West Midlands Lieutenancy, representing the King in the region, and was awarded a CBE for services to the economy in the New Year's Honours List 2020.

Appointed to the Board:
1 January 2019

Board of Directors continued

Michael Torpey
Independent
Non-Executive Director

Michael has extensive career experience in senior roles across financial services. His current appointments include Non-Executive Director roles at FICS Group Holdings Limited, Frasers Group Financial Services Limited and Remitly Europe Limited. His past appointments include Chief Executive of the Corporate & Treasury division and Member of the Group Executive Committee at Bank of Ireland, Head of Banking at the National Treasury Management Agency in Ireland; Group Treasurer at Irish Life & Permanent plc; Senior Treasury Adviser at the Irish Financial Regulator; Finance Director at Ulster Bank Group; and Finance Director at First Active plc.

Appointed to the Board:
1 September 2019

Nicholas Winsor MBE
Independent
Non-Executive Director

Nick is an independent consultant and Non-Executive Director. He is Chair of Schroder Oriental Income Limited and a member of its Nomination and Remuneration, Audit and Risk, and Management Engagement committees. He is also a Senior Independent Director of the States of Jersey Development Company, Chair of its Remuneration and Nomination Committee and a member of the Audit and Risk Committee; a Non-Executive Director of Bankers Without Boundaries Connect Singapore Pte Ltd; and a Non-Executive Director of iC2 PrepHouse Limited. Nick has more than 35 years of international banking experience with HSBC Group in a number of markets: Brunei; Channel Islands; Hong Kong; India; Japan; Qatar; Singapore; Taiwan; United Arab Emirates and the UK. Nick was awarded an MBE for services to the community in the Queen's 2020 Birthday Honours List. He holds a Masters in Physics from Oxford University and is a Fellow of the Institute of Directors.

Appointed to the Board:
20 April 2020

Cristina Alba Ochoa
Shareholder-Nominated
Non-Executive Director

Cristina has worked in financial services for over 30 years, where she has served as company executive and Board member. Most of her work has been in the EMEA and North American markets, with exposure to SE Asia/ANZ. During four years as CFO, she led OakNorth's financial organisation as it grew both in the UK market and globally, achieving triple Unicorn valuations in several rounds of equity raise, to support outstanding growth. It became the first profitable Unicorn in the UK. During 18 years at GE Capital, she held positions in credit and finance in Spain, and then moved to global roles based out of London and Paris. In the last two years, when GE decided to fully divest GE Capital, she was the director leading GE Capital's in-house M&A Finance Readiness team to execute divestitures of ~$100 billion financial services assets (33 transactions) over 24 months. Cristina is a shareholder-nominated Non-Executive Director, nominated by Jaime Gilinski Bacal, a significant shareholder of Metro Bank, through his Spaldy Investments Limited vehicle.

Appointed to the Board:
10 June 2024

Dorita Gilinski
Shareholder-Nominated
Non-Executive Director

Dorita is the President of JGB Financial Holding Company and a member of the Board of Directors and the Audit Committee of Banco GNB Paraguay. Dorita co-led the launch of Lulo Bank, the first fully digitalised bank in Colombia. She brings significant experience in banking, including digital banking and marketing, as well as strategic planning and stakeholder engagement to her Non-Executive Director role. Prior to these roles, Dorita founded the Dori Gilinski Gallery and Libros Para Niños, a non-profit organisation that connects UK volunteers with Latin American schools and charities. Dorita is a graduate of the University of Oxford and holds an MBA from Harvard Business School. Dorita is a shareholder-nominated Non-Executive Director, nominated by her father Jaime Gilinski Bacal, a major shareholder of Metro Bank, through his Spaldy Investments Limited vehicle.

Appointed to the Board:
26 September 2022

Jaime Gilinski Bacal
Shareholder-Nominated
Non-Executive Director

Jaime is an experienced banker, real estate developer and philanthropist and has extensive holdings primarily in the banking and real estate sectors in Latin America and the United States. Jaime's current non-executive roles include Chair of JGB Financial Holdco Inc., Chair of Grupo Nutresa S.A. and Chair of the Board of Directors of Banco GNB Paraguay S.A. Jaime started his career as an associate at Morgan Stanley & Company in the investment banking area; and then moved on to planning and implementing business strategies for various companies in the consumer products and snack food businesses in South America in conjunction with several major multinational US companies. Jaime is also on the Board of Trustees at the Georgia Institute of Technology and the Board of Advisors at Harvard Business School, Teatro Real in Madrid and the Blavatnik School of Government at Oxford University.

Jaime is a shareholder-nominated Non-Executive Director, as a major shareholder of Metro Bank through his Spaldy Investments Limited vehicle.

Appointed to the Board:
2 September 2024

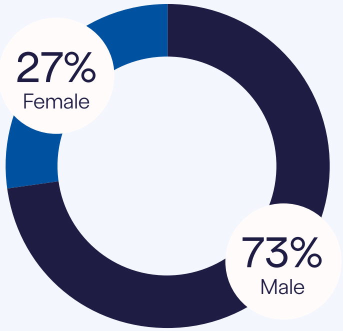
Clare Gilligan
Company Secretary

Clare joined Metro Bank as Company Secretary in July 2023 and leads the Bank's company secretarial function, ensuring it continues to meet its statutory and regulatory obligations. Clare joined Metro Bank after more than 15 years at Bank of Ireland where she held a number of senior risk governance roles, latterly UK Company Secretary. Clare holds a BA Hons in Russian & Soviet Studies from the University of Manchester.

Appointed:
31 July 2023

2024 governance at a glance

Board gender diversity
As at 31 December 2024



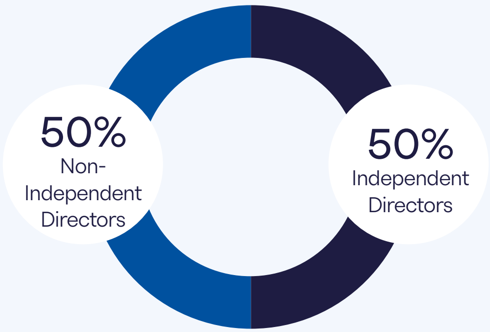
Board tenure
As at 31 December 2024

4
0-2 years

3
2-4 years

4
5+ years

Board independence*
As at 31 December 2024



* Excluding the Chair.

Highlights

2024 Board changes
On 12 January 2024, James Hopkinson stepped down as CFO and Executive Director and Cristina Alba Ochoa was appointed as interim CFO. Cristina was appointed as Executive Director from 10 June 2024, before being appointed as a shareholder-nominated NED on 15 October 2024, when her tenure as interim CFO ended. Jaime Gilinski Bacal was appointed as a shareholder-nominated NED in September 2024. Marc Page was appointed as CFO and Executive Director on 12 November 2024. On 30 December 2024, Paul Coby was appointed as an independent NED.

Board training
Training and insight sessions held during the year included topics such as updates on the UK Corporate Governance Code, requirements under the new 2024 Global Internal Audit Standards, refresher training on Director Duties, and Transformation Pricing.

External Board review
The Board and its committees are committed to regular, independent evaluation of their effectiveness. Given the changes to the Bank's ownership structure and Board composition, Rise Regulatory Consulting Limited was appointed to undertake an external review of the effectiveness of the Board and its committees in 2024. The process and findings can be found on page 64.

2024 Board and Committee meeting attendance

	Committee Chair	Standard Board	Audit Committee	Risk Oversight Committee	People and Remuneration Committee	Nomination Committee
Chair						
Robert Sharpe	Nom	7/7			6/6	4/4
Executive Directors						
Daniel Frumkin		7/7				
James Hopkinson (until 12 January 2024)		0/0				
Cristina Alba Ochoa (10 June 2024 – 14 October 2024)		1/1				
Marc Page (from 12 November 2024)		1/1				
Non-Executive Directors						
Catherine Brown	ROC	7/7	6/6	10/10	6/6	4/4
Cristina Alba Ochoa (from 15 October 2024)		2/2				
Dorita Gilinski		6*/7				
Jaime Gilinski Bacal (from 2 September 2024)		1*/2				
Michael Torpey	AC	7/7	6/6	10/10		
Nicholas Winsor		7/7	6/6	10/10		
Paul Coby** (from 30 December 2024)		0/0				
Paul Thandi	PRem	6*/7		10/10	6/6	3*/4

* Unable to attend due to prior commitments.
** No further Board meetings were held in 2024 following Paul Coby's appointment on 30 December 2024.

2024 governance at a glance continued

Compliance with the UK Corporate Governance Code 2018

We believe good corporate governance is essential to our ambition to become the most trusted and recommended UK bank. With this in mind, we welcome the proposed enhancements to the UK Corporate Governance Code announced by the Financial Reporting Council in January 2024, against which we will report our compliance in our 2025 Annual Report.

Key content on compliance with the Code can be found in this report as set out on the following pages. During 2024, there was one instance of non-compliance with a provision of the Code and our explanation is set out on this page.

Code non-compliance

Provision 11 – At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent.

Explanation – Between 12 November and 29 December 2024, following the appointment of two non-independent shareholder-nominated NEDs, the Bank was not in compliance with provision 11 of the Code (44% independent). It is important that new appointments to the Board are considered as part of a robust process and this can take time. Paul Coby was appointed on 30 December 2024, restoring the balance of independence on the Board. We remain committed to upholding the highest standards of corporate governance and will continue to monitor board composition to ensure compliance with the Code's principles.

Board activities and stakeholder engagement

Key Board activity		Stakeholders considered	Strategic priorities
New stores	We remain committed to maintaining a physical presence and ensuring that stores remain both accessible and at the heart of local communities. In April 2024, the Board approved a business case for new stores aligned to our pivot to commercial, which will see the Bank opening three new stores in 2025 in Chester, Gateshead and Salford.	Our customers, Our colleagues, The communities we serve, Our suppliers, Our regulators, Our investors	Revenue, Infrastructure
Mortgage portfolio sale	In July 2024, the Bank announced the sale of a £2.5 billion residential mortgage portfolio to NatWest Group plc. Successful completion of the sale was announced in September 2024.	Our customers, Our colleagues, Our regulators, Our investors	Costs, Balance sheet
Strategic collaboration	In October 2024, the Bank announced a strategic collaboration with Infosys which will enhance the Bank's digital capabilities, improve automation, refine data, and embed further AI capabilities. This led to changes for some colleagues and a number of redundancies. More information on how colleagues were considered during this time is set out on page 60.	Our customers, Our colleagues, The communities we serve, Our suppliers, Our regulators, Our investors	Costs, Revenue, Infrastructure
Conclusion of FCA enquiries	November 2024 saw the resolution of the FCA's enquiries into transaction monitoring systems and controls that began in 2016 and were remediated by 2020. The conclusion of these enquiries draws a line under this legacy issue, allowing the Bank to move forward and fully focus on the future, building on the solid foundations it has already laid.	Our customers, Our colleagues, Our regulators, Our investors	Infrastructure, Communication

Stakeholders

- Our customers
- Our colleagues
- The communities we serve
- Our suppliers
- Our regulators
- Our investors

Strategic priorities

- Costs
- Revenue
- Infrastructure
- Balance sheet
- Communication

Board activities and stakeholder engagement continued

Board activities

The Board has a forward plan for its meetings, which includes regular updates from management on financial, strategic, risk management, people and culture, and operational matters. Each Board Committee has defined Terms of Reference with delegated specific areas of responsibility to ensure that all areas for which the Board has responsibility are considered during the year.

Reports from the CEO, CFO and CRO are standing Board agenda items. During 2024, transformation programme updates were also standing agenda items. The Company Secretary, or her delegate, reports on governance matters and updates the Board on any changes to Directors' statutory duties or the regulatory environment which are pertinent to their role. The Chair of each Board Committee reports on the proceedings of the previous Board Committee meeting at the next Board meeting. Approved Board Committee minutes, including Disclosure Committee minutes, are included in the Board papers.

The ExCo, senior management and advisors are invited to attend Board and Board Committee meetings to present, contribute to discussion, and advise members of the Board or Board Committees on particular matters. The involvement of the ExCo and senior management in Board and Board Committee discussions strengthens the relationship between the Board and senior management and helps to provide the Board with a greater understanding of operations and strategic direction.

The Board meets periodically without the Executive Directors present to ensure any concerns can be discussed. Furthermore, it enables the Board to scrutinise and challenge management on the delivery of strategic objectives. The Chair, assisted by the Company Secretary and her team, is responsible for ensuring that the Directors receive accurate and timely information. The Company Secretary and her team compile the Board and Board Committee papers, which are circulated to Directors in advance of meetings. The Company Secretary and her team ensure that feedback on Board papers is relayed to senior management. The Company Secretary prepares minutes of each meeting and is responsible for following up on any action items.

Key announcements, decisions and Board activity

2024

Jan

- annual review of the Bank's Resolution Readiness
- announced the resignation of James Hopkinson as CFO
- announced the appointment of Jaime Gilinski Bacal as shareholder-nominated Non-Executive Director.

Feb

- announced the appointment of Marc Page as CFO
- 2023 Board and Committee Effectiveness Evaluation Summary and Recommendations
- reviewed and approved the Bank's Long-Term Plan
- approved the risk appetite for the Bank ensuring that returns are maximised in a safe and sustainable way.

Mar

- **2023 year-end results.**

Apr

- **Q1 2024 results**
- announced the appointment of interim CFO, Cristina Alba Ochoa, as an Executive Director
- approved a business case for new stores aligned to the Bank's pivot towards the corporate, commercial and SME lending, and specialist mortgages sectors.

May

- welcomed shareholders to our AGM.

Jun

- summary of changes to align Retail and Business Banking support and operations with desired service proposition and financial performance aligned to the Bank's pivot towards the corporate, commercial and SME lending, and specialist mortgages sectors.

Jul

- **H1 2024 results**
- announced the sale of £2.5 billion residential mortgage portfolio to NatWest Group plc
- approved the Consumer Duty Report and attested to the accuracy of the information contained therein.

Aug

Sep

- announced completion of the sale of £2.5 billion residential mortgage portfolio to NatWest Group plc
- approved a strategic collaboration with Infosys.

Oct

- announced that on completion of her contract as interim CFO, Cristina Alba Ochoa, would join the Board as a shareholder-nominated Non-Executive Director.

Nov

- **Q3 2024 results**
- announced the conclusion of FCA enquiries into transaction monitoring systems and controls that began in 2016 and were remediated by 2020.

Dec

- announced the appointment of Paul Coby as a Non-Executive Director.

Stakeholder engagement

Our customers

We pride ourselves on delivering personable service to every customer no matter how they interact with us, whether they're a business, commercial, retail, or private banking customer.

What matters most to them

- personal service underpinned by relationship banking
- simple banking products and services that can be accessed through the channel of their choice
- a wide range of business banking and specialist products.

How we engage

- people, relationships, simplicity and locality are our brand principles, and the Board takes our customers into account in every decision it makes
- a business performance update is a standing Board agenda item. This includes performance against key customer metrics such as Net Promoter Scores (NPS); Expressions of Dissatisfaction; and Competition and Markets Authority (CMA) survey results, which gives the Board valuable insight into how customers rate service delivery
- alongside our relationship banking approach, we engage through direct marketing, events, advertising, social media and external communications
- we increased marketing activity to support the Bank's pivot to corporate, commercial and SME lending, and specialist mortgages including launching our first brand campaign in three years to increase consideration and trust amongst SMEs, our first trade marketing campaign targeting commercial brokers and appeared at NACFB and The Business Show events.

2024 outcomes

The Board remains committed to maintaining a physical presence and ensuring that stores remain both accessible and at the heart of local communities. In April 2024, the Board approved a business case for new stores which aligned to our pivot toward commercial lending.

The Board remains committed to strategically repositioning its balance sheet toward higher yield corporate, commercial and SME lending, and specialist mortgages. Product offerings have been enhanced during the year to support this.

2024 highlights

- enhanced Buy-to-Let offering to serve more customers
- improved business overdraft services via the mobile app
- increased maximum loan sizes for residential properties
- enhanced mortgage employment income criteria
- launched revolving credit facilities for larger, more complex businesses
- hosted business and women in business networking events in our communities
- hosted the East London Expo at our Ilford store.

Our colleagues

We understand that our colleagues are what makes the Bank different. We want every colleague to be a fan of Metro Bank, feel supported and invested in, so that they can make FANS of our customers.

What matters most to them

- sense of purpose and connection to their work
- development and career opportunities
- fair pay, reward and opportunity to make a difference
- culture of inclusion and wellbeing
- flexible and hybrid working practices.

How we engage

- twice-yearly Voice of the Colleague surveys, outcomes of which are reported to the Board
- Voice of the Colleague engagement representatives across the business
- face-to-face and virtual opportunities to meet and provide feedback to our DNED for Colleague Engagement, Nicholas Winsor
- Revolution Update strategy overview hosted by the senior leadership team and ExCo
- opportunities to engage with ExCo and Board members
- have your say cafés and colleague meetings with leaders
- fortnightly 'Tea on Teams' with the CEO and ExCo team and ten colleagues from across the Bank
- colleague-led inclusion networks.

2024 outcomes

The Board reviews Voice of the Colleague survey results and receives updates on people and culture throughout the year. The Board was committed to supporting colleagues through a transitional year for the Bank and more information on how we engaged with our colleagues through regular updates from the DNED are set out on pages 59–60.

2024 highlights

- new panel format Revolution Update with the opportunity to join in person or virtually
- online 'Yam Jams' Q&As with senior leadership
- CEO and CFO full and half-year financial results Q&A all-colleague call.

Stakeholder engagement continued

Our investors

It is important to us that we engage with our investors to keep them up to date on our performance and strategy, share our vision for the future and understand their views and focus areas. We engage openly and transparently, on an ongoing basis, with our investors who are helping us to grow and shape the Bank for the future.

What matters most to them

- successful delivery of the strategic plan
- the path to sustained profitability
- ability to maintain cost discipline and leverage the cost base for revenue growth
- capital management and ability to lend more to our customers.

How we engage

- 2024 AGM and Annual Report and Accounts
- quarterly trading updates and investor presentations at half/full year
- investor roadshows and conferences
- proxy advisor and institutional investor meetings.

We ensure shareholder views are brought into the boardroom and considered at all times throughout the decision-making process. The Board regularly receives updates from the Investor Relations team and the Bank's Broker to remain informed on investor views, the market and latest trends. In line with the agreement with the majority shareholder, the Board appointed two further shareholder-nominated NEDs in 2024, with the purpose of further enhancing the consideration of shareholder views as part of Board decision-making.

We provide comprehensive updates to the market at half and full year, with condensed trading statements at Q1 and Q3. The results presentation and Q&A with management provides stakeholders with clear guidance on our capital planning priorities alongside strategic updates and financial results. The announcements are reviewed and approved by the Board.

2024 highlights

- feedback from investors was taken into account when reviewing the strategic plan, ensuring alignment with shareholder interests
- strong investor relationships, both existing and new, have continued to be cultivated this year, as the Bank continues to transition into the new strategy
- shareholders supported 18 out of the 20 resolutions at the 2024 AGM with 79% or more of the votes in favour of these. The Board has consulted with shareholders who voted against the two resolutions and understands their reasons. The Board continues to engage with shareholders and their representative bodies on an ongoing basis.

Our regulators

We are subject to financial services regulation and approval in the markets in which we operate. We engage with our regulators to ensure we meet all the relevant regulations and ensure we do the right thing. The Bank is committed to promoting integrity, transparency and engaging in a collaborative and open manner with our regulators. The financial services regulatory landscape continues to evolve, and the Board ensures the Bank's strategic priorities are in line with regulatory requirements and new initiatives.

What matters most to them

- compliance with relevant laws and regulations
- governance and accountability
- transparent and constructive engagement and communication.

How we engage

- annual PRA presentation to the Board
- regular meetings between our regulators and members of the Board and ExCo.

We aim to maintain our positive relationship with regulators through an approach of early and regular engagement, particularly on areas of critical importance. The FCA and PRA receive copies of our Board papers.

We have engaged constructively with our regulators during 2024 with respect to key initiatives and will continue this engagement across upcoming changes to the regulatory landscape in 2025 and beyond. The CRO reports regularly to the Risk Oversight Committee and the Board on material matters of regulatory engagement including an assessment of the status of our regulatory relationships.

Our suppliers

Our supply chain helps us to deliver banking products and services to all of our stakeholders.

What matters most to them

- collaboration
- open and fair terms of business, including payment terms and practices
- social and ethical business relationship
- long-term partnerships.

How we engage

- report on supplier payment practices
- Supplier Code of Conduct
- regular senior-level engagement with key suppliers
- dedicated relationship manager with the Bank.

We are committed to paying our suppliers within clearly defined terms and have processes in place for dealing with any payment issues that may arise. The Group Audit Committee reviews and approves the Bank's disclosure on supplier payment practices, and, as required by law, we publicly report this information on a biannual basis. For the last reporting period between 1 July 2024 and 31 December 2024, our average invoice payment turnaround was 25 days. We continue to review and improve our processes with the aim of ensuring all of our suppliers are consistently paid within defined terms.

The Board understands the risks posed by our suppliers and ensures that they are appropriately managed by the Bank. All suppliers have a relationship owner within the Bank and a Supplier Commercial Manager within the Procurement, Supplier Risk and Commercial Management teams. We maintain effective relationships with our suppliers and consider their interests when making relevant decisions.

We work closely with our suppliers, meeting regularly at a senior level with key suppliers. We have continued to embed ESG considerations in conversations with suppliers, driving meaningful engagement with their ESG teams.

We also further bolstered our oversight of supplier risks and controls, with a particular focus on our top-tier material engagements.

2024 outcomes and highlights

- first supplier-specific emissions reporting
- enhanced oversight of material supplier risks and controls.

The communities we serve

We are proud to be an integral part of the communities we serve. Our communities bring Metro Bank to life, providing vital services to local people and businesses, as well as employment opportunities when we expand into new locations.

What matters most to them

- effective engagement and communication
- safe and friendly environment in store and outside
- impact on local economies.

How we engage

- networking and community events
- days to AMAZE volunteering
- fundraising for charities
- 27 of our stores celebrated International Women's Day by hosting more than 750 people at complimentary networking events for local businesses.

The Board understands how important it is to have a physical presence in our communities. In deciding where to build a new store, we take into account where we can reach the most people and businesses so that we can continue to offer convenient banking at a time that suits our customers, and we will open new stores in Chester, Salford and Gateshead in 2025.

The Board continues to support the Bank's partnership with the England and Wales Cricket Board (ECB), and approved The Metro Bank Girls in Cricket Fund.

The Board supported our colleagues in joining a Community Champion Group of their choice. Champions give back by helping our local communities and registered charities.

2024 outcomes and highlights

- continued to be part of the UK SAYS NO MORE campaign to end domestic violence with 52 of our stores official 'Safe Spaces' for those in need
- invited business customers to our first ECB Business Networking Event
- hosted a stand for the first time at The Business Show; the UK's largest business expo for SMEs
- connected with local business owners at numerous business exhibitions throughout the year, driving awareness and consideration of the Bank amongst the SME market at a regional level
- supported a number of female-led businesses with funding for apprentices by transferring a portion of our Apprenticeship Levy
- launched The Metro Bank Girls in Cricket Fund, which focuses on recruiting, training and celebrating more volunteers and coaches in girls' cricket across communities in England and Wales, with the ultimate ambition of tripling the number of girls' teams
- in Brighton, Bristol and Southampton, we created sponsorship packages and case study videos of three businesses and put their brands up in lights at their local England Women's cricket match and local Metro Bank store to generate awareness of them, and the role Metro Bank plays in supporting women in business.

Letter from the Designated Non-Executive Director for Colleague Engagement

I'm pleased to set out my letter to Metro Bank's stakeholders following another busy year as the Designated Non-Executive Director for Colleague Engagement (DNED). Since being appointed in 2022, I have strengthened Board-colleague engagement and I have shared the valuable insights gained into colleague sentiment and their thought-provoking questions to benefit the Board's decision-making process.

The Board continues to be of the opinion that appointing a DNED is the most appropriate engagement mechanism for the Bank to ensure there is effective two-way dialogue with colleagues. My role is to connect colleagues with the Board and escalate their views to support informed decision-making.

In addition to regularly reporting colleague views to the Board, I also provide an annual report to the Group People and Remuneration Committee on the outcome of my engagement ahead of its year-end decisions, to ensure the views of colleagues are taken into consideration. My role and its accompanying responsibilities are governed by Terms of Reference which are kept under review by the Board.

Our colleagues are a key asset, and our culture is a major reason that they choose to work here. The Board plays an active role in fostering this culture, particularly in an environment of change, and will closely monitor this during 2025.

The Board recognises that the DNED role doesn't replace existing engagement channels. The ExCo already plays a key role in communicating Board decisions to colleagues and we have established networks, forums, the Voice of the Colleague (VOC) surveys and our internal social media channel 'Viva Engage' to help gather colleague feedback.

2024 DNED engagement activities and feedback

It has been a busy year of change, and colleagues are encouraged to share their valued opinions to ensure that their voices are heard in the Boardroom. During the year, I met with colleagues across Bank sites, attended department leadership events and hosted 'Natter with Nick' sessions. This provided valuable insights into their work environment and, most importantly, the leadership and culture of the Bank.

Our colleagues are a key asset, and our culture is a major reason that they choose to work here. The Board plays an active role in fostering this culture, particularly in an environment of change, and will closely monitor this during 2025.

Nicholas Winsor
Designated Non-Executive Director for Colleague Engagement

Letter from the Designated Non-Executive Director for Colleague Engagement continued

The VOC results showed a decrease in our engagement score which was anticipated given the scale of change within the Bank, the survey response rate was 5 points above the global benchmark highlighting that colleagues are passionate about sharing their views. Colleagues continue to love our supportive and inclusive culture, but seek more visibility and interaction with the Senior Leadership Team and ExCo as the Bank continues through its transformation agenda. Alongside Tea on Teams, Yam Jams and town halls which provided opportunities for colleagues to meet the Bank's leadership team, every business area across the Bank is represented by their VOC Ambassador, and sessions were held to gather feedback for wider planning. Strengthening leadership engagement and DNED interactions will remain a focus in 2025.

The past year has required us to make decisions to enhance efficiency and reduce costs. This included the need to collaborate with Infosys to accelerate digital transformation, which has led to changes for some colleagues and a number of redundancies. These decisions were not taken lightly, and we prioritised fairness, transparency and respect throughout the process. Colleague wellbeing was a priority for the Board during this time, and it was pleasing to see the number of resources made available to colleagues.

Colleagues fed back that they would benefit from enhanced digital capabilities such as increased automation to speed up processes and the Board considers this carefully when making investment decisions.

Alongside attending events with colleagues, I regularly log into Viva Engage, an internal social media tool for colleagues to share information, ideas and socialise. The platform is self-moderating, rather than top-down, and is used as a solutions tool when colleagues have a question. This helps me stay informed about colleague concerns so I can escalate issues to the Board if needed.

The Bank also has a platform called Recognize that allows colleagues to call out each other's achievements and it was great to see colleagues celebrating one another's successes during the year.

Looking forwards

A diverse, engaged workforce remains central to our business model and the Board recognises the evolving role of DNED, particularly as the Bank embeds its recent transformation agenda. I look forward to engaging with more colleagues and championing their views in 2025.

Nicholas Winsor
Independent Non-Executive Director
22 April 2025

Summary of key activities undertaken by the DNED during 2024

Colleague contact	Colleague insight	Formal/informal reporting
• met colleagues at the London Head Office • visited AMAZE Direct Ilford site and the Ilford store • hosted a number of 'Natter with Nick' virtual events with a selection of colleagues from across the business • met with colleagues from the People, Legal, Communication and Company Secretarial teams for a Q&A and feedback session • attended the Mpride Pride Month lunch and learn event • attended the Q3 Inclusion Committee meeting • visited the Leicester store and AMAZE Central Leicester site • attended a networking event with the senior leadership team and with the rest of the Board • attended a Revolution Update.	• Voice of the Colleague survey.	• DNED letter published in 2023 Annual Report • regular DNED updates to the Board.

Board leadership and company purpose

Role of the Board

The Board is accountable to our stakeholders for setting the strategy to promote the long-term success of the Bank. The Board is responsible for oversight of the Executive Committee, governance, internal controls, risk management, strategy, and the overall performance of the Bank. The interests of our stakeholders are always at the forefront of the Board's agenda.

Composition of the Board

As at the date of this report, the Board consists of the Non-Executive Chair, the CEO, the CFO, five independent Non-Executive Directors and three shareholder-nominated Non-Executive Directors. The Board has formally documented the separate roles and responsibilities of the Chair and CEO. More information on the composition of the Board can be found on pages 50–51 and information on the responsibilities of the Board can be found on page 63.

Governance framework

Board

The Board's core role is to promote the long-term success of the Bank for the benefit of its shareholders. Alongside the operating company Board, this requires us to:

- determine and review risk appetite.
- monitor management performance in delivering our strategy
- ensure that risk management measures and internal controls are appropriate and effective
- oversee and monitor the embedding of and adherence to the Bank's business values
- ensure that the Bank's financial structure, resources, talent and culture will support long-term growth. In discharging this role, the Board must also have regard to and engage with the interests of a wide range of stakeholders, including colleagues, customers, suppliers and broader communities, in order to build mutual trust and support the long-term sustainability of the business.

CEO

Executive Committees

Group Risk Oversight Committee | Group Nomination Committee | Group People and Remuneration Committee | Group Audit Committee | Disclosure Committee

Matters reserved for the Board

The Board is responsible for setting and managing the Bank's strategic direction.

The Board has a formally documented schedule of matters that are reserved for approval. This includes decisions concerning the Bank's strategic aims and long-term objectives, the structure and capital of the Group, financial reporting and internal controls, risk management, and various statutory and regulatory matters. The Board is also responsible for effective communication with the Bank's shareholders, its culture, purpose and values and any changes to the Board or Board Committee membership or structure, and has authority to recommend the Directors' Remuneration Policy to its shareholders. The Board delegates responsibility for day-to-day management of the business to the CEO and sets out the basis for delegation of authorities from the Board to the Board Committees.

Board Committees

The Board delegates specific responsibilities to each of its Committees: Group Audit, Group Risk Oversight, Group Nomination, and Group People and Remuneration. All Committees are chaired by an independent Non-Executive Director, except the Nomination Committee, which is chaired by the Chair of the Board. All committees comprise independent Non-Executive Directors, except the People and Remuneration Committee, where the Chair of the Board (who was independent on appointment) is also a member. In accordance with the UK Corporate Governance Code, all members of the Group Audit Committee are independent Non-Executive Directors.

Each of the Committees has established Terms of Reference setting out its duties, authority, and reporting responsibilities, copies of which are available on our website: metrobankonline.co.uk.

The Terms of Reference of each Board Committee are reviewed regularly to ensure they remain appropriate and reflect any changes in legislation, regulation, or best practice. These documents are also reviewed formally every year by the relevant Board Committee, then approved by the Board, along with a self-assessment of how each Board and Board Committee discharged their duties during the year. The composition of each Board Committee can be found within individual Committee reports.

The Board also delegates the review of the Bank's disclosure obligations to its Disclosure Committee, formed of the CEO, CFO, Company Secretary and General Counsel. The Disclosure Committee also has Terms of Reference approved by the Board, which set out its duties and authority under the listing rules.

Reports for each Committee can be found on pages:

Audit Committee Report	66
Risk Oversight Committee Report	71
Nomination Committee Report	74
People and Remuneration Committee Report	78

Effectiveness

A clear record of the time commitments of each Non-Executive Director is maintained and reviewed annually by the Group Nomination Committee and the Board is satisfied that the Chair and each of the Non-Executive Directors are able to devote sufficient time to the Bank's business to be effective in their roles. Each Director has committed to dedicate as much time as is necessary to the Bank in line with the time commitment expectation set out in the Non-Executive Directors' letters of appointment. Directors are expected to attend all meetings of the Board, and the Board Committees on which they serve. If Directors are unable to attend a meeting, their comments on matters being considered at the meeting are discussed in advance with the Chair and/or Company Secretary, so that their contribution can be included in the wider discussion.

An externally facilitated review of the Board's Effectiveness in 2024 commenced in January 2025. Details as to the approach, outputs and recommendations are set out on page 64.

Board skills

As part of succession planning, the Group Nomination Committee maintains and reviews a clear record of the skillset of each Director. The Group Nomination Committee review allows the Board to determine that each Non-Executive Director has the skills and experience to constructively challenge strategy and scrutinise performance.

Independent Directors

The Board is satisfied that, as at 31 December 2024, five NEDs and the Chair were independent.

Directors' continuing professional development

The Company Secretary ensures that all Directors are kept aware of changes in relevant legislation and regulations. In 2024, the Board and Board Committees received training sessions and/or insight sessions on the UK Corporate Governance Code, Director Duties, requirements under new 2024 Global Internal Audit Standards and Transformation Pricing. Non-Executive Directors attend seminars and briefings in areas considered to be appropriate for their own professional development, including governance and issues relevant to the Board Committees on which they serve. The Board is provided with relevant legislation and regulatory updates via the Company Secretary's Report, a standing agenda item at regular Board meetings.

Induction of new Directors

New Directors undergo a formal, robust and tailored induction programme upon appointment, which is agreed with the Chair and coordinated by the Company Secretary. Non-Executive Directors meet the Chair and the CEO as part of the Group Nomination Committee's selection process and again on appointment for a thorough briefing on all relevant aspects of the Bank. They also meet other Directors, the Company Secretary, ExCo and our advisors for briefings on their responsibilities as Directors and on our business, finances, risks, strategy, procedures and the markets in which the Bank operates. Directors receive an electronic induction pack upon their appointment, which includes relevant Board materials, Bank policies and corporate and financial information. New Directors also receive listed company director responsibilities training from the Bank's legal advisors.

External appointments

The Board reviews the external appointments of new Non-Executive Directors before they are appointed to the Board. The Board also authorises additional external appointments that Non-Executive Directors may wish to take up, following due consideration of conflicts, regulatory requirements and assurances provided that the Non-Executive Director would still be able to devote sufficient time to their Bank duties. The external time commitments of our Non-Executive Directors are reviewed on an annual basis by the Group Nomination Committee.

In appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations. Such appointments should broaden their experience, provided the time commitment does not conflict with their fiduciary duties to the Bank. Any appointment is subject to prior approval by the Board. During the year ended 31 December 2024, none of the Bank's Executive Directors held directorships in any other quoted company.

Board culture

The Board places significant emphasis and importance on sustaining the Bank's unique culture.

During the year, the Board received regular reports about colleague, communities and customer-related activities across the business to support its understanding of how culture is embedded within the Bank. Presentations from ExCo members and relevant senior management colleagues to the Board during the year have provided culture-related data from across the Bank. The Board's activities and examples of key decisions taken during the year are set out on page 55. See pages 56–58 regarding how the Board engages with its different stakeholders.

Colleague engagement

The Board has appointed a Designated Non-Executive Director for Colleague Engagement to engage with colleague representatives throughout the Bank. The Board has approved Terms of Reference setting out the duties, authority and reporting responsibilities required for this role. The Designated Non-Executive Director for Colleague Engagement reports to the Board biannually on the progress of workforce engagement, initiatives, and activities. This provides the Board with in-depth insight into how the culture is embedded across our different business areas and functions, and any issues that need to be addressed. In addition, the views of the Bank's colleagues are measured through a biannual anonymous Voice of the Colleague survey, which gives our colleagues the opportunity to give feedback and express their views on a variety of topics including their own remuneration, culture, leadership and policies and practices. An analysis of the results of employee surveys is presented to the Board. See pages 59 and 60 for more information regarding colleague engagement.

Board roles and responsibilities

Role	Name	Responsibilities
Chair	**Robert Sharpe**	The Chair leads the Board and is responsible for its effectiveness and governance. The Chair sets the tone for the Bank, including overseeing the development of culture and standards in relation to the conduct of business and the behaviour of colleagues. The Chair sets the Board agenda and ensures that sufficient time is allocated to important matters, in particular those relating to our strategic direction. They report to the Board and are responsible for the leadership and overall effectiveness of the Board, including responsibility for fostering a positive Board culture that reflects the values of the business. The Chair is also responsible for ensuring that there are strong links between the Board, ExCo and shareholders.
CEO	**Daniel Frumkin**	The Chief Executive Officer (CEO) is responsible for the day-to-day management of the Bank's operations, for recommending the strategic direction and for implementing the strategic direction agreed by the Board. The CEO is supported by the ExCo. The CEO reports directly to the Chair and to the Board and is responsible for providing the Board with appropriate information and updates.
CFO	**James Hopkinson** (resigned 12 January 2024) **Cristina Alba Ochoa** (from 12 January until 14 October 2024) **Marc Page** (joined the Bank on 2 September 2024. Appointed to the Board on 12 November 2024)	The Chief Financial Officer (CFO) is responsible for planning, implementing, managing and controlling all financial-related activities of the Bank, both day-to-day and long-term management. The CFO is responsible for managing the Bank's financial position, including allocation and maintenance of capital, funding and liquidity. They are also responsible for producing and ensuring the integrity of the Bank's financial information and regulatory reporting. The CFO has oversight of the Finance, Treasury, Strategy and Corporate Transformation and Investor Relations functions of the Bank.
Company Secretary	**Clare Gilligan**	The Company Secretary is responsible for advising and supporting the Chair and the Board on good corporate governance and best boardroom practice.
SID	**Catherine Brown**	The Senior Independent Director's (SID) role is to act as a sounding board for the Chair and to serve as an intermediary for Directors when necessary. The SID supports the Chair in the delivery of their objectives and is available to shareholders to hear their views and address any concerns they may have that have not been resolved through normal channels. The SID also acts as the conduit, as required, for the views of other Non-Executive Directors on the performance of the Chair and conducts the Chair's annual performance evaluation.

Role	Name	Responsibilities
DNED for Colleague Engagement	**Nicholas Winsor**	The Designated Non-Executive Director for Colleague Engagement (DNED) is responsible for bringing the views and experiences of our colleagues into the boardroom. Working with the Board and particularly management, the DNED takes reasonable steps to evaluate the impacts of Board proposals and developments on colleagues. The DNED engages with management regarding colleague engagement and steps taken to address colleague concerns arising out of business-as-usual activities. The DNED reports regularly to the Board on activities undertaken and feedback received, as well as presenting the annual update for inclusion in the Annual Report and Accounts.
Consumer Duty Champion	**Catherine Brown** (until 31 January 2024) **Nicholas Winsor** (from 1 February 2024)	The Consumer Duty Champion supports the Chair and CEO in ensuring that Consumer Duty and customer outcomes are raised regularly in all relevant discussions, and that the Board is challenging management on how it is embedding the Duty and focusing on consumer outcomes. The Consumer Duty Champion will consider and challenge management on the quality of product reviews, the effectiveness of fair value assessments, communication standards and testing, the ability to meet customer needs (including those considered vulnerable) through the support the Bank provides, the prioritisation of delivering customer outcomes when considering this alongside other internal and external challenges, and how effectively management embeds Consumer Duty into our culture and governance.
Independent NEDs	**Catherine Brown** **Paul Coby** **Paul Thandi** **Michael Torpey** **Nicholas Winsor**	The role of the Non-Executive Director (NED) is to constructively challenge management on matters such as strategic direction of the Bank. Each NED brings specific experience and knowledge to the Board and its Committees. The NEDs have a broad and complementary set of technical skills, educational and professional experience, personalities, cultures and perspectives. Their contributions provide independent views on matters of strategy, performance, risk, conduct and culture.
Shareholder-nominated NEDs	**Cristina Alba Ochoa** **Dorita Gilinski** **Jaime Gilinski Bacal**	The shareholder-nominated NEDs' role is to assist the Board in ensuring that the views of the majority shareholder are considered in Board decision-making and that there is a shareholder voice in the Boardroom.

The composition of the Board Committees can be found within each of the Board Committee reports.

Board effectiveness

2024 Board effectiveness evaluation

In 2024, the Board commissioned an externally facilitated Board effectiveness evaluation in consideration of the changes to the Board's composition; the Bank's share register; and pivot to corporate, commercial and SME lending, and specialist mortgages. Following a rigorous selection process, Rise Regulatory Consulting Ltd was engaged and, in January 2025, commenced a review of the Board's performance and effectiveness during 2024 and into 2025. Rise Regulatory Consulting Ltd does not have any other connection to the Bank.

The review concluded that the Board is collegiate, committed and effectively led by the Board Chair. The Board is effective in its oversight of the Executive Committee and provides constructive and robust challenge to Executives. Areas for enhancement identified as part of the evaluation process, including actions to deliver the enhancements, are detailed below.

Enhancement Area	Action Identified
Balance of Board Focus	Rebalance the Board agenda to optimise distribution of time allocated to strategy execution, business performance, transformation, and customer experience.
Board and Executive Engagement	Enhance engagement between the Non-Executive Directors and the wider first-line Executive team.
Board Paper Quality and Oversight of Strategy Execution	Consider further enhancements across core Board MI to enhance Board insight into delivery of the revised growth strategy. Strengthen adherence to the Bank's reporting template to enhance clarity, efficiency, and overall impact of Board and committee discussions.
Streamlining Agendas	Review the forward plans for the Board and each committee to identify potential overlapping topics and discussions and streamline decision-making.

Systems of internal control and risk management

The Board believes that effective risk management is crucial to the Bank's strategic objectives and long-term success. The Board has overall responsibility for ensuring risk is effectively managed.

Our approach to managing risk is further detailed on pages 121–150. The Group Risk Oversight Committee (ROC) reviews the effectiveness of the Risk function and risk management processes on the Board's behalf, and its approach can be found in the Group ROC Report on page 71. The Board confirms that there is an ongoing process for identifying, evaluating and managing the emerging and principal risks faced by the Company.

The Board has delegated responsibility to the Group Audit Committee for the review of the effectiveness of internal control systems. More detail can be found in the Group Audit Committee Report on page 66.

The Board is ultimately responsible for the Bank's internal control and risk management systems, and in discharging this duty, regularly receive updates from the Chairs of both Group ROC and Group Audit Committee as well as updates from the CRO and Chief Internal Auditor (CIA). The Board also approves the Internal Audit Plan on the recommendation of the Group Audit Committee. The Board is satisfied that the internal control and risk management systems are operating effectively and that they have been in place for the year under review and up to the date of approval of the Annual Report and Accounts.

Conflicts of interest

At each meeting, the Board considers the Directors' conflicts of interest. The Company's Articles of Association provide for the Board to authorise any actual or potential conflicts of interest. The Board will only approve a conflict of interest if it believes that it would not have an impact on the Director's ability to carry out their duties and responsibilities to the Company.

Prior to a new Director being appointed, potential conflicts of interest are disclosed and assessed to ensure that there are no matters which would prevent the incoming Director from taking the appointment and, during their tenure, Directors are asked to consult with the Company Secretary and the Board Chair before taking up any external appointment or responsibilities. Prior to taking up external appointments, consideration is given as to whether the Director has sufficient capacity to take on the additional role and still be able to devote enough time to their role with the Company. Each Directors' conflicts of interest and external appointments are considered by the Group Nomination Committee annually.

Board effectiveness continued

Independent professional advice

Directors are permitted to take independent professional advice at the Company's expense if required to enable them to fulfil their duties. In addition, they have access to the advice and services of the Company Secretary, who is responsible for advice on corporate governance matters to the Board.

Indemnities and insurance

We provide Directors and Officers of the Bank with appropriate insurance for their appointment, which is reviewed annually. In addition, Directors receive an indemnity from the Bank against: (a) any liability incurred by or attaching to the Director in connection with any negligence, default, breach of duty, or breach of trust by them in relation to the Bank or any associated company; and (b) any other liability incurred by or attaching to the Director in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to/or in connection with their duties, powers or office other than certain excluded liabilities, including to the extent that such an indemnity is not permitted by law.

Appointment and retirement of Directors

The Board may appoint Directors to the Board. Newly appointed Directors must stand for election by shareholders at the Annual General Meeting following their appointment. In accordance with the provisions of the Code, all continuing Directors of the Company will offer themselves for annual re-election at the 2025 Annual General Meeting. Under the Articles of Association, shareholders may remove a Director before the end of their term by passing an ordinary resolution at a general meeting.

Colleague engagement

For information on how the Directors have engaged with colleagues, had regard for colleague interests and how this has affected the principal decisions taken by the Company during the financial year, see page 56.

Other stakeholder engagement

For further information on how the Directors had regard to the need to foster the Company's business relationships with suppliers, customers and others, and what the effect of this consideration has been, including on the principal decisions taken by the Company during the financial year, see pages 54–58.

Relations with investors

The Board continues to place great importance on regular two-way engagement with investors. We welcome engagement and dialogue throughout the year as part of an ongoing process.

We connect with our investors on an ongoing basis through a variety of channels including face-to-face meetings, telephone calls, presentations, webcasts and online content.

Investor meetings are undertaken by the Chair, CEO and CFO, supported by the Head of Investor Relations. Institutional investors have the opportunity to meet with the Chair, Senior Independent Director and other Non-Executive Directors to discuss any areas of concern. In addition, the Board Committee Chairs seek engagement with shareholders on significant matters related to the areas of their responsibility.

The Board now has three Non-Executive Directors nominated to the Board by the Company's majority shareholder, Spaldy Investments Limited. This reflects the strong relationships the Bank has with its shareholders and as part of these Directors' role profiles, they are required to bring a shareholder perspective to Board discussions so that shareholder views are considered as part of the Board decision-making process.

The Investor Relations function reports to the Board on a regular basis on matters including share price performance, changes in the shareholder register, analyst and investor feedback and significant market updates, with the assistance of the Bank's corporate brokers. The Investor Relations team is responsible for ongoing communication with shareholders, analysts and investors. All financial and regulatory announcements, as well as other important business announcements, are published on the Investor Relations section of our website and stakeholders can subscribe to receive news updates by email by registering online on the website: metrobankonline.co.uk/investor-relations/. Contact details for the Investor Relations and Company Secretary are available on the website for any shareholders, analysts or investors who wish to ask a question.

Group Audit Committee report

Committee composition and attendance for 2024

Members	Meetings attended	Meetings held during Director's tenure
Michael Torpey (Chair)	6	6
Catherine Brown	6	6
Nicholas Winsor	6	6

In addition to the Committee Chair, Michael Torpey, there were two members of the Committee in 2024: Catherine Brown and Nicholas Winsor. All were independent NEDs with a range of relevant business experience. Michael has recent and relevant financial experience, and the Committee as a whole has competence in the banking sector. For further details of members' skills and experience, please refer to their biographies on pages 50–51.
Paul Coby joined the Committee in 2025.

The Committee meets at least four times a year at appropriate times in the reporting and audit cycle, and otherwise as required.

Regular attendees at the Committee include the Chief Internal Auditor, CRO, CFO, CEO, Board Chair and senior members of the Finance team, representatives from the External Auditor and the Deputy Company Secretary, who is the Committee Secretary. The Committee Chair also sits on the ROC and works closely with its Chair. The ROC Chair also sits on the Committee.

2024 highlights

- assessed going concern and viability
- reviewed key accounting judgements
- had oversight of regulatory reporting
- reviewed the Bank's published financial information
- reviewed internal audit reports and regular updates from the Chief Internal Auditor
- monitored the Group's tax position.

Dear shareholders

I am pleased to present the Group Audit Committee (the 'Committee') report for the year ended 31 December 2024. This report aims to provide a comprehensive picture of the work undertaken by the Committee during the year.

The Committee's core duties remained unchanged; reviewing the integrity and quality of the Group's published financial information; reviewing the strength and effectiveness of the Bank's regulatory reporting framework; supporting the Bank's governance framework; and maintaining focus on evaluating the effectiveness of the Group's control environment.

The Committee continued to challenge and scrutinise financial reporting throughout the year, fulfilling our role of assisting the Board in determining the appropriateness of financial reporting. One of the Committee's main responsibilities is to inform the Board whether it believes the 2024 Annual Report and Accounts is fair, balanced, and understandable, and that it contains all of the information essential for shareholders to evaluate the Group's position, performance, business model and strategy. The Committee is satisfied that the 2024 Annual Report and Accounts meets this requirement and, in particular, that there are appropriate disclosures for relevant developments in the year (page 68).

During a year of transformation for the Bank, the Committee has been focused on oversight of the Group's control environment and received regular and robust updates from Internal Audit and the External Auditor during the year.

More information on how the Committee has oversight of the Bank's control environment is set out in detail on the following page.

> During a year of transformation for the Bank, the Committee's core duties remained unchanged; reviewing the integrity and quality of the Group's published financial information; reviewing the strength and effectiveness of the Bank's regulatory reporting framework; supporting the Bank's governance framework; and maintaining focus on evaluating the effectiveness of the Group's control environment.

Michael Torpey
Group Audit Committee Chair

Group Audit Committee report continued

The Committee has also maintained close oversight of key regulatory reporting matters and the strength and effectiveness of the Bank's regulatory reporting framework, including oversight of the Bank's committees for regulatory reporting and interpretation. This will continue to be kept under close review as the Bank continues with its transformation journey.

During the year, the Committee had briefings on the UK audit and corporate governance reforms and changes to the Global Internal Audit Standards and continues to have oversight of the Bank's plans to comply with the updated guidance.

Committee evaluation

During the year, the Committee has continually reflected on its effectiveness, considered how it discharged its duties as set out in its Terms of Reference, and reviewed and recommended changes to this document to the Board for approval. The Committee is satisfied that it addressed all of its duties during 2024 and is well placed to deliver on the same in 2025.

During 2024, the Board conducted an externally facilitated Board effectiveness evaluation. The Committee was included in this evaluation and it was concluded that the Committee is effective with Committee members contributing to a collegiate atmosphere. In line with the recommendations, the Committee will ensure that responsibilities for oversight of internal controls are clearly defined between the Committee and the Risk Oversight Committee.

Outlook for 2025

During 2025, the Committee will continue to focus on management's approach to key accounting estimates and judgements, robust oversight of the Bank's financial reporting, the Bank's capital and liquidity position and the impact of strategic changes on the Group's risk and control framework.

Michael Torpey
Group Audit Committee Chair
22 April 2025

The Group Audit Committee in brief

- The Committee is accountable to the Board and will assist the Board in fulfilling its oversight responsibilities by reviewing and monitoring the financial reporting process, the system of internal control, the internal and external audit processes, and the Bank's process for monitoring compliance with laws and regulations and the code of conduct
- A key role of the Committee is to review the integrity of the financial reporting for the Bank. This includes:
  - monitoring the integrity of the financial statements and formal announcements relating to the Bank's financial performance
  - reviewing and reporting to the Board on significant financial issues and material judgements
  - reviewing and challenging accounting policies, methods used to account for significant and unusual transactions, and clarity and completeness of disclosures
  - the Committee is responsible for overseeing the regulatory reporting framework to ensure it is robust and effective
  - the Committee is responsible for advising on whether the Annual Report and Accounts is fair, balanced and understandable
  - the Committee has oversight of the relationship with the External Auditor and the effectiveness of the audit process.

Group Audit Committee report continued

Significant financial reporting areas	Review, challenge and conclusion by the Committee
Going concern and viability	The Committee considered management's approach to assessing and concluding on both going concern and viability. The assessment undertaken by management focused on liquidity, capital and strategic risks. The Committee also considered the Group's strategy and Long-Term Plan with a review of potential downside scenarios to management's central view and any mitigating actions that could be taken. After consideration, the Committee supported the approach adopted by management, which is set out in the Viability Statement on pages 46–47.
Impairment of non-current assets	The Committee has kept impairment indicators in relation to the Group's property, plant, equipment, intangible assets and subsidiary investments under review during the year. Management ran an impairment assessment as required by IAS 36 'Impairment of Assets' at the individual assets and the CGU level and the Committee considered the results of this including associated sensitivities. Management also ran an impairment assessment for subsidiaries investment and considered the results of this including associated sensitivities. The Committee concurred with management's view on impairment of intangible assets which are set out on pages 180–181, and on reversal of impairment of investment in subsidiaries which are set out on pages 216–217.
Recognition of deferred tax assets	The Committee considered whether a deferred tax asset should be recognised in relation to the Group's unused tax losses (which were written off in 2019) as at 31 December 2024. The Committee agreed with management's assessment that forecast future profits would enable utilisation of all brought forward losses. These have been recognised as a deferred tax asset on the balance sheet as of 31 December 2024, with appropriate disclosures provided. The recognition is considered a critical accounting estimate and judgement. Further details are set out on pages 171–173.
Measurement of expected credit losses (ECL)	The Committee regularly reviewed management's assessment of the adequacy of the allowance for ECL. The review included both modelled and individual loan assessments, governance arrangements over provisioning and models, the use of post-model adjustments and overlays and a benchmark of the Group's ECL against its peers, as well as reviewing the components of the calculation (including SICR, definition of default, macroeconomic scenarios and scenario weightings). The Committee agreed with management's assessment that the measurement of the ECL allowance remained both a critical accounting estimate and judgement. Further details are set out on pages 193–205.
Alternative performance measures	The Group continues to use alternative performance measures as it believes this provides readers with a greater understanding of underlying trends in the business. The Committee reviewed whether management's basis for underlying results remained appropriate, including reviewing items classified as non-underlying. Details on the Group's alternative performance measures can be found on pages 224–228.

Group Audit Committee report continued

Fair, balanced and understandable

In line with the Code, the Committee considered whether the 2024 Annual Report and Accounts is 'fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy'. The Committee is satisfied that the 2024 Annual Report and Accounts meets this requirement and, in particular, that there are appropriate disclosures for relevant developments in the year. The process which enabled the Committee to reach this conclusion included:

- compilation of the 2024 Annual Report and Accounts was undertaken on a cross-functional basis including input from senior managers in Finance, Risk, People, Legal, Company Secretariat, Investor Relations and business lines
- formal Committee review and challenge of the draft 2024 Annual Report and Accounts, along with a review of any issues raised in the External Auditor's report, in advance of final sign off
- final review, undertaken by the Board of Directors
- the preparation of a going concern and viability statement that highlighted the profitability, capital and liquidity position of the Bank over the planning period to 2028.

Internal audit

Internal Audit is a critical component of the Group's governance, risk management and control functions, providing independent assurance over key controls. The Committee:

- monitored the objectivity and competence of the Internal Audit function, and the adequacy of Internal Audit resources and skills and were satisfied that Internal Audit had adequate resources available during the year
- assessed the effectiveness of the Internal Audit function throughout the year, including an internal evaluation process that involved a range of stakeholders and review of the outcomes of a gap analysis against the new Global Internal Audit Standards
- monitored the delivery of the 2024 Internal Audit Plan, through reports provided by the Chief Internal Auditor, and discussed areas of significance identified in audits with management
- recommended the 2025 Internal Audit Plan to the Board for approval
- approved changes to the Internal Audit Methodology.

The Committee Chair also met regularly with the Chief Internal Auditor and made sure they had access to the Board if needed.

The 2025 Internal Audit Plan focuses on those areas considered to present the greatest risk to the Bank and are of regulatory importance. The Committee will monitor the resources available to Internal Audit to make sure it can effectively deliver the 2025 Internal Audit Plan.

Systems of internal control and risk management

Details of the Bank's risk management framework are provided on page 122. In considering the effectiveness of internal controls, the Committee received and discussed reports from Internal Audit and the External Auditor. In addition, management was invited to discuss significant issues raised by Internal Audit. Progress against delivery of management action plans to resolve the issues raised were monitored by the Committee. The Committee also challenged management where appropriate on the timeframe of the delivery of these actions. In conjunction with the ROC, the Committee reviewed and approved the statements in the Annual Report concerning internal controls and risk management.

Financial risk management processes and controls are in place and the effectiveness of these controls is assessed on an ongoing basis. The internal controls framework encompasses all key controls, including those relating to: financial reporting processes; preparation of consolidated Group financial statements; formulation of the Group's strategic plans, budgets and forecasts; accounting policies and levels of delegated authority.

Regulatory reporting framework

The Committee has continued to focus on ensuring that a strong and effective regulatory reporting framework remains embedded within the Group.

The Committee has oversight of the Bank's Regulatory Reporting Committee and Regulatory Interpretation Committee. These committees are designed to further enhance the Bank's governance and control of regulatory reporting.

External audit

The Group Audit Committee complied with the requirements of the FRC's Audit Committees and the External Audit: Minimum Standard and the Statutory Audit Services for Large Companies Market Investigation Order 2014 for the year ended 31 December 2024.

The Committee reviews and makes recommendations to the Board with regard to the appointment of the External Auditor, including its fees and terms of engagement.

The Committee is also responsible for the oversight of the relationship with the External Auditor and the effectiveness of the audit process. During the year the Committee:

- reviewed and approved the scope of the 2024 External Audit Plan in advance of the annual audit
- reviewed and approved the audit engagement terms and proposed audit fee.
- reviewed and approved in advance non-audit services provided by the External Auditor
- considered the continued independence and objectivity of the External Auditor
- reviewed and discussed the reports provided by the External Auditor and the quality of work undertaken
- met regularly with the External Auditor without management present.

Group Audit Committee report continued

The Committee is satisfied that the External Auditors demonstrated appropriate professional scepticism and challenged the key focus of the financial statements, including material and judgemental areas. The External Auditors have effectively provided insights in relation to the financial assessment of the business throughout the year and their insights have been appropriately investigative and valuable, and their expertise welcomed.

During the year, the Audit Committee Chair received a report from the FRC which set out the findings from its inspection of the audit work completed by PwC on the financial statements for the year ended 31 December 2023. No key findings were identified, and an area of good practice was noted. PwC discussed the review with the Audit Committee Chair and the Audit Committee, and the Committee agreed it was satisfied with PwC's responses to the areas of focus.

The Committee confirms that PwC continues to be effective. The Committee has recommended the reappointment of PwC as the Bank's External Auditors to the Board, and the Board has recommended the reappointment to shareholders for the next financial year at the 2025 AGM.

Independence

External Auditor independence is a key principle and contributing factor to audit quality. Independence is reviewed as part of the audit scope, as part of reports PwC presented to the Committee, and is further scrutinised prior to the Annual Report and Accounts being approved and signed by the Board.

PwC has been appointed as the Bank's External Auditor since 2009. The Bank is required under law to put its audit out to tender at least every 10 years and to change its External Auditor at least every 20 years. Our last formal competitive tender exercise took place during 2018. In relation to the audit for the year ended 31 December 2024, the Board approved the Committee's recommendation to put a resolution to shareholders at the 2024 AGM to reappoint PwC, which shareholders approved. Following the Bank's entry into the FTSE 250 in November 2024, a review as to the most appropriate time for the Group to re-tender its statutory audit services will be undertaken in 2025 and confirmed in the 2025 annual report.

In line with the FRC's Revised Ethical Standard 2019, the lead audit partner for the Bank rotates every five years. Jon Holloway has led the Bank's external audit since the start of the 2021 financial year. The Committee maintained a good rapport with Jon and the PwC team throughout 2024. Daniel Brydon will lead the Bank's external audit from the 2025 financial year onwards.

Non-audit services

The Committee carefully monitors the level of non-audit services provided by PwC and considered and approved the Bank's Non-Audit Services Policy during the year. All non-audit services provided to the Bank by the External Auditor must be approved in advance by the Committee subject to the guidelines and thresholds detailed in the policy.

Details of services provided and the fees paid to the External Auditor during the year can be found in note 8 to the financial statements on page 170.

The FRC's Ethical Standard sets out a specific list of permitted non-audit services for UK incorporated public interest entities and the Committee was satisfied that the Non-Audit Services Policy aligns to the ethical standard concerning auditor independence, and that the Bank complied with its policy during 2024.

Modern slavery

The Bank has a Modern Slavery Policy that is accessible to all colleagues via the Bank's intranet. The policy outlines the Bank's zero tolerance approach to modern slavery. The Chair of the Committee is the Bank's Modern Slavery Champion and reports to the Board at least annually on the effectiveness and integrity of the systems and controls in place to ensure compliance with the Modern Slavery Policy. In 2024, we continued to follow and progress our processes to support our policy. We continue to publish our Modern Slavery Statement yearly and the General Counsel provides regular updates to the Committee on progress against our statement and action plan.

Whistleblowing

The Committee is responsible for review of the adequacy and security of whistleblowing systems and controls and reviews these at least annually. The Bank's Whistleblowing Policy is accessible to all colleagues via the Bank's intranet and there is regular e-learning training for colleagues. The Chair of the Committee is the Bank's Whistleblowing Champion. The policy outlines the Bank's whistleblowing process which enables colleagues to raise concerns about possible improprieties in financial reporting, other operational matters or inappropriate personal behaviours in the workplace.

Group Risk Oversight Committee report

Committee composition and attendance for 2024

Members	Meetings attended	Meetings held during Director's tenure
Catherine Brown (Chair)	10	10
Paul Thandi	10	10
Michael Torpey	10	10
Nicholas Winsor	10	10

Paul Coby joined the Committee in 2025.

In 2024, in addition to the Committee Chair, Catherine Brown, there were three members of the Group Risk Oversight Committee: Paul Thandi, Michael Torpey, and Nicholas Winsor. NEDs who were not ROC members were also permitted to attend meetings. The Board Chair, CEO, CFO, Chief Internal Auditor, and CRO had standing invitations to attend as guests, unless the Chair of the Committee asked them to excuse themselves from a particular meeting or discussion.

Other Directors and colleagues attended as guests by invitation of the Chair to present and report on relevant topics. The Company Secretary and her team acted as Secretary to the Committee. The Committee met regularly throughout the year in accordance with its Terms of Reference. Where it was a transformational year for the Bank, additional meetings were held when necessary.

2024 highlights

- oversight of the Bank's capital and liquidity position
- review and endorsement of the ICAAP and ILAAP and Market Risk Assessment Process
- review and endorsement of the Bank's Resolvability Assessment Framework
- consideration and endorsement of the Operational Resilience Self-Assessment
- review and endorsement of the Bank's Consumer Duty Annual Report
- review and challenge of detailed risk assessment to inform the Board's decision to partner with outsourced services provider Infosys
- ongoing focus on key risk areas including Fraud, Financial Crime, Credit, Capital and Strategy Execution Risk.

Dear shareholders

I am pleased to present the Group Risk Oversight Committee report for the year ended 31 December 2024, my first year as Chair of the Committee. It was another busy year for the Committee, during a period of transformation which has seen the Bank's strategic focus pivot towards corporate, commercial and SME lending, and specialist mortgages, alongside its usual activities relating to oversight of key risks and internal controls and monitoring top and emerging risks.

During the year, the Committee continued to monitor closely the Bank's capital and liquidity and recommended the ICAAP, ILAAP, Resolvability Assessment Framework and Market Risk Assessment Process to the Board for approval. Regulatory capital management has been a focus for the Committee and will continue to be monitored regularly. The Bank's capital position was strengthened by the sale of a portfolio of prime residential mortgages which was completed as part of the Bank's strategy to reposition its balance sheet and enhance risk-adjusted returns on capital.

“2024 was a transformational year for the Bank and one in which the Committee supported the strategic pivot through continued focus on oversight of key and emerging risks and internal controls.”

Catherine Brown
Group Risk Oversight Committee Chair

Group Risk Oversight Committee in brief

The Committee is a committee of the Board. Its specific responsibilities are set out in its Terms of Reference which are reviewed annually and available on the Bank's website. Accountable to the Board, ROC:

- provides oversight of risk and advises the Board, as appropriate, on the risks posed to the Bank from its continuing business activities and future strategy
- provides leadership, oversight and direction regarding the Bank's risk governance and management. It is charged with helping the Board create an appropriate risk culture across the Bank, which emphasises and demonstrates the benefits of a risk-based approach to risk management and internal controls. The ROC is responsible for reviewing, challenging and recommending to the Board the Bank's risk appetite, ICAAP document, ILAAP document and Resolvability Assessment Framework and major risk policies
- oversees risk management procedures and reviews risk reports on key business areas
- receives regular management information and reports concerning the Bank's performance against risk appetite and the measures set by it and by the Board. Regular updates are received on regulatory developments, and consideration is given to how these will affect plans, processes, systems and controls
- reviews the effectiveness of the ESG framework, including managing and reporting the financial risks from climate change
- promotes a consumer-centred culture through consideration of the relevance and implications of the FCA Consumer Duty requirements in all matters
- ensures that the CRO has unfettered access to the Committee and its Chair as a key part of the Bank's governance framework.

Key policy documents kept under review by the Group Risk Oversight Committee in 2024

- Pillar 3 Disclosure Policy
- Operational Risk Management Framework
- Conduct Risk Framework
- Credit Risk Management Framework
- Enterprise Risk Management Framework
- Policy Governance Framework
- Prudential Risk Management Framework.

Policies reviewed and recommended to the Board:

- Anti-Bribery and Corruption Policy
- Anti-Tax Evasion Policy
- Capital Management Policy
- Liquidity Policy
- Sanctions Policy
- Conflicts of Interest Policy
- Anti-Money Laundering and Combating Terrorist Financing Policy.

The Committee provided oversight of the change to the Bank's risk profile as a result of moving to an outsourcing model for some of our operational processes. The Committee will continue to keep this under review as the strategic collaboration with Infosys develops.

Conduct and customer outcomes remained a focus of the Committee in 2024, providing oversight and endorsement of the Bank's first Consumer Duty Annual Report. The Bank continues to drive activity to ensure fair outcomes for all customers and, in support of this, the Committee received regular updates on customer outcomes, with particular focus on arrears management and vulnerable customers.

Oversight of financial crime continued to be a priority during 2024. The FCA concluded its enquiries (which commenced in 2020) into a legacy issue relating to transaction monitoring systems and controls that began in 2016 and were remediated by 2020. We are pleased that the conclusion of these enquiries draws a line under this legacy issue. The Bank continues to deliver enhancements to its financial crime control framework and these will remain subject to continued monitoring by the Committee in 2025.

Throughout the year, the Committee considered carefully credit risk and the Bank's strategic pivot towards higher yielding corporate, commercial and SME lending, and specialist mortgages.

The Committee received regular updates on the credit risk portfolio, including deep dives into the performance of large commercial and retail exposures.

The Committee considered operational resilience throughout the year and received updates on technology and third-party risks, alongside approving the Bank's annual Operational Resilience Self-Assessment.

At the centre of the Bank's relationship banking strategy are our people. People risks and culture were considered throughout the year by the Committee and, in addition, the Committee received an in-depth annual update.

As we go into 2025, the Committee will focus on the Principal Risks as fully discussed in the Risk Report on pages 121–150 and on supporting the Bank as it continues its strategic pivot towards corporate, commercial and SME lending, and specialist mortgages.

Evaluation

The externally facilitated evaluation of 2024 Board effectiveness included a review of the Committee's performance. The evaluation concluded that the Committee is effective in terms of holding the First Line of Defence accountable for risk management. Recommendations included continuing to focus on length and quality of papers to drive further improvement.

Outlook for 2025

The Committee will continue to have oversight of the Bank's risk governance and management as we deliver against our updated strategy. Particular focus is planned on:

- strategy execution and business performance
- capital and liquidity management
- credit including safe delivery of our lending plan
- regulatory engagement and compliance
- conduct including customer outcomes
- fraud and financial crime
- operational resilience including technology and our third party relationships
- information security and data privacy.

The following sections explain the role of the Committee and summarise the main areas of oversight for each of the Bank's key risks.

Catherine Brown
Group Risk Oversight Committee Chair
22 April 2025

Group Risk Oversight Committee report continued

Oversight of the Bank's key risks

Bank Risk Report	This includes a summary from the CRO setting out items of note and assessing the Bank's performance against its risk appetite and risk metrics. The report also includes a summary of top risks, issues under management, the Bank's performance against risk appetite, regulatory engagement, an overview of operational incidents and credit portfolio insights.
Credit risk	Execution of strategy requires prudent and controlled management of credit risk. To support this, one of the roles of ROC is to oversee credit underwriting and ensure that the Bank has effective processes and controls to monitor and manage credit risk, including where the risk position associated with a significant customer or loan has deteriorated. The Committee regularly reviews the performance of the loan portfolio including assessing the impacts of a changing macroeconomic environment and ensures that lending remains within risk appetite and policy exceptions are monitored.
Treasury and prudential risk	The Treasurer provides a summary of relevant Treasury matters at each ROC meeting, including balance sheet performance and each of the principal prudential risks including liquidity and funding, capital and market risks. The Treasurer also submits the ICAAP, ILAAP, and relevant Treasury policies for approval and notes the minutes of the Asset and Liability Committee, which is the primary executive committee for in-depth discussion on Treasury and prudential risk matters. The Treasurer provides a report to the Committee summarising ALCO activities, which include high-level management information on liquidity, funding, capital and market risks. In addition, the ALCO report includes updates on relevant regulatory matters. The Committee also receives a regular update from the second line risk team on prudential risk, prudential risk appetite performance, regulatory reporting oversight and model risk. During the year, ROC reviewed and recommended to the Board for approval the ICAAP, ILAAP, Resolvability Assessment Framework, Market Risk Assessment Process and relevant policies.
Operational risk	The Committee receives reports concerning risk appetite and risk assessments for overall operational risk and the underlying operational risk categories including information security, data, technology, operational resilience, fraud, third-party, and change. Information concerning material incidents and losses are reported including how the Bank responds and learns to prevent recurrence. The Committee also receives reports from management on emerging operational risks and how these risks are monitored and, where appropriate, mitigated.
Financial crime risk	Given the level of risk posed by financial crime to all banks, the Committee reviews management information and performance against the Bank's financial crime key risk indicators. In addition to the ongoing review, quarterly updates are escalated through the Bank's governance to the Committee to enable effective oversight of control enhancement activity.
Model risk	Given the use of models to support a broad range of business and risk management activities, the Committee provides oversight of the effectiveness of the Model Risk Management Framework. This includes review of escalated findings in relation to specific modelling activities and exposure against model risk appetite.
Regulatory, conduct and legal risk	The Committee is updated regularly on legal and regulatory developments and changes that could impact the Bank, together with measures taken to monitor and mitigate regulatory risk. The Committee receives updates on compliance and conduct risk in the areas of culture and governance, product governance, customer treatment and feedback from Voice of the Customer surveys. The Committee is also updated on how the Bank manages expressions of dissatisfaction, claims and litigation, and on the ongoing compliance assurance work undertaken by the second line of defence.
Strategic risk	The Committee considers strategic risks that could result from or lead to the crystallisation of one or more of the Bank's other principal risks. At least annually, it considers a comprehensive risk review of the Bank's strategy and Long-Term Plan and receives updates on the management of risk within other key strategic initiatives.
Deep dives and in-depth reviews	The Committee received in-depth reviews on areas of emerging risk and regulatory interest throughout the year covering: • cyber, information security and IT resilience • vulnerable customer outcomes • people and culture • operational resilience • fraud • financial crime • climate risk • credit risk • Consumer Duty.

Nomination Committee report

Committee composition and attendance for 2024

Members	Meetings attended	Meetings held during Director's tenure
Robert Sharpe (Chair)	4	4
Catherine Brown	4	4
Paul Thandi[1]	3	4

1. Paul Thandi was unable to attend the November 2024 Committee meeting due to a personal commitment.

The Nomination Committee comprises only Non-Executive Directors, the majority of whom are deemed to be independent, in accordance with the requirements of the UK Corporate Governance Code. The Committee Chair is also Board Chair who was independent on appointment.

In 2024, the Nomination Committee met four times. The Senior Assistant Company Secretary acts as a Secretary to the Committee and other colleagues, such as the CEO, CFO, Chief People Officer, Company Secretary and external advisors may be invited to attend all or part of any meeting when appropriate. Following each meeting, the Chair provides an update to the Board and approved Committee minutes are tabled for noting at future Board meetings.

2024 highlights

- approval of the appointments of Cristina Alba Ochoa, Marc Page, Jaime Gilinski Bacal and Paul Coby to the Board, and the appointment of Nicholas Winsor as Consumer Duty Champion
- review of Executive succession plans in May and October 2024, which included consideration of the Executive Committee's collective skills, experience, independence and diversity, referencing the Bank's strategic priorities, market trends and regulatory requirements
- review of Non-Executive succession plans, including the Board Skills Matrix
- reviewing the Board Diversity Policy and the progress made against the objectives set in the Policy
- review of the Committee's Terms of Reference, which included an addition to the Committee's remit to have oversight of management's progress against the Bank's Diversity and Inclusion Strategy
- monitoring Directors' actual and potential conflicts of interest. The Board has formal procedures to appropriately manage any actual or potential conflict of interest identified and monitors each Director's independence. In accordance with the Company's Articles of Association, the Board reviews, and authorises as appropriate, situations where a Director has an interest that conflicts, or may possibly conflict.

Dear shareholders

I am pleased to present the Nomination Committee report for the year ended 31 December 2024. The Committee has worked hard to support the Bank in its pivot to a new strategy with the addition of four new Directors to the Board, including the Bank's new CFO. This report will detail the work undertaken by the Committee during 2024. I am pleased with the work that the Committee has undertaken to support the Board throughout the year.

During 2024, we welcomed Cristina Alba Ochoa, who joined the Bank as interim CFO on 12 January 2024 following the departure of James Hopkinson. Cristina joined the Board as an Executive Director on 10 June 2024 and upon the end of her tenure as interim CFO, she was appointed as one of our shareholder-nominated Non-Executive Directors. I was pleased that the Board could retain Cristina's skills and experience as she had made a great contribution to the Bank in her time as interim CFO. Jaime Gilinski Bacal joined the Board in September 2024 as a shareholder-nominated Non-Executive Director. Jaime has played an important part in the Bank's history as a shareholder, most importantly in the capital raise at the end of 2023, and the Board benefits greatly from his experience. This brings

"The Committee has worked hard to support the Bank in its pivot to a new strategy.

Robert Sharpe
Group Nomination Committee Chair

Nomination Committee report continued

the number of shareholder-nominated Non-Executive Directors on the Board to three, the maximum permitted under the Relationship Agreement with the Bank's majority shareholder.

In addition to these shareholder-nominated Non-Executive Directors, Marc Page joined the Bank in September 2024, and, following regulatory approval, was appointed to the Board as Executive Director and CFO in November 2024. Marc brings a wealth of experience from his roles within Barclays and will ensure the Bank's focus on strong cost discipline and revenue growth is maintained. Further to these appointments, in December 2024, Paul Coby joined the Bank as an independent Non-Executive Director. Paul has extensive digital transformation experience and this will be of great benefit to the Bank.

Following these changes to the membership of the Board, the independence of the Board is in compliance with the requirements of the Corporate Governance Code, with half of the Board being made up of independent Non-Executive Directors and the Board Chair being independent on appointment. The Committee will continue to evaluate the need for future appointments to the Board, in line with the Bank's Non-Executive Director succession plans.

Outlook for 2025

In 2025, the Committee will continue to focus on ensuring strong Non-Executive Director succession plans are in place and reviewing the skills required of the Board in line with the Bank's growth journey.

Robert Sharpe
Group Nomination Committee Chair
22 April 2025

Board composition

The Nomination Committee is responsible for keeping the composition, structure and size of the Bank's Board and its Committees under review and providing the Board with any recommendations for changes that may be deemed appropriate. The Committee's role is to ensure that the Directors have the skills, knowledge and experience required by the Bank to provide effective challenge and oversight of the delivery of the Bank's strategic objectives. The Committee concluded, following its annual review, that the Directors have the skills, leadership and ability to devote sufficient time to provide the necessary oversight and proper challenge to the Executive Directors, ExCo and senior management. The Committee is also responsible for ensuring that succession plans are in place for the Bank's Executive Directors and Non-Executive Directors and discussion of these succession plans formed an important part of the Committee's agenda in 2024.

The process for appointments to the Board is set out in the Committee's Terms of Reference. The Committee recognises the importance of ensuring a transparent and fair process for interviewing, assessing and appointing new candidates to the Board. The Committee is committed to the requirement for a diverse list of candidates to assist the Board in improving the diversity of the Board and Board Committees over the long term. During 2024, the Committee has worked closely with Korn Ferry for NED recruitment. Korn Ferry is also the Bank's remuneration advisor and the Committee considered that as Korn Ferry does not advise the Bank on NED fees, this additional service does not constitute a conflict of interest.

The roles and responsibilities of the Bank's Nomination Committee are detailed in its Terms of Reference which are available on the Bank's website www.metrobankonline.co.uk/globalassets/documents/investor_documents/nomination-committee-terms-of-reference.pdf.

Committee performance evaluation

The Board had an externally facilitated performance evaluation for 2024. This evaluation concluded that the Committee is effective in fostering informed decision-making and takes a structured and disciplined approach to fulfilling its defined remit. The recommendation to the Committee was to enhance engagement with the wider first-line Executive teams to assist with succession planning.

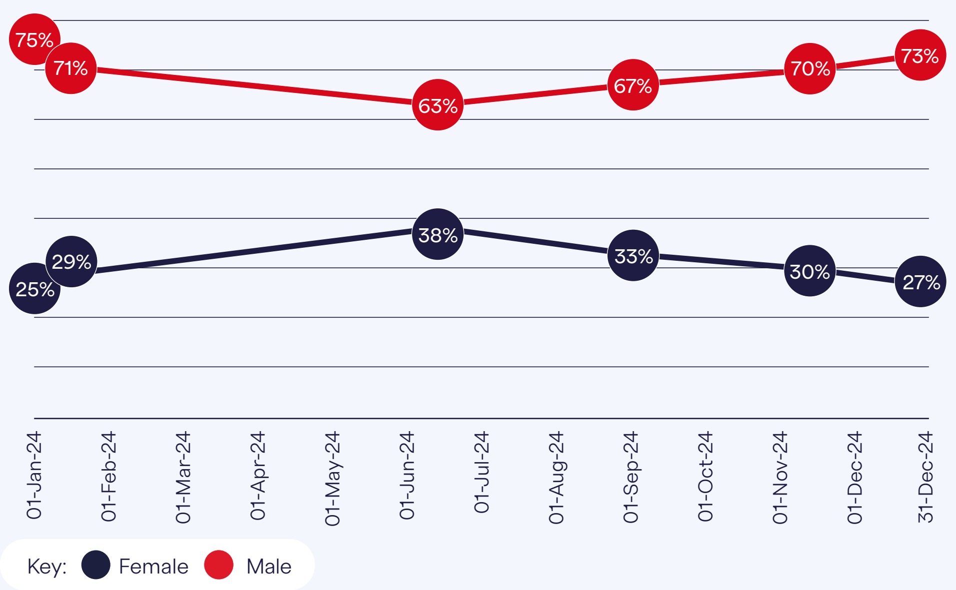
Board Diversity Policy and diversity statistics

The Board Diversity Policy (the 'Policy') sets out the Board's approach to diversity and inclusion. The Committee is responsible for monitoring progress towards the Board's diversity objectives, as set out in the Policy. The Policy acknowledges that a diverse Board appointed on merit, with a broad range of skills, backgrounds, knowledge and experience, is more effective. The measurable objectives for achieving Board diversity are reviewed and discussed by the Committee at least annually.

On gender diversity, the Board's female representation varied throughout the year (as shown in the chart below) with the proportion going from 25% up to 38% and then to 27% as at 31 December 2024. This falls short of the 40% target for female representation and the Committee will reflect this target when considering future Board recruitment, noting that a diverse list of candidates is required for any vacant Board position as reflected in the Committee Terms of Reference.

The position of Senior Independent Director (SID) in 2024 was held by Catherine Brown.

Board Diversity



Nomination Committee report continued

A summary of the objectives of the Board Diversity Policy and the progress made against these is listed in the following table.

Objectives	Status
Considering candidates for appointment as Non-Executive Directors from a wide and diverse pool, which includes a combination of skills, experience, ethnicity, age, gender, social, educational and professional background and other relevant personal attributes such as cognitive and personal strengths to provide the range of perspectives, insights and challenge needed to support good decision-making.	The appointment process, as laid out in the Committee's Terms of Reference, requires the Committee to put together a diverse list of candidates for any vacant Board role. The Committee has worked with Korn Ferry in 2024 to assist with putting together a diverse list of candidates.
To improve the female representation on the Board to 40% as per the FCA's Policy Statement PS22/3.	As detailed on the previous page, the Board has not met its target of 40% female representation on the Board, which is at 27% as at 31 December 2024. The Committee recognises that the Board has fallen short of its target for female representation. As part of the Non-Executive Director recruitment process, there is a requirement for a diverse list of candidates to be considered by the Committee for any vacant Board positions.
Ensuring that at least one of the senior Board positions (Chair, Chief Executive Officer, Chief Financial Officer, or Senior Independent Director) should be held by a female.	Catherine Brown was the SID during 2024. From January to September 2024, Cristina Alba Ochoa was Chief Financial Officer. We are therefore meeting this objective in the Policy and the Listing Rules and Disclosure Guidance and Transparency Rule 6.6.6 (9)(a).
Ensuring the Board's ethnic diversity meets and maintains a minimum of one Director from an ethnic minority background.	As at the date of publication of this report, we have three Directors from an ethnic minority background appointed to the Board. We are therefore meeting Listing Rules and Disclosure Guidance and Transparency Rule 6.6.6(9)(a).
Ensuring that the diversity of the Board's committees is considered for all committee appointments.	The Committee reviews committee memberships and considers that the membership of each of the Board committees is sufficiently diverse.
Only engaging executive search firms who are committed to sourcing diverse candidates and who have signed up to the voluntary Code of Conduct on gender diversity and best practice.	The Committee engaged with Korn Ferry to assist with the search for independent Non-Executive Directors. Korn Ferry's core values include a commitment to diversity, equality and inclusion.
Reporting annually against our objectives and other initiatives taking place within the Bank which promote diversity.	More information on Diversity initiatives can be found on pages 23–25 in the ESG report.
Reporting annually on the outcome of the Board evaluation including the composition, structure and diversity of the Board.	A disclosure on the external 2024 Board evaluation is set out on page 64.

Nomination Committee report continued

Appendix 1: Director and Senior Management diversity

In accordance with Listing Rule 6.6.6R(10), the following tables set out numerical data on the gender and ethnic background of the Company's Directors and Executive Management.

a) Table for reporting on gender identity or sex

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[1]	Percentage of executive management[1]
Men	8	73%	3	5	50%
Women	3	27%	1	5	50%

b) Table for reporting on ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management[1]	Percentage of executive management[1]
White British or other White (including minority-white groups)	8	73%	4	8	80%
Mixed/Multiple ethnic groups	2	18%	–	–	–
Asian/Asian British	1	9%	–	1	10%
Black/African/Caribbean/Black British	–	–	–	1	10%
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

1. Per the definition within the Listing Rules, executive management within the Bank is ExCo and includes the Company Secretary.

Group People and Remuneration Committee report

Committee composition and attendance for 2024

Members	Meetings attended	Meetings held during Director's tenure
Paul Thandi (Chair)	6	6
Catherine Brown	6	6
Robert Sharpe	6	6

In addition to the Committee Chair, Paul Thandi, the Committee consists of two other members, Catherine Brown, the Senior Independent Director, and Robert Sharpe, the Board Chair. From January 2025, Paul Coby has been appointed as a member of the Committee. The CEO, Chief People Officer and Director of Reward & Performance attend meetings by invitation, along with the Committee's appointed independent advisors, as described on page 79.

The Chief People Officer and Director of Reward & Performance provide support to the Committee Chair and Committee as needed, and the Senior Assistant from Company Secretary acts as Committee Secretary. Following each meeting, the Chair provides an update to the Board and approved Committee minutes are tabled for noting at future Board meetings. In line with the Committee Terms of Reference, papers such as the adoption of new share plans, remuneration policy approach and NED fees, are tabled for Board decision following review and recommendation by the Committee.

2024 highlights

- recommended the Directors' Remuneration Policy for approval, which was subsequently approved by shareholders at the 2024 AGM
- approval of the remuneration for the interim CFO and the Bank's new permanent CFO
- review of colleague benefits, including the administration and governance of colleague pensions
- discussion on the Bank's gender and ethnicity pay gaps
- considered the Chief Risk Officer's report with regards to risk adjustment for executive remuneration
- review of the Committee's Terms of Reference, which included a change to the Committee's remit whereby talent review and diversity through the Bank was moved to the Nomination Committee
- review of the Directors Remuneration Policy for 2025.

Dear shareholders

I am pleased to present the Group People and Remuneration Committee Report (the 'Committee').

This year was my first year as Chair of the Committee and the first Directors' Remuneration Report following the approval of the Bank's Directors' Remuneration Policy at the 2024 AGM. I would like to thank shareholders for their support of our remuneration resolutions at the last AGM, with all remuneration resolutions receiving over 80% support. This report will set out how the Committee has implemented the Directors' Remuneration Policy, including the remuneration for both Executive Directors, throughout 2024. In addition, the Committee has reviewed the Directors Remuneration Policy and is proposing a new Policy to be presented to shareholders for approval at the 2025 AGM.

I would also like to take this opportunity to welcome Paul Coby, who joined the Committee in January 2025 and look forward to working with him over the coming period.

"Following the transformation activity in 2024 and the focus on delivery of the business strategy, the Committee has reviewed the current Remuneration Policy and is proposing a new Policy to be presented to shareholders for approval at the 2025 AGM."

Paul Thandi
Group People and Remuneration Committee Chair

Group People and Remuneration Committee report continued

Our approach to Executive Directors' remuneration in 2024

2024 variable remuneration

2024 was a transformational year for the Bank, in which, aligned to the business strategy, we delivered a significant reduction in the cost base and colleague numbers alongside pivoting the business to deliver strong growth in our corporate, commercial, SME lending and specialist mortgages. In addition, the business formed a new collaboration with Infosys, a world leader in technology and business operations, which will support the future business plans to deliver automation, customer experience and AI enablement.

As a result of the transformation, the Bank returned to profitability in H2, which demonstrated significant progress of the business over the year. As a result of the performance, the formulaic outcome under the 2024 Balanced Scorecard, which drives the bonus outcome, was 78% of target. However, management asked the Committee to exercise its discretion to reflect the continued focus on cost management and desired position of delivering sustainable profitability and maintaining its capital position. The Committee accepted the recommendation and as a result reduced the 2024 Balanced Scorecard outturn to 34.4% of target. The above performance resulted in a total annual bonus award for the CEO and CFO of 33.0% and 27.8% of the on target opportunity.

More information on the Balanced Scorecard outcomes and assessment of individual performance is set out on pages 103–106.

Awards under the Long-Term Incentive Plan (LTIP) granted in June 2021 and March 2022 were subject to performance over the respective three and four financial years ending 31 December 2024. The 2021 LTIP had a four year performance period whereas the 2022 and subsequent LTIP grants have a three year performance period. Under both grants 40% of the award is subject to a relative Total Shareholder Return ('TSR') performance condition and 40% against a return on tangible equity ('RoTE'). Threshold performance was not achieved for each element under either the 2021 or 2022 LTIP.

In relation to the risk and regulatory measure, which comprised 20% of the 2021 and 2022 LTIP awards, the Committee considered the recommendation from the Risk Oversight Committee. Whilst the performance was considered satisfactory, based on the financial performance over the period, the Committee concluded that both the 2021 and 2022 LTIP awards would lapse in full at the end of the vesting period.

As a reminder, no variable remuneration was paid to the Executive Committee in annual bonus or through the LTIP for the 2023 performance period.

Board changes

A number of Board changes are mentioned elsewhere in the Annual Report and Accounts; I will summarise them here in the context of reporting on the implications for remuneration.

As disclosed last year, James Hopkinson stepped down as Executive Director on 12 January 2024. Details of the termination arrangements were outlined initially in the remuneration statement posted on the Bank's website. The Committee determined that these termination arrangements were fair and reasonable, consistent with the Directors' Remuneration Policy and in line with his contractual entitlements.

The Committee considered the remuneration for the appointment of Cristina Alba Ochoa as the Bank's interim CFO in January 2024, which did not change upon Cristina's appointment to the Board as an Executive Director on 10 June 2024. The Committee also considered the remuneration for the Bank's new permanent CFO, Marc Page, ahead of him joining the Bank in September 2024. Marc's remuneration is in line with the Director's Remuneration Policy and also included a buyout award. Full details of Marc's remuneration is included on page 103. The buyout award has been structured to match the terms of the deferred remuneration forfeited at Marc's previous employer.

Advice to the Committee

The Committee takes information and advice from inside and outside the Group. Internal support was provided by the Chief People Officer, the Director of Reward & Performance, and other senior leadership as appropriate. No individual was present when matters relating to their own remuneration were discussed.

The Committee seeks advice from independent external advisers as appropriate. Following Korn Ferry's appointment in 2023, the Committee continued to engage with Korn Ferry for independent advice in 2024. The Committee completed an evaluation of Korn Ferry's performance in November 2024 and was satisfied with the support it had received and that the advice it receives is objective and independent. Korn Ferry was also used by the Group Nomination Committee to assist in independent Non-Executive Director recruitment. As Korn Ferry does not advise the Committee on Non-Executive Director remuneration, the Committee is satisfied that there are no conflicts of interest resulting from Korn Ferry's appointment. The fees paid for services provided by Korn Kerry to the Committee in 2024 were £47,392.50 (2023: £10,683) inclusive of VAT. Fees were determined on a time and expenses basis.

2025 Directors Remuneration Policy

Following the transformation activity in 2024 and the focus on delivery of the business strategy, the Committee has reviewed the current Remuneration Policy and is proposing a new policy to be presented to shareholders for approval at the 2025 AGM. The new policy is designed to support the continued sustainable growth of the business, whilst maintaining the focus on our customers and capital position.

The principle components of remuneration under the 2025 policy will be salary, pension and benefits, as per the current policy, along with an annual bonus with the structure being aligned with market practice, and a new long-term incentive plan aligned to the business strategy.

Fixed pay

The current policy on fixed pay is unchanged and as such will consist of salary, market competitive benefits and pension. The pension policy was updated in 2024, in line with current practice, and limits the pension contribution for Executive Directors (or cash in lieu thereof) in line with the rates applicable to the workforce, at 8% of salary currently.

Annual bonus

The maximum opportunity under the annual bonus is being increased to 150% of salary to provide the flexibility to reward exceptional performance. This is being updated following a review of market practice to ensure variable remuneration remains competitive and in line with the market.

The Balanced Scorecard will determine the majority or all of the annual bonus and the remainder being based on individual and cultural metrics. The Balanced Scorecard will continue to be predominantly based on Financial Performance.

New Shareholder Value Alignment Plan (SVAP) – At a glance

- Participants share in the growth in the value of the business over the period to 31 December 2029
- The participant value pool will be calculated based on 5% of the growth in value of the Bank. The baseline Company value from which growth is measured will be the market value equivalent to a share price of 80p
- Growth will be calculated based on total shareholder return, i.e. adjusted for dividends declared, and other capital events during the period and will be measured over the five financial years to 31 December 2029, with three test dates, 31 December 2027, 31 December 2028 and 31 December 2029
- There is a minimum growth hurdle such that the market value at each Test must be at least 50% higher than the baseline value (currently equivalent to a share price of at least £1.20) before participants are eligible to receive their allocation
- At each Test date, the Participant Value Pool is split between participants based on each individual's Participant Allocation. The Participant Allocation gives the individual a right to receive the requisite value of nil-cost options, including taking into account expected dividend yield over the remaining vesting period
- Awards will be in the form of a share instrument which provides the right to nil cost options to the value of the Participant Allocation determined at each Test. Vested awards may be paid as a cash equivalent instead of shares. Nil cost options expire on the tenth anniversary of grant
- In addition to satisfying the above performance conditions, options may only be exercised at each vesting date considering (i) the capital and liquidity positions; (ii) material risk issues, in the judgement of the Committee (iii) profitability. Vesting may be reduced, and/or delayed to the extent appropriate.

An overview of the metrics for 2025 is provided on page 113. A portion of any payout will continue to be deferred, in line with regulatory requirements, which currently requires at least 60% of variable remuneration (annual bonus and any long-term incentive) in respect of a financial year to be deferred with a vesting period of at least three years, increasing to up to seven years where required by regulation.

Shareholder Value Alignment Plan

The Committee has considered the approach to long-term incentives in light of the Bank's strategic goals. The Policy therefore has been updated with a new long-term incentive plan, the Shareholder Value Alignment Plan (SVAP), which incentivises the sustained growth of the business over the five year period to 2029 (and with deferred vesting through to 2032) while maintaining the focus on customers, risk and the financial position of the Bank.

The SVAP is aligned with the sustained growth in value of the Bank, with performance measured over five years to 31 December 2029 and vesting over seven years to May 2032. This ensures that the participants are incentivised to grow the value of the business and for the value to be sustained over the long-term. The inclusion of risk and capital conditions at the time of the performance tests and on vesting ensures that there is a balanced approach to assessment and that the growth is not delivered at the expense of the underlying business performance.

For the avoidance of doubt, the SVAP is a one-off award with no further long-term awards made to a participant during the rest of the term of the new policy.

Remuneration in 2025

Salary adjustments

There were a number of changes that affected the Bank's colleagues, including the redundancies announced at the beginning of 2024, with further changes throughout 2024. The Bank's focus on cost discipline meant that the Committee was limited in its ability to provide salary increases to colleagues, but the Committee felt strongly that those colleagues that have remained with the Bank through 2023 and into 2024 should be rewarded appropriately. The Committee therefore approved a minimum salary uplift of 2% for all eligible colleagues, with further uplifts focused on the Bank's customer-facing roles. The 2% uplift also applied to the Executive Directors increasing the CEO salary to £943,500 and CFO salary to £510,000.

2025 Annual Bonus

There has been no material change in the design and structure of the annual bonus for 2025, apart from the increase in the maximum opportunity to 150% for the Executive Directors.

A summary of the metrics and weightings is provided on page 113 and full retrospective disclosure of the targets and performance against them will be set out in the 2025 Annual Report and Accounts. A portion of the bonus will be deferred in line with regulatory requirements.

SVAP

Subject to shareholder approval at the May 2025 AGM, a grant under the new long term Plan will be made to the CEO and CFO of 2.5% and 0.5% of the overall 5% participant value pool.

Group People and Remuneration Committee report continued

Regulatory change

As a Committee, we have reflected and discussed the ongoing debate around the competitiveness of UK remuneration, including proposed changes to banking remuneration regulations. The Committee plans to consider the implications in the coming months in terms of its approach to remuneration for 2026.

Wider Workforce

The Committee's priorities for 2025 remain similar to those for 2024. They include oversight of the Bank's retention of colleagues, review of the Bank's approach to executive remuneration, and consideration of the Bank's pay structure to ensure that it is efficient in incentivising and attracting appropriately skilled colleagues to deliver the Bank's strategic goals.

Committee Evaluation

The externally facilitated evaluation of 2024 Board Effectiveness included a review of the Committee's performance. The evaluation concluded that the Committee is effective, with the Chair actively seeking input from all members to facilitate collaborative decision-making. No major recommendations were made relating to the Committee.

Concluding remarks

At the 2025 AGM, shareholders will have an opportunity to vote on both the new Remuneration Policy and how the Committee has implemented the Directors' Remuneration Policy approved by shareholders in 2024. There will also be a separate resolution for shareholders to approve the SVAP.

I hope that you understand the rationale set out in this report for how we have implemented the 2024 policy and the proposed new 2025 Policy, which aligns reward to the strategic pivot. The changes proposed will ensure the interests of the Bank, colleagues, customers and shareholders' continue to be fully aligned, and focused on delivery of the Bank's strategic objectives. Should you have any comments or questions, please direct correspondence via the Group Company Secretary (email: CompanySecretary@metrobank.plc.uk) and I will be happy to provide further details.

Paul Thandi
Group People and Remuneration Committee Chair
22 April 2025

The Group People and Remuneration Committee in brief

The Committee leads the process for reviewing the remuneration practices of the Bank and approving the executive remuneration structure and outcomes. Its duties include to:

- determine the Directors' Remuneration Policy (the 'Policy') and recommend its approval to the Bank's Board and then the Bank's shareholders
- review and have regard to the pay and employment conditions across the Company and the alignment of incentives and rewards with the Bank's culture
- approve the design of, and determine the targets for, any performance-related reward schemes operated by the Bank and approve the total annual payments under such schemes
- exercise independent judgement and discretion when authorising any remuneration outcomes
- oversee the Bank's remuneration approach to those colleagues considered Senior Management Function holders, Material Risk Takers and those in Certified Roles
- seek advice from the CRO and Chair of the Risk Oversight Committee on risk adjustment as it applies to executive remuneration
- engagement with the Bank's shareholders, and other stakeholders, on the Bank's remuneration decisions.

Remuneration at a glance

2024 total remuneration

- variable remuneration for Marc Page included the buyout and lost opportunity award
- fixed remuneration for Cristina Alba Ochoa relates to her time as an Executive Director
- fixed remuneration for James Hopkinson relates to his time as an Executive Director up to 12 January 2024
- James Hopkinson and Cristina Alba Ochoa were not eligible for 2024 variable remuneration in respect of their respective time as Executive Directors during 2024.

Executive Directors' remuneration in 2024

As a result of the Company's full year 2024 performance (against financial, ESG and strategic measures), the Balanced Scorecard outcome demonstrated the successes of the ambitious transformation plans and positive progress on the strategic priorities. On the non-financial measures, the Bank performed in line with expectations. The formulaic outcome under the 2024 Balanced Scorecard which underpins the annual bonus outturn was 78%. However, given the transformation journey and the importance of laying the foundations with strong cost management, the Committee, with the agreement of management, exercised its discretion to reduce this outcome to 34.4%. The 2024 total remuneration outcome is shown below and more details on the progress against individual performance measures is shown on pages 103–106.

2024 variable remuneration outcomes

	Daniel Frumkin	Marc Page
2024 variable remuneration outcomes		
2024 annual bonus (% of salary)	16.5%	13.8%
LTIP vesting (as % of maximum)	0%	n/a
Total single figure of remuneration	£1,154,159	£541,349

Pay for performance at a glance

The following table shows the 2024 Balanced Scorecard outcomes used to inform annual bonus decisions. The formulaic outcome was 78.0%, the Committee accepted Management's recommendation that discretion be applied to adjust the outcome to 34.4%.

		Threshold Target Maximum	2024 weighted outcome
Financial	Underlying profit (45%)		54.0%
	Net interest margin (5%)		5.5%
	Cost (10%)		0.0%
Risk and Regulatory	Relationship with regulator and risk breaches (20%)		11.0%
Customer	Net promoter score and expressions of dissatisfaction (10%)		7.5%
People and community	Includes diversity and colleague engagement (10%)		0.0%
Total			78.0%

Actual performance   Range from threshold to maximum

Remuneration at a glance continued

Executive Directors' remuneration in 2025

The table below summarises how it is proposed that the remuneration policy will apply for Executive Directors in 2025.

Implementation in 2025

- Salary: Daniel Frumkin £943,500 and Marc Page £510,000.
- Core benefits such private healthcare cover, life assurance and other standard benefits.
- Pension contribution and or cash allowance of 8% of salary.
- Annual bonus maximum of 150% of salary; measures are 60% financial and 40% based on ESG and/or other priorities.
- SVAP: The Plan incentivises growth over the five-year period to 31 December 2029.
- In aggregate, at least 60% of variable remuneration deferred for between three and seven years.
- Any shares (as part of the any deferred bonus or the SVAP) are subject to further 12-month mandatory retention after each vesting date.

Aligning our remuneration approach to business strategy and stakeholder interests

Our service is what makes us special. Putting customers first is, and always will be, the key to our success. Through our dedicated colleagues, we build long-lasting and personal relationships with our customers and our communities, giving them the banking they need.

Our remuneration approach is aligned to our strategy, thereby incentivising, as appropriate, great customer service and the creation of long-term value for all of our stakeholders. The following table provides a summary of how our variable remuneration framework in 2025 is aligned with our business strategy and the results that it delivers.

The Committee believes that its executive remuneration policies and practices support the Bank's strategy and promote long-term sustainable success, with reward linked to the successful delivery of such long-term strategy. Remuneration, including variable remuneration, is aligned to the Bank's purpose and values (see page 2), with a focus on customers and other stakeholders an integral part of executive remuneration.

		Short Term			**Long Term**
Cornerstone	**Focus**	**Balanced Scorecard 2025**			**SVAP**
Relationship Banking remains our key differentiator	**SME/Corporate/ Commercial Banking**	Financial		Underlying P/(L)BT Net Interest Margin Return on Tangible Equity Underlying Operating Expenses **Gateways** CET1 capital Liquidity Coverage Ratio	Growth in Metro Bank Value
	Specialist Mortgages	Non Financial	Risk	Relationship with Regulators YTD/FY number of breaches of red limits for tier 1 appetite metrics	
	Community Banking		Customer	12mth NPS relationships retail and business Good Customer Outcomes	**Gateway** Minimum growth hurdle of 50% higher than baseline value Liquidity and Capital
	People Focus		People & Community	E-sat (How happy are you working at Metro Bank) YTD/FY Diversity % ethnic minority in senior roles	

Remuneration at a glance continued

How the proposed Directors' Remuneration Policy addresses the key features set out in the UK Corporate Governance Code

The following table summarises how the Directors' Remuneration Policy fulfils the factors set out in provision 40 of the 2018 UK Corporate Governance Code ('the Code').

Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	The Committee is committed to providing open and transparent disclosures to shareholders and colleagues on its Executive Director remuneration arrangements. Colleagues are able to express their views on pay through regular surveys and feedback, as well as through our DNED.
Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	Our approach to remuneration for Executive Directors is simple and transparent. It is consistent with structures used widely across the financial services industry.
Risk Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	In line with regulatory requirements, our remuneration practices promote sound and effective risk management while supporting our business objectives. For 2025, 20% of our annual bonus balanced scorecard will be based on risk and regulatory measures, and the determination of annual bonuses is subject to a risk adjustment process and input from the Chief Risk Officer (CRO) and the Chief People Officer (CPO). The deferred portion of any bonus as well as SVAP awards granted to Executive Directors vest between years three and seven, during which malus can be applied. SVAP awards only vest assuming the threshold of growth has been met as well as satisfaction of the vesting conditions. Vested variable remuneration awards are subject to our clawback policy for a period of up to seven years from the award date (extending to ten years where an investigation is ongoing).
Predictability The range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	Variable remuneration is delivered primarily through share based awards. The value of awards is therefore closely aligned to share price movements and the shareholder experience. The potential value and composition of the Executive Directors' remuneration packages at below threshold, target and maximum scenarios are provided later in the report.
Proportionality The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	Variable remuneration payments require robust performance against challenging measures and targets. Performance conditions have been designed to drive the delivery of our business strategy and consist of a number of financial and non-financial metrics, as well as individual performance based on the individual's AMAZEING review. The Committee has discretion to override formulaic scorecard outcomes to ensure that they are appropriate and reflective of overall performance.
Alignment to culture Incentive schemes should drive behaviours consistent with company purpose, values and strategy.	The primary objective of our remuneration framework is to support growth and our long-term success while reinforcing our unique culture. The bonus pool for any year is based on the Bank's overall performance in terms of culture and delivery in line with the Balanced Scorecard. All colleagues are able to participate in our HMRC approved share incentive plan, which supports our ethos of colleague buy-in and ownership.

How the proposed Directors' Remuneration Policy addresses the key features set out in the UK Corporate Governance Code continued

In accordance with Code Provision 41, the Directors' Remuneration Report describes the work of the Committee, including those areas mentioned in that Provision. The table below highlights some of those areas:

Provision	Approach
Operation of policy	The Committee believes that the Remuneration Policy operates as intended in terms of the Bank's performance and the quantum of remuneration delivered.
Shareholder engagement	We will engage stakeholders in the run up to the 2025 AGM as we seek shareholder approval for the new remuneration policy.
Workforce engagement	An outline of our approach to workforce engagement is set out on page 102.

Remuneration for colleagues below Board level

Summary of the Remuneration Structure for colleagues below Board level

The Committee is directly responsible for the remuneration of the Executive Directors, the Executive Committee (ExCo) and other executives who have been identified as material risk takers under the relevant regulators' remuneration rules.

The Committee is also given regular updates and, as required, takes key decisions on benefit, pension and incentive arrangements that cascade through the organisation. During the year, the Committee received updates on key activities and discussed material changes to all employee remuneration policies and arrangements. In 2024, there was also a review of colleague benefits, including the administration and governance of colleague pensions.

The Bank is committed to ensuring its workforce has the diversity of talent and expertise that it needs for the business to continue to grow and innovate. Our people are critical to us achieving our strategy and the Committee is committed to ensuring our people are rewarded fairly and competitively for their contribution to our success.

Our approach to remuneration for colleagues below Board and ExCo level is similar for all colleagues. Whilst variable remuneration for the ExCo is delivered differently to that for the wider colleague population, it is consistent across this small group of colleagues. The focus is on simplicity, rewarding the right behaviours and outcomes for customers and the business, whilst discouraging unnecessary risk taking.

Salary	Benefits	Pension	Variable Remuneration
• The quantum of salary increases is primarily driven by the external market, capability and affordability. • We also review salaries for roles that we deem are growing rapidly in scale and/or complexity and are critical to the business and for those colleagues which market data suggests are falling behind the market rates for their roles.	• Colleagues are eligible to participate in private medical insurance or other health related plans funded at different rates of cover depending on their level. • All colleagues, including the ExCo, receive life assurance cover of four times their salary.	• All colleagues can participate in the our Group Personal Pension Plan when they join the Bank. If they have exceeded the annual pension tax-free contribution limit, they may be eligible to take cash in lieu of pension for some or all of the benefit. • Employer pension contributions are up to 10%.	• Colleagues participate in the same annual bonus plan with a single scorecard and a consistent company performance adjustment factor. • For all colleagues whose personal behaviours and delivery are as expected or better, we apply an adjustment factor. • Where appropriate and required by regulations, variable remuneration may be deferred and/or delivered in shares.

Regulators' rules require the Bank to identify colleagues who are Material Risk Takers (MRTs): these are individuals who operate in roles deemed to have, or potentially have, a material impact on the risk profile of the Bank. The Bank classified 66 colleagues as MRTs in 2024 (2023: 59).

The remuneration approach taken for our MRT population differs from that of the wider colleague population. To align the interests of our MRT population with those of our shareholders, we may deliver a portion of variable remuneration in retained shares, deferred cash, deferred shares, and where appropriate, awards under the long-term incentive plan. Further information relating to remuneration of our MRT can be found in our 2024 Pillar 3 disclosure.

Alignment between our approach to Directors' remuneration and other colleagues

In developing the proposed remuneration policy, the Committee carefully considered the remuneration arrangements across the Bank. The Committee receives information on wider workforce demographics and remuneration on a regular basis to ensure that the Committee has a good understanding of the structure and application of reward policies throughout the organisation.

When making decisions about executive remuneration, the Committee ensures, for example, that pay review budgets for the Bank's executives are typically set at levels which mirror those being applied for other colleagues. In addition, all colleagues' annual variable remuneration is linked to the delivery of the Bank-wide Balanced Scorecard, through which the Executive Directors are incentivised.

Remuneration for colleagues below Board level continued

Gender pay gap reporting

The Company's 2024 Gender Pay Gap Report, published in March 2025, shows that on a median basis, our gender pay gap is 15.7 % (2023: 16.7%). This compares with a national average gender pay gap of 13.1% across all industries, calculated by the Office of National Statistics (ONS) published in October 2024: gender pay gaps tend to be higher in financial and banking organisations.

We expect to see small changes in the total pay gap each year due to changes in the composition of the workforce and hiring patterns, which can vary between men and women year-on-year. Further information can be found in the Environmental, Social and Governance section on page 19.

Year-on-year change in colleague and Directors' remuneration

We monitor year-on-year changes between the movement in remuneration for executives compared with the wider colleague population.

The relevant disclosure requirement is for this comparison to be made against the employees of the parent company. On the basis that Metro Bank Holdings PLC, the parent company, does not employee any colleagues, we have voluntarily disclosed this information.

The table below sets out the year-on-year percentage change in salary, benefits, and annual bonus for the Directors of the Board against an average full-time equivalent colleague. The Committee considers three consecutive measurement periods an appropriate level of insight. The percentage increases or decreases in the table below reflect changes in populations year-on-year or, in the case of Directors, changes in responsibilities, e.g., Committee memberships, or that the individual was not a Director for the whole year. Percentages for Directors are calculated using the respective figures in the single total figure for the remuneration.

	Salary/Fees % change			Taxable benefits % change			Annual bonus		
	2024 vs 2023	2023 vs 2022	2022 vs 2021	2024 vs 2023	2023 vs 2022	2022 vs 2021	2024 vs 2023	2023 vs 2022	2022 vs 2021
All colleagues[1]	7.6%	3.3%	3.7%	8.9%	1.6%	-4.1%	33.3	-44.8%	12.9%
Daniel Frumkin[2]	20.2%	0.0%	3.0%	-56.2%	-87.2%	91.9%	n/a	-100%	-28.3%
Marc Page[3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Executive Committee[1]	4.5%	-3.1%	8.4%	-26.2%	-56.9%	-47.3%	n/a	-100%	-45.5%
Robert Sharpe[4]	0.0%	0.0%	0.0%	-73.1%	-64.1%	100.8%	n/a	n/a	n/a
Catherine Brown	38.0%	1.0%	10.7%	n/a	n/a	n/a	n/a	n/a	n/a
Paul Coby[3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dorita Gilinski[5]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jamie Gilinski Bacal[5]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cristina Alba Ochoa[3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Paul Thandi	13.3%	2.6%	6.4%	n/a	n/a	n/a	n/a	n/a	n/a
Michael Torpey	0.0%	0.7%	2.0%	-13.3%	-26.5%	100.0%	n/a	n/a	n/a
Nicholas Winsor	0.0%	15.5%	35.0%	n/a	n/a	n/a	n/a	n/a	n/a

Notes:
1. The data for 'all colleagues' and 'ExCo' is based on the population employed as at the relevant December year end. Average is calculated on a mean basis.
2. The year-on-year change in Taxable benefits for Daniel Frumkin has been heavily influenced by the decision to include the apportioned costs of a chauffeur and company car that was historically operated by the Bank (see commentary on page 103). There has been no year in year change in terms of Daniel's eligibility to standard benefits.
3. Marc Page, Paul Coby and Cristina Alba Ochoa were appointed to the Board on 12 November 2024, 30 December 2024 and 10 June 2024 respectively, hence there is no year on year change in their remuneration in respect of 2024 vs 2023. Cristina Alba Ochoa has waived her right to a fee.
4. The year-on-year change in taxable benefits for Robert Sharpe has been heavily influenced by the decision to include the apportioned costs of a chauffeur and company car that was historically operated by the Bank. As Chair of the Board, he is not eligible for standard benefits offered to other colleagues.
5. Dorita Gilinski and Jamie Gilinski Bacal were appointed to the Board on 26 September 2022 and 2 September 2024 respectively, and both have decided against receiving a fee.

Remuneration for colleagues below Board level continued

CEO to colleague pay ratio disclosure

Year	Calculation methodology	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio	CEO salary	25th percentile salary	Median salary	75th percentile salary	CEO total pay	25th percentile total pay	Median total pay	75th percentile total pay
2024	A	36:1	27:1	17:1	£925,000	£29,400	£37,800	£59,600	£1,154,200	£32,200	£42,900	£67,400
2023	A	30:1	21:1	13:1	£769,600	£25,400	£34,300	£58,200	£834,500	£27,600	£38,800	£66,100
2022	A	49:1	35:1	19:1	£762,200	£23,900	£32,600	£56,500	£1,276,200	£26,300	£36,900	£65,900
2021	A	55:1	40:1	22:1	£740,000	£23,000	£30,400	£55,000	£1,430,100	£25,800	£36,100	£64,700
2020	A	55:1	40:1	23:1	£714,800	£21,100	£27,400	£47,000	£1,297,000	£23,800	£32,200	£57,000
2019	A	36:1	27:1	16:1	£750,000	£20,700	£26,700	£43,400	£828,600	£22,900	£30,300	£51,200

Notes:
Salary and total pay figures have been rounded to the nearest £100.
We have not diverged from the single total figure methodology when calculating employee pay and benefits.

The respective quartiles were calculated using the Option A methodology which the Committee considers the most straightforward approach. Colleagues are included in the 2024 data set if employed as at 31 December 2024. Three colleagues were identified whose full-time equivalent total remuneration places them at the 25th, 50th and 75th percentiles. Colleague total remuneration includes salary, allowances, employer pension contributions, Bank-funded health and risk benefits and incentives in respect of the relevant performance year. For 2024 provisional annual bonus awards, figures have been used as the year end performance management process for colleagues remains ongoing as at the date of this report. We are confident that the colleagues identified at the lower, median and upper quartiles are remunerated in line with our wider policies on colleague pay, reward and progression.

There has been an increase in the pay ratio between 2023 and 2024. The primary reason for this is twofold: the CEO's higher salary in from the start of 2024, and there was no annual bonus awarded in 2023 for Executive Directors. The Committee is satisfied that the individuals identified within each relevant percentile appropriately reflect the employee pay profiles at those quartiles and that the overall picture presented by the ratios is consistent with our approach to colleague remuneration.

It is important to note that a high proportion of the CEO remuneration is based on performance against the short- and long-term incentive plans, and that payouts can significantly change year-on-year, significantly affecting the ratio going forward.

Remuneration policy

The section below sets out the Remuneration Policy for Executive and Non-Executive Directors.

The current remuneration policy for Executive Directors, the Chairman and independent Non-Executive Directors was adopted following shareholder approval at the Annual General Meeting held on 21 May 2024.

This new Remuneration Policy (the Policy) will be submitted for shareholder approval at our Annual General Meeting in May 2025 to support delivery of the Strategic Plan and sustainable growth following the stabilisation of the business in 2024. If approved, it will take effect from that date. Details of how the Policy (if adopted by shareholders) will be applied in 2025 are included in the next section of the Directors' Remuneration Report.

It is intended that the Policy will apply for up to three years from the date of approval. The Committee will consider annually how the Policy is operated to ensure it remains aligned with the business strategy and regulatory requirements.

In determining the new Policy, the Committee has undertaken a thorough review of remuneration arrangements across the business, the Bank's strategic priorities, FTSE market practice and investor guidance. The views of our shareholders on remuneration matters are also important to us and, as a result, we take into account feedback and guidance from our key shareholders and the shareholder representative bodies and considered their guidelines in formulating proposals.

The Committee is satisfied that any conflicts of interest have been mitigated in the preparation of this Policy.

Summary of Policy changes

This section sets out the key changes in the new Remuneration Policy from that set out in the 2023 Annual Report and Accounts.

Component	Overview of changes
Annual Bonus	To provide greater flexibility to reward exceptional performance, the maximum opportunity has been increased to 150% from 100%. The new structure aligns the operation with FTSE banking market practice with the majority or all of the bonus being based on the Balanced Scorecard and the remainder being based on individual strategic and cultural metrics. Consistent with remuneration rules from the Bank's regulators, all or part of any bonus can be paid in cash (upfront and or deferred).
New Long-Term Incentive Plan	A new long term incentive plan, the Shareholder Value Alignment Plan (SVAP) is being established. The SVAP will deliver value to participants based on the sustainable long-term value created for shareholders. The rationale for its inclusion is set out in the Statement from the Committee Chair. Where an Executive Director participates in the SVAP, they will not be eligible to participate in any other long term incentive plan for the duration of this policy. For the avoidance of doubt, existing awards granted under the current LTIP are unaffected by the introduction of the SVAP. The current LTIP is being retained.

Remuneration policy continued

Executive Directors – Fixed remuneration

Component	Description
Salary	
Purpose and link to strategy	Salary is set pay at a level which enables us to attract and retain the right calibre of colleagues, with the required level of skills, experience and cultural alignment.
Operation	Salaries for Executive Directors are reviewed annually by the People and Remuneration Committee (the Committee) with any increase usually taking effect from 1 April. When determining salary levels, the Committee considers factors including: • relevant external market data and alignment to market-competitive levels • scope and size of role • individual's skills, expertise and experience and ability to grow with the role and organisation • salary increases across the Bank • economic factors, e.g. inflation and affordability.
Maximum potential	Salary increases in percentage terms for Executive Directors will normally be in line with increases awarded to other colleagues, but there may be instances where a higher amount is agreed at the discretion of the Committee, including, but not limited to, where there has been a clear increase in the scope of role or change in responsibilities.
Performance measures	There are no performance measures related specifically to salary.
Pension	
Purpose and link to strategy	The pension arrangements comprise part of a competitive remuneration package and facilitate long-term retirement savings for Executive Directors, and without exposing the Bank to any unnecessary financial risk or unacceptable cost.
Operation	Paid as a cash allowance and/or contribution to a defined contribution plan. Pension contributions may also be made in lieu of any waived salary (and the cash amount of any annual bonus).
Maximum potential	For current and any new Executive Directors, the pension allowance will be in line with employer contribution for the majority of the workforce.
Performance measures	There are no performance measures related specifically to pension contributions.

Executive Directors – Fixed remuneration continued

Component	Description
Benefits	
Purpose and link to strategy	We support the health, wellbeing and security of our Executive Directors through additional core benefits.
Operation	A range of benefits may be provided, including standard benefits such as holiday and sick pay, and may also include the provision of a car and driver (or other car-related service), private medical insurance, health screening, life insurance, and tax preparation and tax return assistance. Benefits can be provided in kind and/or in cash in lieu of the benefit. Other benefits may be offered if considered appropriate and reasonable by the Committee. Executive Directors are reimbursed for expenses, such as travel and subsistence, and any associated tax incurred in the performance of their duties. Additional benefits may be provided in certain circumstances including, but not limited to, relocation. Executive Directors also have access to additional voluntary benefits which are available to all colleagues, including ShareBuy, our Share Incentive Plan (SIP).
Maximum potential	The maximum opportunity will vary according to the market, individual circumstances and other factors. Benefits are set at an appropriate level by the Committee based on the role and individual circumstances. The cost may fluctuate from year-to-year even if the level of benefit provided remains unchanged.
Performance measures	There are no performance measures related specifically to benefits.

Remuneration policy continued

Executive Directors – Variable Remuneration

Component	Description
Annual Bonus	
Purpose and link to strategy	To recognise and reward the delivery of annual financial and strategic objectives which contribute towards the delivery of longer-term strategy.
Operation	Annual bonus is determined by an assessment of the Balanced Scorecard outcome and personal performance. The Balanced Scorecard will normally determine all or at least 80% of the bonus outcome with the remainder based on achievement against individual performance objectives. The Committee has discretion to adjust the annual bonus outcome if it is not aligned with underlying financial performance, the current and future risks and the wider stakeholder experience. Minimum and maximum performance levels for each measure are defined in the Balanced Scorecard. Awards will, in conjunction with any Long Term Incentive Plan, be structured to meet the regulatory requirements on variable pay. Currently this requires 60% of variable pay to be deferred for up to 7 years and 50% of variable pay to be in shares (with any shares subject to a post-vesting retention period of 12 months). The Committee can, in specified circumstances, apply malus or clawback to all or part of annual bonus in line with the 2024 UK Corporate Governance Code. Dividends or dividend equivalents will only be payable during the vesting period if permitted under relevant regulatory remuneration guidelines. Dividends or dividend equivalents can be accrued from the vesting date. The share price used to calculate a deferred share award may be discounted in relation to the dividend yield if dividends or dividend equivalents are not payable. On the occurrence of corporate events and other reorganisation events, the Committee may apply discretion to adjust: the vesting of deferred annual bonus awards and/or the number of shares underlying a deferred annual bonus award.
Maximum potential	Up to 150% of salary for a financial year.
Performance measures	The choice of measures is reviewed by the Committee each financial year, with threshold, target and stretch levels of performance set for each measure. For 2025, the balanced scorecard will be based on at least 60% on financial performance with the remainder on other metrics which may include Risk and Regulatory, Customer and People metrics. Additionally, the Committee has discretion each year to establish a gateway requirement of CET1 or a profit hurdle before any bonus is payable.

Executive Directors – Variable Remuneration continued

Component	Description
Shareholder Value Alignment Plan (SVAP)	
Purpose and link to strategy	To incentivise and reward the creation of long term shareholder value.
Operation and Performance Measures	Executive Directors will be granted an award under the SVAP following the AGM in 2025. There will be no further awards under any other long term incentive plan for the life of this Policy. As a pre-condition, participation in the SVAP is subject to the Committee confirming satisfactory conduct of the participant in the financial year prior to grant and that the Bank is expected to have sufficient capital and liquidity to operate the Plan. The participants in the SVAP will share in the growth in the value of the Company. Awards will be in the form of a share instrument which provides the right to nil cost options to the value of the Participant Allocation determined at each Test, with vesting in tranches over a seven year period from grant (i.e. over the period to April 2032) or such shorter period as permitted by relevant regulatory remuneration guidelines. Vested awards may be paid as a cash equivalent instead of shares The Participant Allocation is based on the individual's share of the Participant Value Pool which will be calculated as 5% of the growth in value of the Company. **Participant Value Pool:** The SVAP incentivises growth over the five-year period to 31 December 2029 and there will be 3 testing dates when value can be realised in the Participant Value Pool. The baseline Company value from which growth is measured will be the market value equivalent to a share price of 80p and growth will be calculated based on total shareholder return, i.e. adjusted for dividends declared, and other capital events during the period. • Test 1: based on the value created as at 31 Dec 27 (a 20 Dealing Day average to 31 December 27) • Test 2: based on the period to 31 Dec 28 – based on any rolling 20 Dealing Day average during 2028 (if further incremental growth above Test 1) • Test 3: based on the period to 31 Dec 29 – based on any rolling 20 Dealing Day average during 2029 (if further incremental growth above Test 1 or Test 2) The Participant Value Pool is calculated based on 5% of the growth in value from 80p, as determined based on the Tests described above. The value is adjusted for dividends declared, and other capital events during the period. There is a minimum growth hurdle such that the market value at each Test must be at least 50% higher than the baseline value (currently equivalent to a share price of at least £1.20) before participants are eligible to receive their allocation. **Participant Allocation:** The Participant Value Pool is split between participants based on each individual's Participant Allocation. The Participant Allocation gives the individual a right to receive the requisite value of nil-cost options., including taking into account expected dividend yield over the remaining vesting period. The Committee has the discretion to adjust the value of awards in exceptional circumstances where the share price outturn does not reflect Company performance. **Vesting and release:** The nil-cost options will vest in tranches between three and seven years from the grant of the SVAP, with each tranche subject to a 1 year holding period, or such shorter period as determined by the relevant regulatory remuneration guidelines at the Committee's discretion. Prior to vesting the Committee will consider if (i) capital and liquidity positions are above the regulatory minima;(ii) there have been no material risk issues, in the judgement of the Committee and (iii) if the Bank is profitable. Vesting may be reduced, and/or delayed to the extent appropriate. Dividends or dividend equivalents will only be payable during the vesting period if permitted under relevant regulatory remuneration guidelines. Dividends or dividend equivalents may be accrued from the vesting date even if the SVAP award has not been exercised. The share price used to calculate a nil cost option may be discounted in relation to the dividend yield if dividends or dividend equivalents are not payable. Malus and clawback provisions will apply to these awards in line with the 2024 UK Corporate Governance Code. On the occurrence of corporate events and other capital reorganisation events, the Committee may apply discretion to adjust the vesting of SVAP awards and/or the number of shares underlying an SVAP award to neutralise the impact on the value to an individual.

Remuneration policy continued

Executive Directors – Variable Remuneration continued

Component	Description
Shareholder Value Alignment Plan (SVAP)	
Maximum potential	The maximum Participant Allocation for the CEO (or any other Executive Director) is 2.5% out of the 5% Participant Value Pool.
Caps on payout	There is a total cap on the Participant Value Pool of £120m and value of the Participant Allocation to any individual of £60m (as calculated at the time of the Tests). Payouts at this capped level currently requires a share price of £4.37.

Executive Directors – Variable Remuneration continued

Component	Description
Long-Term Incentive Plan (LTIP)	
Purpose and link to strategy	To incentivise and reward the creation of long-term shareholder value thereby creating shareholder alignment.
Operation	If an Executive Director participates in the SVAP, they would not be considered for LTIP awards on an annual basis. Awards granted will be in the form of nil/nominal cost options or conditional awards of shares. Awards will usually have performance assessed on the third anniversary of grant or, if later, when the Committee determines that the performance conditions have been satisfied. The vesting of the award will be in line with regulatory requirements In line with applicable regulations, which currently require the vesting to be in tranches over years three to seven from grant, subject to a holding period per regulatory guidelines. The Committee has the discretion to adjust the level of vesting where it is not considered to be in line with the underlying performance of the Company; the wider stakeholder experience; the Board's risk appetite framework; in relation to any individual conduct issues or in any other circumstances at the discretion of the Committee. Dividends or dividend equivalents will only be payable during the vesting period if permitted under relevant regulatory remuneration guidelines. Dividends or dividend equivalents can be accrued from the vesting date. The share price used to calculate an award may be discounted in relation to the expected dividend yield if dividends or dividend equivalents are not payable. Malus and clawback provisions will apply to these awards in line with the 2024 UK Corporate Governance Code and other applicable regulatory requirements. On the occurrence of corporate events and other reorganisation events, the Committee may apply discretion to adjust the vesting of LTIP awards and/or the number of shares underlying an LTIP award.
Maximum potential	Up to 100% of salary for a financial year, subject to an exceptional circumstances limit of 200% of salary. Threshold vesting performance for the LTIP will be set at 25% of maximum opportunity.
Performance measures	Awards are subject to the achievement of performance targets linked to the long-term success of the Company. Performance measures and weighting will be aligned to the Company's strategy. The performance measures will be determined prior to grant and ordinarily the majority of the award will be based on financial and/or relative Total Shareholder Return (TSR) metrics, with the remainder on other metrics which may include strategic, risk or customer metrics.

Remuneration policy continued

Remuneration approach when appointing new Executive Directors

The Committee's approach to recruitment is to attract diverse experience and expertise by paying competitive remuneration enabling us to attract and retain key talent from the marketplace.
Any new executive director's remuneration package would include the same elements and be subject to the same variable remuneration maximums as those for the existing executive directors. The policy is summarised below.

Element	Details
Salary	Base salary will be determined by virtue of the individual's role, experience and responsibility. External market commentary will also be considered.
Benefits and Pension	Dependent on circumstances but will be set in line with the policy for existing Executive Directors. Where the new Executive Director is required to relocate, the Bank may provide relocation support. The level of the relocation package will be assessed on a case by case basis but may include, for example, a housing allowance/support, school fees, periodic trips home, family travel, and the tax thereon, as well as reflecting cost of living differences.
Variable remuneration	The maximum variable remuneration opportunity for the performance period in which the Executive Director joined would be determined by the Remuneration Policy and the Committee would consider whether it is appropriate to reduce the award, subject to time in role.
Shareholding requirement	In line with the policy for existing Executive Directors.
Buyout	The Committee may consider buying out forfeited remuneration and forfeited opportunities and/or compensating for losses incurred as a result of joining Metro Bank subject to proof of forfeiture or loss. The value of any buy-out award will not exceed, in broad terms, the aggregate value of the remuneration forfeited. Any award will be structured within the requirements of the applicable remuneration regulations, and will be no more generous overall than the remuneration forfeited in terms of the existence of performance measures, timing of vesting and form of delivery. The value of buy-out awards is not included within the maximum variable remuneration level where it relates to forfeited remuneration from a previous role or employer.
Legacy matters	Where a senior executive is promoted to the Board, their existing contractual commitments agreed prior to their appointment may still be honoured in accordance with the terms of the relevant commitment, including vesting of any pre-existing deferred or long-term incentive awards.

Other policy matters – Executive Directors

Component	Description
Shareholding requirement	
Purpose and link to strategy	A requirement for Executive Directors to hold a specified value of shares for alignment with the interests of shareholders during employment.
Operation	Executive Directors are subject to a minimum shareholding requirement of 200% of salary, normally expected to be built up over a period of five years commencing from the date of appointment as an Executive Director (or, if later from the date of any changes to the terms of the shareholding requirements). Executive Directors are expected to retain all shares vesting under the deferred bonus (or equivalent), SVAP and the LTIP (in all cases net of tax and payment of any nominal exercise price) until such time as this shareholding requirement has been met. Shares that count towards the requirement are beneficially owned shares, vested share awards subject to a retention period and unexercised share awards for which performance conditions have been satisfied (on a net-of-tax basis). Executive Directors are expected to maintain the shareholding requirement (or their actual shareholding at the date of leaving, if lower) for at least two years post-employment.
Contractual arrangements	
Purpose and link to strategy	Service agreements contain a maximum of 12 months' notice from the employer and the Executive Director.
Operation	May be required to work and/or serve a period of garden leave during the notice period and/or may be paid in lieu of notice if not required to remain in employment for the whole notice period.
Legacy arrangements	
Purpose and link to strategy	Honour existing commitment.
Operation	Any previous commitments or arrangements entered into with current or former Executive Directors will be honoured, including remuneration arrangements entered into under the previously approved directors' remuneration policy. The Committee reserves the right to make any remuneration payment and/or payments for loss of office notwithstanding that they are not in line with the Policy set out in this report, where the terms of the payment were determined before the Policy or any previous policy came into effect, or if the individual was not a Director at the date the remuneration was determined and the remuneration was not set in consideration or in anticipation of becoming a Director.
External roles	
Purpose and link to strategy	To encourage self-development and allow for the introduction of external insight and practice.
Operation	Executive Directors are permitted to accept one appointment on a Board or Committee of a listed company, subject to approval of the Board. When reviewing the appropriateness of an external appointment, the Board will consider: • any regulatory guidance that may be in place at the time • whether the appointment would interfere or conflict with the business of the Company. Any fees received in respect of these appointments can be retained directly by the relevant Executive Director.

Remuneration policy continued

Remuneration on or after termination

Component	Description
Salary/fees and benefits	The Executive Director is entitled to be given notice of termination of the relevant length and receive their normal base salary and benefits in that time. Metro Bank has discretion to make a payment in lieu of base salary in respect of any unexpired notice period and may decide to pay this in instalments, subject to reduction if the Executive Director finds alternative employment. Benefits continue until the last day of contractual employment and the accrued but unused holiday will be paid out. The Committee may pay reasonable reimbursement of professional fees, such as legal fees and tax advice (and any associated tax), in connection with such termination arrangements. Career transition (or outplacement) support may also be provided.
Annual Bonus	Annual bonus may accrue during a notice period, however (unless decided otherwise by the Committee at its discretion) the Executive Director usually has to be employed at the normal annual bonus payment date in order to be eligible to receive it. No annual bonus is payable after termination and previous unvested deferred bonus awards will usually lapse. If the Executive Director leaves for compassionate reasons (e.g. ill health, retirement with the agreement of the employer, sale of the employing company out of the group, redundancy or death) or in other circumstances at the Committee's discretion, a pro rata annual bonus may be payable for the period of the year that the Executive Director is actively employed and would usually be payable at the normal time provided any performance conditions are met.
SVAP	If an Executive Director ceases employment prior to vesting, the default position is that the unvested awards would lapse and no further participant allocation will be provided under subsequent test dates. However, if the Executive Director leaves for specific reasons detailed in the SVAP Plan Rules (e.g. ill health, retirement with the agreement of the employer, sale of the employing company out of the group, redundancy or death) or in other circumstances at the discretion of the Committee, their award under will usually continue on the same terms and will usually vest at the normal time provided any conditions are met, with a time pro rata reduction of awards. Unless the Committee determines otherwise, there will be no further participant allocation under subsequent tests after cessation. The pro-rata reduction will ordinarily be based on period employed as a proportion of the period between grant and the Test 1 date of 31 December 2027, unless the Committee determines otherwise. The Committee may, at its discretion, determine that awards may vest, subject to performance, before the normal vesting date, for example in the case of death.
LTIP	If an Executive Director ceases employment prior to vesting, the default position is that the unvested LTIP awards would lapse. Vested but unexercised awards would be unaffected. If an Executive Director leaves for compassionate reasons (e.g. ill health, retirement with the agreement of the employer, redundancy or death) or in the event of sale of the employing company out of the group, or in other circumstances at the Committee's discretion, LTIP awards may continue, subject to the achievement of performance conditions, and vest at the normal time (or on cessation of employment in exceptional circumstances). The award will normally be scaled back pro rata to the proportion of the performance period employed, unless the Committee decides otherwise in exceptional circumstances.
Pension	Pension contributions continue to be made during the notice period. No further payment in lieu of pension or pension contributions can be made after termination.
Post shareholding requirement	Executive Directors will be required to maintain the lower of the in-employment shareholding requirement or the level achieved at the cessation date for a period of two years post-cessation.
Other	Executive Directors' contracts can be terminated by either party on giving no more than 12 months' notice. On termination, additional payments can be made by way of damages for breach of any legal obligation or by way of settlement or compromise of any claim raised by the Executive Director.

Notes to the remuneration policy for Executive Directors

Committee's judgement and discretion

In addition to assessing performance and making judgements on the appropriate levels of annual bonus, SVAP and LTIP awards, the Committee has certain operational discretions that it may exercise when considering Executive Directors' remuneration, including but not limited to:

i. determining whether a leaver is an eligible leaver under the Bank's share plans and treatment of remuneration arrangements
ii. following a corporate event, the Committee may amend any performance conditions applicable to variable remuneration awards if any event occurs which causes the Committee to consider an amended performance condition would be more appropriate and not materially less difficult to satisfy
iii. deciding whether to apply malus or clawback to an award.

In the event of a variation of the Bank's share capital or a demerger, special dividend or any other event that may affect Metro Bank's share price, the number of shares subject to an award and/or any exercise price applicable to the award, will also be adjusted.

The delivery of deferred variable remuneration shall be operated in accordance with the rules of the respective plans.

Ability for the Committee to amend the policy for emerging and future regulatory requirements

The Committee will follow any statutory requirements when operating the Policy and may make minor amendments to the Policy for regulatory, exchange control, or administrative purposes without obtaining shareholder approval for that minor amendment.

The Committee retains the discretion to make reasonable and proportionate changes to the remuneration policy if the Committee considers this appropriate to respond to changing legal or regulatory requirements or guidelines (including but not limited to any FCA or PRA revisions to its remuneration rules). Where proposed changes are considered by the Committee to be material, the Bank will engage with its major shareholders and any changes would be formally incorporated into the policy when it is next put to shareholders for approval.

Remuneration policy continued

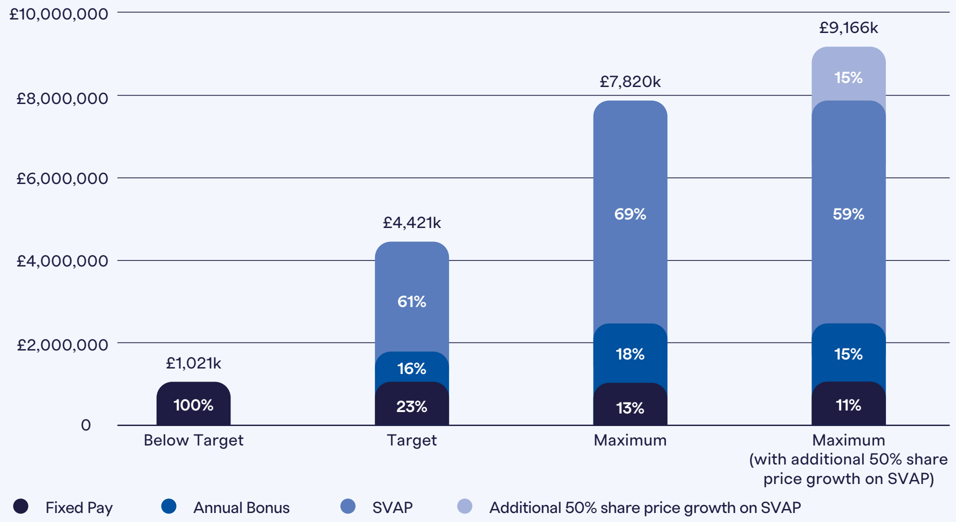
Illustration of Application of Remuneration Policy

The charts below illustrate the potential total remuneration for each current Executive Director under the new Policy for the 2025 performance year. Four scenarios are considered:

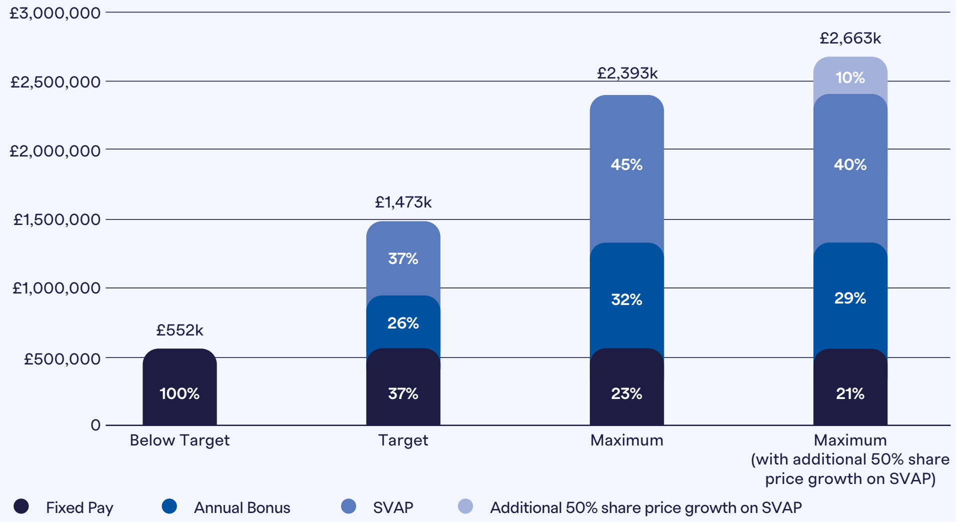
	Fixed pay	Annual Bonus	SVAP
Minimum:	• base salary (as at 1 April 2025) • pension contribution of 8% of salary • benefits (based on 2024 value).	0% payout	0% payout
On-target:		75% payout – assuming on-target performance	Value of SVAP, assuming 1x growth in market value, annualised over the 5 year performance period
Maximum:		150% payout – assuming full payout	Value of SVAP, assuming 2x growth in market value, annualised over the 5 year performance period
Maximum with 50% share price growth		As for Maximum	Maximum payout, illustrating a further 50% share price growth

Minimum (fixed pay only), on-target and maximum potential relates to annual variable remuneration that may be awarded:

Scenario Charts: CEO



Scenario Charts: CFO



Chair and independent Non-Executive Directors' remuneration policy

Element	Details
Purpose and strategy link	Attract a Chair and Non-Executive Directors who, together with the Board as a whole, have a broad range of skills and experience to determine the Bank's strategy and oversee its implementation.
Fees	The Board sets NED fees and the Committee sets the Chair's fees. The Chair and NEDs do not participate in any discussion on their fees. Maximum aggregate annual fees that can be paid to the Chair and Non-Executive Directors are capped at £3,000,000.
Benefits	Non-Executive Directors do not participate in any pension, bonus or long term incentive arrangements or receive any other benefits. Travel and expenses incurred in the normal course of business, e.g. in relation to attendance at Board and Committee meetings, are met by the Bank. All Non-Executive Directors are reimbursed for reasonable expenses and any tax arising on those expenses will typically be settled by the Bank. In exceptional circumstances, the Chair and other NEDs may be accompanied by their spouse or partner to meetings or events, by prior approval. Such costs (and any associated tax) are paid by the Bank, including access to and the provision of a car and driver (or other car-related service).
Fees on recruitment	Will be set in line with the Policy for the Chair and existing Non-Executive Directors.
Contractual	Appointment letters for the Non-Executive Directors provide for a notice period of three months, during which time they are entitled to be paid their normal fees or payment in lieu without liability for compensation. There is no provision for any other early termination compensation and no payment for loss of office.
Other	When appointing any new Non-Executive Directors to the Board, the Nomination Committee will consider regulatory guidance relating to outside appointments and whether the candidate can devote sufficient time to their Board roles.

Statement of consideration of shareholder views

The Committee welcomes shareholders' views on executive remuneration and seeks to maintain an active and open dialogue with investors regarding any changes to the Bank's executive remuneration arrangements. The Directors have regular open discussions with investors and are available for feedback on reward matters.

The Committee takes very seriously the view of shareholders when making any changes to executive remuneration and will continue to acknowledge any feedback in reviewing our policy in future.

Consideration of employment conditions elsewhere in Metro Bank

We offer a simple approach to reward for all colleagues which supports our unique culture and strategy as well as being aligned to shareholder needs. Our remuneration approach is consistent for all colleagues including our Executive Directors. The focus is on simplicity, rewarding the right behaviours and outcomes for customers and the business, focusing on long-term growth and discouraging unnecessary risk-taking.

During the year, the Committee received updates on overall pay and conditions for colleagues across the Bank and this was taken into account when setting pay for Directors and reviewing the Directors' Remuneration Policy. In particular, the base salary for Executive Directors is limited by reference to colleague pay, and ahead of our annual reward review process, the Committee review the quantum to be made available for salary increases, annual bonus awards and other incentives. Colleagues can express their views on pay through regular surveys and feedback, as well as through our DNED.

Workforce engagement

The Bank runs annual employee engagement surveys, as well as more regular 'pulse' surveys which provides colleagues with the opportunity to give feedback and express their views on a variety of topics including their own remuneration, working environment and workforce policies and practices. Any comments relating to Executive Directors' remuneration are fed back to the Committee and/or the Board. Nick Winsor, as the DNED, attends the Committee periodically, presenting to the Committee on his engagement with the Bank's Colleagues once.

Annual report on remuneration

This section sets out how the existing remuneration policy for our Executive and Non-Executive Directors was implemented during the financial year ending 31 December 2024.

Single total figure of remuneration – Executive Directors (audited)

Annual remuneration (£)

The following sets out the remuneration for the individuals who served as Executive Directors in the year. Daniel Frumkin was the highest paid director in 2024.

	Daniel Frumkin		Marc Page[2]		Cristina Alba Ochoa[2]		James Hopkinson	
	2024	2023	2024	2023	2024	2023	2024	2023
Salary	£925,000	£769,000	£166,667	n/a	£295,652	n/a	£16,717	£500,000
Taxable benefits[3]	£1,250	£2,434	£0	n/a	£66,522	n/a	£27	£995
Pension benefits[4]	£74,000	£61,568	£13,333	n/a	£29,855	n/a	£1,337	£40,000
Other[5]	£905	£905	£335	n/a	£794	n/a	£30	£905
Total fixed remuneration	**£1,001,156**	**£834,507**	**£180,335**	**n/a**	**£392,823**	**n/a**	**£18,112**	**£541,900**
Annual bonus	£153,003	£0	£23,014	n/a	n/a	n/a	n/a	£0
Long-term incentive[6]	£0	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Buyout/loss of opportunity award[7]	n/a	n/a	£338,000	n/a	n/a	n/a	n/a	n/a
Total variable remuneration	**£153,003**	**£0**	**£361,014**	**n/a**	**n/a**	**n/a**	**n/a**	**£0**
Total remuneration[1]	**£1,154,159**	**£834,507**	**£541,349**	**n/a**	**£392,823**	**n/a**	**£18,112**	**£541,900**

1. James Hopkinson stepped down from the Board on 12 January 2024 and left the Bank on 16 February 2024. The figures above include his salary and contractual benefits up to 12 January 2024 and exclude remuneration for the short period after he stepped down from the Board but remained employed with the Bank.
2. Fixed remuneration shown above for Marc Page does not exclude fixed remuneration paid from 2 September (date he joined the Bank) until 12 November 2024 (day before appointment to the Board). Remuneration shown above for Cristina Alba Ochoa relates to her time as an Executive Director between 10 June and 14 October 2024.
3. Taxable benefits include the cost of private medical cover (which for Daniel Frumkin was £845 in 2024 and £995 in 2023 respectively). Since January 2023, the Chief Executive occasionally uses an executive car service for travelling and family members may travel to attend Board or other events. If a tax liability arises on these including for any incidental personal use, the Bank may pay for this. The 2024 and 2023 benefits figures for Daniel Frumkin includes car service costs of £406 and £1,439 respectively. A forecast UK tax gross up of £331 (on the 2024 car service costs) will paid by the Bank following the end of the 2024-25 tax year: this latter amount (the forecast tax gross up) is not included in the table above under the 2024 benefits column.
4. Pension benefits is the amount of cash in lieu of participating in a pension plan.
5. Other includes life assurance cover premium.
6. Daniel Frumkin has unvested 2021 and 2022 LTIP award. The Committee reviewed performance at the end of the respective performance periods and determined that, under each respective measure, minimum performance had not been achieved. This means the awards will lapse in full. Therefore, no value is included in the single figure of total remuneration in 2024. The Committee confirmed that a 0% vesting level was consistent with the business performance achieved over the respective four and three year performance periods
7. As part of his hiring agreement (and as outlined in the 2023 Annual Report and Financial Statement), Marc Page was eligible to receive a buyout of £128,000 to compensate for deferred variable remuneration forfeited when Marc Page decided to leave his previous employer and join Metro Bank. The buyout has been delivered in a combination of deferred shares and cash. On 18 December 2024, Marc was granted awards over 106,485 shares under the Deferred Variable Reward Plan 2024 The total value of shares at grant was £94,080. In addition, Marc received a £33,920 as a deferred cash award ("Deferred Cash Award"), which vests in four equal annual instalments i.e. over four years from the date of grant. In addition Marc received a lost opportunity award of £210,000 which was delivered in a combination of cash, retained shares and deferred shares Marc was granted awards over 166,383 shares with a value of £147,000 and in addition received a cash award of £63,000 (see page 109 for more details).

Details of the single figure salary (audited)

	Salary as at 1 January 2024	Salary as at 1 April 2024	Total salary paid in 2024
Daniel Frumkin	£925,000	£925,000	£925,000
Marc Page	n/a	n/a	£166,667
James Hopkinson	£500,000	n/a	£16,717
Cristina Alba Ochoa	n/a	n/a	£295,652

2024 variable remuneration outcomes (audited)

How annual bonus is determined

Annual bonus outcomes across all colleagues is determined as follows:

Step 1: Calculate aggregate percentage bonus outcome. This is comprised as corporate Balanced Scorecard outcome (80% weighting) and performance against personal strategic priorities (20% weighting).

Step 2: Annual bonus outcome is on target annual bonus opportunity multiplied by the aggregate percentage bonus outcome.

Understanding the annual bonus corporate Balanced Scorecard and calculation of the Company performance adjustment

80% of the annual bonus in relation to performance during 2024 was based on a Balanced Scorecard of performance measures and objectives, weighted between financial (60%), risk and regulatory (20%), customer (10%) and people and communities (10%).

The table below illustrates performance against each of the Balanced Scorecard measures. The same Scorecard is used for all colleagues across the Bank.

Performance measure	Weighting	Target/Objective	Actual performance outcome[3]	Adjustment factor	Weighted performance outcome
Total financial measures	60.0%			–	59.5%
Underlying (loss)/profit	45.0%	(£38m)	(£21m)	120%	54.0%
Net interest margin	5.0%	1.78%	1.82%	110%	5.5%
Cost	10.0%	£497m	£511m	0.0%	0.0%
Total non-financial	40.0%	–	–	–	18.5%
Risk and regulatory[1]	20.0%	Includes Relationship with regulators and breaches of risk appetite metrics			11.0%
Customer[2]	10.0%	Includes net promoter scores and EOD's			7.5%
People	10.0%	Includes colleague engagement and diversity in Leadership			0.0%
Overall Balanced Scorecard (prior to Committee discretion)	100.0%	–	–		78.0%

Notes:
1. Captures risk factors not measured elsewhere in the Balanced Scorecard, to reflect the need to deliver business performance within the Board approved risk appetite constraints.
2. Measures customer expression of dissatisfaction per 1000 accounts.
3. Underlying (loss)/profit before tax has been adjusted for management actions, primarily to exclude the £2.5 billion mortgage portfolio sale and the subsequent repayment of TSFME that occurred in the second half of 2024 from the actual performance outcome.

Annual report on remuneration continued

2024 variable remuneration outcomes (audited) continued

Commentary on the corporate balanced scorecard

The Balanced Scorecard outcome largely reflects the positive shift in business performance following the shift towards corporate, commercial and SME lending, and specialist mortgages which resulted in above target performance in both the profit and net interest margin measures. Over the past year, the business has fundamentally transformed the cost base, reducing operating costs and driving towards sustained profitability. There will be a continued disciplined approach to costs as the business delivers on the long-term plan.

On the non-financial measures and notably the people related targets, the business has been impacted on the performance measures as a result of the reduction in the onshore headcount from 4,458 to 2,972, which had a significant impact on colleague sentiment. We continue to focus on engaging our colleagues and as a leaner organisation, and as part of our continuous improvement, we will keep creating an environment where colleagues can grow, thrive and be their true authentic selves. The Bank continued to focus on the risk and regulatory measures and continued to minimise breaches of its risk appetite measures. For customer related measures whilst the Group maintained strong performance for EODs, with an outturn exceeding target, NPS for ongoing relationships will be a continued areas of focus.

Assessment of individual performance and behaviours and the calculation of the personal performance adjustment factor

A discretionary adjustment factor was applied to annual bonuses for all eligible colleagues, by reference to each colleague's individual behaviours and performance for the year. Set out below are details of the individual adjustment factor in respect of the Executive Directors as determined by the Committee.

Key objectives in 2024	Key achievements in 2024	Personal performance (Max 20% weighting)
Daniel Frumkin – Financial – Customer – People and Communities – Risk and regulatory	2024 has been an exceptional year for Daniel which has seen the Bank deliver on the ambitious transformation plan that was put in place following the recapitalisation. Through Daniel's leadership the business strategy has pivoted at pace to shift towards corporate, commercial and SME lending, and specialist mortgages. In addition, the Bank has seen the development of a new collaboration with Infosys to improve automation and enhance the businesses digital capability. Through Daniel's strong leadership the Bank delivered positive growth momentum aligned to the strategy, which included a 71% year-on-year increase in SME gross lending, achievement of an £80 million annualised run rate cost saving and exceeding guidance on underlying profit during the fourth quarter of 2024. Daniel made some difficult but necessary decisions in 2024 to deliver on the strategic plan with a 30% reduction to on-shore headcount numbers whilst also ensuring the business remained focused on delivery expectations through the year. Daniel has continued to engage positively with the Regulator to ensure they are kept abreast of the business growth plans and strategic direction and risk performance against the risk appetite metrics remain strong.	20/20
Marc Page – Financial – Customer – People and Communities – Risk and regulatory	Since joining the Bank in September, Marc has transitioned well, which can be challenging moving from a big bank to a smaller institution. He has already delivered excellent work on both the 2025 budgeting process and the revised business long term plan.	12.5/20

Annual report on remuneration continued

Finalising the 2024 variable remuneration levels for Executive Directors

Annual bonuses

In recognition of the corporate balanced scorecard outcome, the Committee determined that the following bonus would be payable in respect of 2024 performance.

Executive Director	Salary for annual bonus	Corporate scorecard outcome	Personal performance	Aggregate outcome	Outcome after any discretionary adjustment	Target opportunity (as % of salary)	Annual bonus[2]
Daniel Frumkin	£925,000	78.0%	20.0%	98.0%	33.0%	50.0%	£153,000
Marc Page[1]	£166,667	78.0%	12.5%	90.5%	27.8%	50.0%	£23,000

Notes:
1. The bonus calculation for Marc Page reflects his period of employment with the Bank in 2024 rather than just the period from his appointment to the Board on 12 November 2024. The salary shown above presents the pro rata amount for 2024.
2. Annual bonus amounts are rounded to the nearest £500.

Share Value Alignment Plan

Subject to shareholder approval at the May 2025 AGM, a grant under the new SVAP will be made to the CEO and CFO of 2.5% and 0.5% of the overall 5% participant value pool. The Participant Allocation is based on the individual's share of the Participant Value Pool which will be calculated as 5% of the growth in value of the Company.

Awards will be in the form of a share instrument which provides the right to nil cost options to the value of the Participant Allocation determined at each Test, with vesting in tranches over a seven-year period from grant (i.e. over the period to April 2032) or such shorter period as permitted by relevant regulatory remuneration guidelines. Vested awards may be paid as a cash equivalent instead of shares.

The plan incentivises growth over the five-year period to 31 December 2029 and there will be 3 testing dates when value can be realised in the Participant Value Pool. The baseline Company value from which growth is measured will be the market value equivalent to a share price of 80p and growth will be calculated based on total shareholder return, i.e. adjusted for dividends declared, and other capital events during the period.

- Test 1: based on the value created as at 31 Dec 27 (a 20 Dealing Day average to 31 December 27)
- Test 2: based on the period to 31 Dec 28 – based on any rolling 20 Dealing Day average during 2028 (if further incremental growth above Test 1)
- Test 3: based on the period to 31 Dec 29 – based on any rolling 20 Dealing Day average during 2029 (if further incremental growth above Test 1 or Test 2).

Annual report on remuneration continued

Directors' Remuneration Report

Relative importance of spend on pay

The table below shows total remuneration of all colleagues for 2024 compared to 2023.

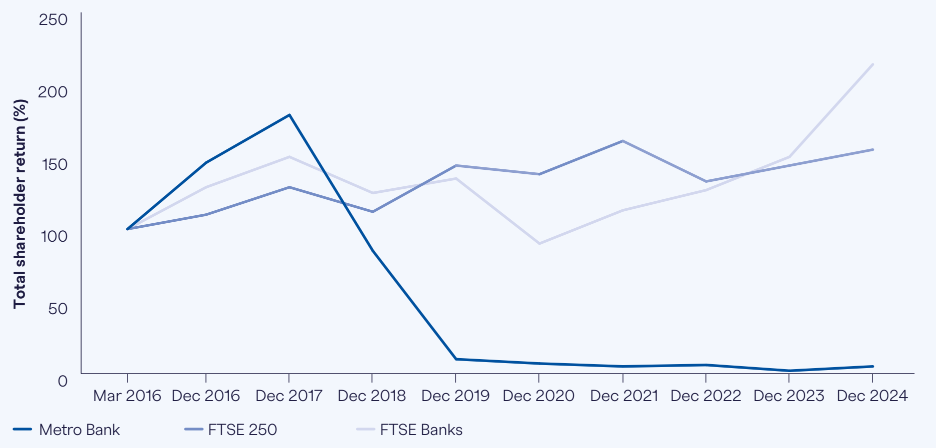
	2024 £'million	2023 £'million	% change
Employee costs	174.0	201.7	(13.73%)

The costs above are wages and salaries, and exclude social security, pension costs, equity-settled share-based payments and costs capitalised or offset against the Credits and Investments grant. The year-on-year change reflects the reduction in headcount through the transformation activity.

We did not make any distributions by way of dividend or share buy-back during the year, or any other significant distributions. We therefore consider that at this time there is no information or data which would assist shareholders in understanding the relative importance of spend on pay.

Total shareholder return

The chart below shows our total shareholder return relative to the FTSE 250 and the FTSE 350 banks (which is the capitalisation-weighted index of all bank stocks in the FTSE 100 and FTSE 250) since our listing on the London Stock Exchange in March 2016. These indices have been chosen as they represent a cross-section of UK companies and banks.



CEO historic remuneration

Chief Executive Officer	Financial year	Single figure of total remuneration	Annual bonus as a % of maximum	LTIP vesting as a % of maximum
Daniel Frumkin	2024	£1,154,159	16.5%	n/a
	2023	£834,507	0.0%	n/a
	2022	£1,276,161	59.0%	n/a
	2021	£1,430,076	85.0%	n/a
	2020	£1,297,176	35.7%	n/a
Craig Donaldson	2019	£828,565	0.0%	n/a
	2018	£800,944	0.0%	n/a
	2017	£1,518,893	62.0%	n/a
	2016	£1,304,919	52.0%	n/a

Payments to past Directors and payments for loss of office (audited)

As disclosed in last year's remuneration report, James Hopkinson stepped down from the Board on 12 January 2024 and left the Bank on 16 February 2024. Details of the remuneration arrangements relating to James' termination were also published on our website. The Committee determined that the termination arrangements were fair and reasonable, consistent with the Directors' Remuneration Policy and in line with James' contractual entitlements.

Between 13 January 2024 and 16 February 2024, he received salary of £48,759, pension of £3,901 and benefits of £166.50. Following cessation of his employment and in line with the Bank's approved Directors' Remuneration Policy, James will receive £500,000 (in monthly instalments) in lieu of his 12-month notice period. The total PILON paid in 2024 was £434,524 and the final PILON instalments were made in January and February 2025, totalling £41,666.67 and £23,809.52 respectively.

Further details of the treatment of termination arrangements including his share awards and post-employment shareholding requirement were set out in the 2023 Annual Report and Financial Statements.

Executive Director terms of employment and entitlement to fees from external positions (unaudited)

The Executive Directors are employed under service contracts with an indefinite term.

Executive Director	Notice period	Date of service contract	Date of appointment
Daniel Frumkin	12 months	18 February 2020	1 January 2020
Marc Page	12 months	2 September 2024	12 November 2024

Executive Directors are entitled to receive fees from external appointments. Daniel Frumkin and Marc Page did not hold any external appointments at other listed companies for the last reported financial year during the period they were appointed to the Board.

Dilution limits

The respective rules of the Metro Bank Holdings DVRP, SVAP and LTIP contain limits on the dilution of capital. These limits are monitored to ensure that we do not exceed 5% or 10% (where applicable) of the issued share capital in any rolling 10-year period. For awards granted since the AGM in 2021, discretionary awards under the DVRP and the LTIP must also not exceed 5% of the issued share capital in any rolling 10-year period, in line with institutional investor guidance.

Shareholding levels (audited)

Directors' shareholding

These are the total shareholdings as at 31 December 2024 for each Director and any related connected persons.

Director	No. of shares[1,2,4]	Percentage of share capital
Robert Sharpe	75,000	0.01%
Daniel Frumkin	8,183,333	1.22%
Marc Page[2]	–	0.00%
James Hopkinson[3]	368,498	0.05%
Catherine Brown	100	0.00%
Paul Coby[4]	–	0.00%
Dorita Gilinski	–	0.00%
Jaime Gilinski Bacal[5]	355,723,914	52.86%
Cristina Alba Ochoa	218,723	0.03%
Paul Thandi	30,000	0.00%
Michael Torpey	20,000	0.00%
Nicholas Winsor	250,000	0.04%

Notes:
1. This table includes vested shares where the Director has beneficial ownership, shares independently acquired in the market and those held by a spouse or civil partner or dependent child under the age of 18 years.
2. Marc Page acquired an aggregate number of 650,000 shares on the 3 March 2025, of which 587,218 were for Marc Page and a total of 62,782 for dependant children under the age of 18 years.
3. For Directors who have stepped down from the Board during the year, the number of shares owned is shown as at the date they stepped down.
4. Paul Coby acquired 22,480 shares on the 10 March 2025.
5. Jaime Gilinski Bacal's interest includes his holding through his Spaldy Investments Limited vehicle.
6. Unless otherwise stated, there has been no change in the Directors' shareholding interests between the end of the financial year and 20 March 2025.

Shareholding guidelines

Executive Directors are required to build up a holding of shares equivalent to at least 200% of their annual salary. Executive Directors normally have five years from their appointment to build-up their shareholding requirement.

Executive Directors are required to retain 100% of their shareholding requirement (or actual shareholding, if lower) for two years post-cessation of employment.

	Salary (as at 31 December 2024)	Requirement as a % of salary	Wholly owned shares	Value[1]	Shareholding requirement met?
Daniel Frumkin	£925,000	200%	8,183,333	£4,277,919	Yes
Marc Page[2]	£500,000	200%	–	n/a	No

Notes:
1. Value of beneficial shareholding based on average share price during 2024 of 0.523 pence. The value includes vested shares which remain subject to a retention period.
2. Marc Page joined the Bank as Chief Financial Officer on 2 September 2024 and was appointed to the Board on 12 November 2024.

Annual report on remuneration continued

Outstanding Share Awards (audited)

The tables below show for each Executive Director any outstanding share awards as at 31 December 2024 (or if earlier the date they stepped down from the Board).

Daniel Frumkin

Share Plan Name	Shares under award	Award date	Exercise price	Face Value of award	First vesting date	Last vesting date	Shares vested	Shares lapsed	Shares still subject to conditions	Exercised in year
DVRP 2023 – deferred shares	86,814	31/03/2023	£0.00	£90,200	31/03/2026	31/03/2030	–	–	86,814	
DVRP 2023 – retained shares	347,256	31/03/2023	£0.00	£360,800	31/03/2023	31/03/2023	347,256	–	–	
DVRP 2022 – deferred shares	91,153	31/03/2022	£0.00	£81,400	31/03/2025	31/03/2029	–	–	91,153	–
DVRP 2022 – retained shares	613,214	31/03/2022	£0.00	£547,600	31/03/2022	31/03/2022	613,214	–	–	–
DVRP 2021 – deferred shares	477,821	01/06/2021	£0.00	£523,214	01/06/2024	01/06/2028	95,564	–	382,257	–
LTIP 2023	740,712	31/03/2023	£0.00	£769,600	31/03/2026	31/03/2030			740,712	–
LTIP 2022	828,667	31/03/2022	£0.00	£740,000	31/03/2025	31/03/2029	–		828,667	–
LTIP 2021	675,799	01/06/2021	£0.00	£740,000	01/06/2025	01/06/2028	–	–	675,799	–
CSOP 2020 – Hiring Agreement	100,000	31/03/2020	£0.93	£93,000	30/04/2023	30/04/2027	39,999	–	60,001	–
Total	**3,961,436**						**1,096,033**	**–**	**2,865,403**	**–**

Marc Page

Share Plan Name	Shares under award	Award date	Exercise price	Face Value of award	First vesting date	Last vesting date	Shares vested	Shares lapsed	Shares still subject to conditions	Exercised in year
DVRP – Hiring Agreement (loss of opportunity retained shares)	71,307	18/12/24	£0.00	£63,000	18/12/24	18/12/24	71,307	–	–	–
DVRP – Hiring Agreement (buyout)	106,485	18/12/24	£0.00	£94,080	18/12/25	18/12/28	–	–	106,485	–
DVRP – Hiring Agreement (loss of opportunity deferred shares)	95,076	18/12/24	£0.00	£84,000	18/12/25	18/12/29	–	–	95,076	–
Total	**272,868**						**71,307**	**–**	**201,561**	**–**

James Hopkinson

Share Plan Name	Shares and share options granted	Award date	Exercise price	Face Value of award	First vesting date	Last vesting date	Share options vested	Share options lapsed	Shares still subject to conditions	Exercised in year
DVRP 2023 – deferred shares	10,490	31/03/2023	£0.00	£10,900	31/03/2026	31/03/2030	–	–	10,490	–
DVRP 2023 – retained shares	41,963	31/03/2023	£0.00	£43,600	31/03/2023	31/03/2023	41,963	–	–	–
LTIP 2023	481,231	31/03/2023	£0.00	£500,000	31/03/2026	31/03/2030	–	481,231		–
Total	**533,684**						**41,963**	**481,231**	**10,490**	**–**

Notes
1. All awards granted prior to May 2023 were initially granted over shares in Metro Bank PLC. On the establishment of the holding company, these shares were rolled over into the same number of shares in the new parent company, Metro Bank Holdings PLC.
2. 100% of salary was awarded under the 2021 LTIP, 2022 LTIP and 2023 LTIP respectively as nominal cost options that are subject to performance conditions (see table below).
3. The number of shares under award/option was determined using the relevant closing price prior to the grant date. For 2021, 2022, 2023 awards the prices were 109.5p, 89.3p, 103.90p respectively.
4. Options under the Company Share Option Plan (CSOP) have an exercise price that is equal to market value at the date of grant.
5. No dividends or dividend equivalents are payable on any share options or on any unvested share awards held.

Outstanding Share Awards (audited) continued

LTIP performance conditions and targets

Performance conditions and targets together with corresponding weightings for LTIP awards. Unless otherwise stated, performance is measured over the relevant three-year performance period. The threshold for LTIP vesting is set at 25% of the award with maximum vesting at 100% of the award and straight-line vesting between threshold and maximum.

2021 and 2022 LTIP outcomes

The 2021 LTIP is due to vest on 1 June 2025 and vesting is based on performance against a relative TSR measure, with a performance period from 1 January 2021 to 31 December 2024 and other financial/non-financial performance, as set out below:

The 2022 LTIP is due to vest on 31 March 2025 and vesting is based on performance against a relative TSR measure, with a performance period from 1 January 2022 to 31 December 2024 and other financial/non-financial performance, as set out below:

The Committee agreed based on the performance measures there would be 0% vesting for both the 2021 LTIP and 2022 LTIP

		Target		Performance vesting	
Measure	Weighting	Threshold	Maximum	Achievement	Percentage vesting
2021 LTIP (granted on 1 June 2021)					
Total shareholder return relative to the FTSE 250 (excluding investment trusts)	40%	Median against peers	Upper quartile or above	Lower quartile	0%
Statutory return on tangible equity for FY 2024	40%	4%	7%	below 4%	0%
Risk and regulatory	20%			See notes below	0%
Total					0%
2022 LTIP (granted on 31 March 2022)					
Total shareholder return relative to the FTSE 250 (excluding investment trusts)	40%	Median against peers	Upper quartile or above	Lower quartile	0%
Statutory return on tangible equity for FY 2024	40%	4%	7%	below 4%	0%
Risk and regulatory	20%			See notes below	0%
Total					0%

Notes
1. Under the risk and regulatory measure, the Committee determines the extent to which 20% of the award vests by reference to a discretionary assessment of risk management over the performance period based on qualitative and quantitative inputs against a number of risk factors. For both the 2021 LTIP and 2022 LTIP the Committee concluded that the performance had failed to reach a minimum threshold across the respective measurement periods and decided that 0% vesting under this element was an appropriate outcome.

Annual report on remuneration continued

Outstanding Share Awards (audited) continued

Other outstanding LTIP awards

Measure	Weighting	Threshold	Maximum
2023 LTIP (granted on 31 March 2023)			
Total shareholder return relative to the FTSE 250 (excluding investment trusts)	40%	Median against peers	Upper quartile or above
Statutory return on tangible equity for FY 2025	40%	5%	8%
Risk and regulatory	20%	See notes below	
2024 LTIP			
No awards granted to Executive Directors	n/a	n/a	n/a

Notes
1. Under the risk and regulatory measure, the Committee shall determine the extent to which 20% of the award may vest by reference to a discretionary assessment of risk management over the performance period based on qualitative and quantitative inputs against a number of risk factors.

Approach to risk adjustment including application of malus and clawback

Individual remuneration is aligned with the Bank's long-term interests and the time frame over which financial risks crystallise. For relevant colleagues including Executive Directors, a proportion of variable remuneration is delivered in the form of awards that are deferred for a sufficient period during which risk adjustments can be applied. In addition, performance adjustment is made through the reduction in the value of any deferred variable remuneration award through non-vesting due to performance considerations and share price movement over the deferral period.

The circumstances where malus and clawback may apply (as well as "in-year adjustment") is summarised in the following table.

	Criteria includes	Application
Individual level	Deemed to have: (i) caused in full or in part a significant loss for or reputational damage to the Bank as a result of reckless, negligent or wilful actions, or (ii) exhibited inappropriate behaviours or conduct, or (iii) applied a lack of appropriate supervision and due diligence. The individual failed to meet appropriate standards of fitness and propriety.	In-year adjustment, malus and clawback may be applied to all or part of an award at the Committee's discretion.
Business unit and/or Group level	Material restatement of the Bank's financials. Material downturn in performance. Significant failure in risk management. Discovery of endemic problems in financial reporting. Entering involuntary administration or insolvency process. Financial losses, due to a material breach of regulatory guidelines. The exercise of regulatory or government action to recapitalise the Bank following material loss.	In-year adjustment, malus and clawback may be applied to all or part of an award at the Committee's discretion.

Cash bonus and unvested share awards may be delayed or reduced before they are paid/before they vest (through malus) or may be subject to clawback on or after payment should the Committee conclude that an adjustment needs to be made.

Annual report on remuneration continued

Implementation of remuneration policy for Executive Directors in 2025 (unaudited)

Remuneration for the Executive Directors in 2025 will be in line with our new Directors' Remuneration Policy as detailed on pages 90–102 of this report, subject to shareholder approval at the AGM in May.

The key elements of remuneration for 2025 include salary, pension, benefits, an annual bonus and an SVAP award. The charts on page 101 illustrate the potential outcomes under the proposed directors remuneration policy being put to the shareholders for approval at the AGM in the May 2025 (i.e. based on 2025 performance and any salary with effect from 1 April 2025).

Daniel Frumkin's and Marc Page's salary for 2025 will increase in line with the standard workforce increase of 2% to £943,500 for Daniel Frumkin and £510,000 for Marc Page.

The proposed annual variable remuneration measures are set out in the subsequent sections.

2025 Annual Bonus corporate scorecard measures and weightings

The 2025 scorecard reflects our strategic priorities. The targets are set annually by the Committee, considering the Bank's annual financial plan, strategy and its priorities for the next few years within the context of the economic environment. The Committee considers financial and operational targets to be commercially sensitive and that it would be detrimental to the Bank's interests to disclose them before the end of the financial year.

Financial measures make up 60% of the scorecard. Social and Governance related measures are assessed by the Committee using a combination of quantitative and qualitative assessment. The Committee will, prior to reviewing Scorecard performance, assess whether specific capital and liquidity gateways have been met and that the payment of annual variable awards is affordable.

Measure	Weighting	Measure type	Target
Underlying profit	40%	Financial	Disclosed retrospectively
Return on tangible equity	5%		
Underlying operating costs	10%		
Net interest margin	5%	Financial	Disclosed retrospectively
Sub-total (financial)	**60%**		
Risk and regulatory – Relationship with regulators (qualitative) – Breaches of red limits for tier 1 appetite metrics	20%	ESG	Disclosed retrospectively
Customer including – Net promoter score – Good customer outcomes	10%	ESG	Disclosed retrospectively
People including – Colleague engagement – Diversity in leadership positions	10%	ESG	Disclosed retrospectively
Total	**100%**		

Non-Executive Directors' remuneration

Non-Executive fee levels (unaudited)

Non-Executive Directors are paid an annual fee and additional fees for being Chair or a member of Board Committees and, if appropriate, other additional time commitments. During 2024, the Chair of the Board did not receive any additional fees for membership of Board Committees. The annual fees remained unchanged during 2024 and are set out below, together with the relevant annual fees effective from 1 January 2025.

Role	Annual fee as at 1 January 2025 (£'000)	Annual fee as at 1 January 2024 (£'000)
Chair of the Board	350	350
Fee arrangements for other Non-Executive Directors		
Non-Executive Director – basic fee	65	65
Senior Independent Director	30	30
Designated NED for Colleague Engagement	17.5	17.5

	2024		2025	
	Chair	Member	Chair	Member
Audit Committee	20	5	20	5
Nomination Committee	n/a	5	n/a	5
People and Remuneration Committee	15	5	15	5
Risk Committee	25	10	25	10

Annual report on remuneration continued

Non-Executive Directors' fees and taxable benefits (audited)

The table below shows the actual fees paid to the Chair and NEDs.

	Fees		Other		Total	
£	2024	2023	2024	2023	2024	2023
Robert Sharpe[1]	350,000	350,000	6,053	22,504	356,053	372,504
Catherine Brown	135,000	97,837	–	–	135,000	97,837
Paul Coby	500	n/a	–	n/a	500	n/a
Dorita Gilinski[2]	–	–	–	–	–	–
Jaime Gilinski Bacal[2]	–	n/a	–	n/a	–	n/a
Cristina Alba Ochoa[2]	–	n/a	–	n/a	–	n/a
Paul Thandi	85,000	75,000	–	–	85,000	75,000
Michael Torpey[3]	95,000	95,000	3,194	3,683	98,194	98,683
Nicholas Winsor	97,500	97,500	–	–	97,500	97,500

1. Since January 2023, the Chair was reimbursed expenses which included occasionally use of an executive car service for travelling to attend Board or other events. If a tax liability arises on these including for any incidental personal use which includes family members, the Bank may pay for this. A forecast UK tax gross up of £4,952.68 will also paid by the Bank following the end of the 2024-25 tax year. This amount (the forecast tax gross up) is not included in the table above.
2. Dorita Gilinski, Jaime Gilinski Bacal and Cristina Alba Ochoa have waived their entitlement to fees.
3. Michael Torpey was reimbursed expenses in respect of his NED duties including travelling from overseas to attend Board and committee meetings, which are included in the benefits section above. Although these expenses are necessary and reasonable, under HMRC rules these are deemed taxable in the UK. The Bank therefore paid the tax on the above expenses, which in 2024 and 2023 amounted to £2,312 and £2,286 respectively.

Non-Executive Directors' fees and taxable benefits (audited)

Non-Executive Directors are bound by letters of appointment which are available for inspection on request at our registered office. Non-Executive Directors are appointed for fixed terms not exceeding three years, which may be renewed subject to their re-election by shareholders at AGMs, with three months' notice. The Chair's letter of appointment was issued on 30 October 2023: his appointment may be terminated by either party upon three months' notice.

Fees for new Non-Executive Directors appointed will be set in accordance with the terms of the approved remuneration policy in force at the time of appointment.

Non-Executive Director Policy implementation in 2025 (unaudited)

The applicable Non-Executive Director fees as at 1 January 2025 are shown in the table above. The Board may review fee levels during the year in line with the Policy.

Role and focus of the Remuneration Committee

The Committee is responsible for recommending to the Board the Remuneration Policy for Executive Directors and senior management, and for setting the remuneration packages for Executive Directors and senior management including material risk takers.

The table below outlines the activity undertaken by the Committee in its six scheduled meetings in 2024.

Committee activities	January	February	March	May	October	November
Directors' remuneration						
Review of the directors' remuneration policy and implementation	✓	✓	✓			
Review of individual performance, fixed and variable remuneration	✓		✓		✓	
Senior management remuneration						
Contractual terms, joiners and leavers		✓		✓	✓	
Review of individual performance, fixed and variable remuneration	✓	✓	✓			
All colleague remuneration						
Annual salary review approach	✓	✓			✓	✓
Incentive measures, targets and outcomes. Scorecard review	✓		✓	✓	✓	
Reward policies and rules review						
Share plans, pension and benefits			✓	✓	✓	✓
Other						
Broader people activity e.g. talent management, colleague engagement		✓				
Risk review/input and risk adjustment related activity		✓		✓		✓
Non-Executive Director Expenses Approach						✓
Reward governance						
Review regulatory, investor and market developments	✓	✓		✓		✓
Remuneration disclosures (such as DRR and gender pay gap) and regulatory policy statement	✓	✓	✓	✓	✓	
Review investor feedback		✓				
Terms of reference, Committee evaluation, advisers				✓		✓

In addition, the Committee met in January, February and March 2025 to consider (and, where appropriate, approve):

- the draft Directors' Remuneration Policy and Report
- how the Directors Remuneration Policy would be implemented in 2025, including variable remuneration measures and associated targets
- salary and fixed remuneration for Executive Directors and other management
- the extent to which any 2024 annual bonus performance measures had been satisfied, together with individual award levels
- the extent to which the 2021 and 2022 LTIP performance measures had been satisfied.

Shareholder voting and consideration of shareholder views

At the Annual General Meeting in May 2024, shareholders approved the Directors' Remuneration Report published in the Metro Bank PLC Annual Report and Financial Statements, receiving a strong vote in favour. Details of recent shareholder votes on remuneration are shown below.

Item	For no.	For %	Against no.	Against %	Votes withheld
Metro Bank Holdings PLC Directors' Remuneration Report – May 2024	527,225,453	99.49	2,689,242	0.51	374,851
Metro Bank Holdings PLC Directors' Remuneration Policy – May 2024	529,109,540	99.85	805,150	0.15	374,856
Metro Bank PLC Directors' Remuneration Report – April 2023	84,129,882	91.35	7,965,230	8.65	751,503
Metro Bank PLC Directors' Remuneration Report – May 2022	69,619,984	91.23	6,692,221	8.77	2,780

The Committee greatly values the continued dialogue with our shareholders and the engagement with shareholders and representative bodies to take their views into account when setting and implementing our remuneration policies. The Directors have regular open discussions with investors and are available for feedback on remuneration matters.

The Committee looks forward to engaging with shareholders in the run up to the vote on both the remuneration policy and remuneration report at the forthcoming AGM.

Directors' report

The Directors have the pleasure of presenting the Bank's Annual Report and Accounts for the year ended 31 December 2024. As set out fully in the summary of significant accounting policies within note 1 to the financial statements, this report for the consolidated Group has been prepared in accordance with IFRS and includes the Corporate Governance Report set out on page 48.

The Directors consider the Annual Report and Accounts for the year ended 31 December 2024, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Principal activities

Our principal activities during 2024 were the provision of banking and related services. We are a deposit-taking and lending institution with a focus on retail and small and medium sized commercial customers, offering consistent fair pricing and excellent customer service. We are authorised to accept deposits under the Financial Services and Markets Act 2000, have a Consumer Credit Act licence and are members of the Financial Services Compensation Scheme.

Results and dividend

The results for the year are set out in the consolidated statement of comprehensive income on page 161.

No dividend was declared or paid during 2024 (2023: £nil). The Directors do not anticipate declaring a dividend in the near future.

Articles of Association

The Articles of Association can be found on our website at: metrobankonline.co.uk.

Share capital

As at 31 December 2024, our issued share capital was £672.98 comprising 672,979,623 ordinary shares of 0.0001p each and 50,000 redeemable preference shares of £1 each. Further details of our called-up share capital, together with details of shares allotted during the year, are shown in note 26 to the financial statements on page 189.

There are no restrictions on the transfer of our share capital and there are no shares or stock which carry specific rights with regards to control of the Group.

Holders of ordinary shares are entitled to receive dividends when declared, to receive the Group's Annual Report, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights.

2025 Annual General Meeting

More information will be published in the Notice of Meeting.

Directors

Details of the Directors who served during the year and continue to serve at the date of approval of the Directors' Report are set out on pages 50–51. James Hopkinson resigned on 12 January 2024. Cristina Alba Ochoa was appointed as interim CFO in January and to the Board on 10 June 2024. On 14 October 2024 Cristina stepped down as interim CFO and was appointed to the Board as a shareholder-nominated Non-Executive Director, following nomination by the Bank's majority shareholder, Spaldy Investments Limited. Jaime Gilinski Bacal was appointed to the Board as a Non-Executive Director on 2 September 2024. Marc Page was appointed as an Executive Director on 12 November 2024. Paul Coby was appointed as Non-Executive Director on 30 December 2024.

Directors are appointed and replaced in accordance with the Company's Articles, the Companies Act 2006 and the UK Corporate Governance Code. The powers of the Directors are set out in the Company's Articles and the Companies Act 2006.

Directors who served on the Board during the year ended 31 December 2024 and up to the date of this report

	Appointment date	Resignation date
Robert Sharpe (Chair)	1 November 2020	
Daniel Frumkin (CEO)	1 January 2020	
James Hopkinson (CFO)	5 September 2022	12 January 2024
Cristina Alba Ochoa (CFO)	10 June 2024	14 October 2024
Marc Page (CFO)	12 November 2024	
Catherine Brown (Senior Independent Director)	1 October 2018	
Dorita Gilinski (Shareholder Nominated NED)	26 September 2022	
Jaime Gilinski Bacal (Shareholder Nominated NED)	2 September 2024	
Cristina Alba Ochoa (Shareholder Nominated NED)	15 October 2024	
Paul Coby (Independent NED)	30 December 2024	
Paul Thandi (Independent NED)	1 January 2019	
Michael Torpey (Independent NED)	1 September 2019	
Nicholas Winsor (Independent NED)	20 April 2020	

Directors' interests

Details of the Directors' beneficial interests are set out in the Annual Report on Remuneration on page 108.

Directors' indemnities and Directors' and Officers' liability insurance

Details regarding deeds of indemnity and Directors' and Officers' liability insurance are set out in the Corporate Governance Report on page 65.

The Company's existing share plans contain provisions relating to a change of control. Outstanding options and awards may vest and become exercisable on a change of control subject to the People and Remuneration Committee's discretion. As at 31 December 2024, save in respect of provisions of the Company's share plans, there are no other agreements between the Company and its Directors or colleagues providing for compensation for loss of office or employment that occur following a takeover. Certain of the Company's third party supplier agreements may become terminable upon a change of control of the Company.

Major interests in shares

Information provided to the Group by substantial shareholders pursuant to the Disclosure Guidance and Transparency Rules (DTR) is published via a Regulatory Information Service.

As at 1 April 2025, being the last practical date before publication of this report, the Group has been notified under DTR 5 of the interests in its issued share capital, and these are set out in the table below. All such shareholders have the right to vote in all circumstances at general meetings. The information provided below was correct at the date of notification; however, the date received may not have been within the current financial year. It should be noted that these holdings are likely to have changed since the Group was notified. However, notification of any change is not required until the next notifiable threshold is crossed.

Directors' report continued

Shareholder	Ordinary shares held	% of total ordinary shares	Direct/ indirect interest
Spaldy Investments Limited	355,723,914	52.88%	Direct
Spruce House Partnership	15,500,000	8.99%	Direct
Davis Selected Advisers	9,191,516	5.33%	Indirect
Ruane, Cunniff and Goldfarb	5,020,755	5.15%	Direct

Greenhouse gas emissions

Our energy consumption and associated GHG emissions during 2024 are set out in the Strategic report on page 27.

Colleague involvement

We encourage colleague involvement in the Bank. Increasing colleague awareness of the financial and economic factors that affect us plays a major role in maintaining our customer focus. More information on our colleagues and how we engaged with them can be found in the Corporate Governance report on pages 56 and 59–60.

Engagement with stakeholders

The Board recognises that the long-term success of the Bank will depend upon the interests of all our stakeholders and this view is intrinsic in our decision making. More information on our stakeholders, how we engaged with them and how the Board took them into consideration when making decisions are set out in the Corporate Governance report on pages 56–58.

Diversity

Our D&I Policy outlines our commitment to employment policies which follow best practice, based on equal opportunities for all colleagues. We aim for our workforce to reflect the diverse communities in which we operate and recognise that diversity is not only a key part of a responsible business strategy, but also supports a strong customer experience. We give full and fair consideration to all applications for employment.

Our Board Diversity Policy, which sets out our commitment to D&I for the Board can be found on our website at: metrobankonline.co.uk/investor-relations.

We believe that a diverse Board, appointed on merit, with a broad range of skills, backgrounds, knowledge and experience, is a more effective and responsible Board.

More information on our performance against our objectives within the policy can be found in the Nomination Committee report on page 74.

Disabled employees

For all colleagues and candidates we always look to make reasonable adjustments to ensure equality. In the event of colleagues identifying as disabled, we make every effort to ensure that their employment continues and to provide appropriate training and support. Our policy is that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other colleagues.

Modern slavery

We are committed to supporting the communities in which we operate in order to enable them to develop both socially and economically. Our policy is to conduct all business in an appropriate manner and we have zero tolerance for modern slavery. We continue to be committed to acting professionally and fairly in all our business dealings and relationships wherever we operate, including enforcing appropriate systems and controls to ensure, on a risk basis, that modern slavery is not taking place in our business or supply chains.

The initiatives and how we have developed them during 2024 can be found on page 70. The Chair of the Audit Committee is appointed as our Modern Slavery Champion, who with the CEO monitors ongoing compliance with the Modern Slavery Policy.

Our Modern Slavery Statement is available at: metrobankonline.co.uk.

Internal control and risk management systems

The Directors confirm that they have undertaken a robust assessment of the emerging and principal risks facing the Group. We seek to manage all risks that arise from our activities. Details of risk management systems, and details of risk management objectives and policies, are shown in the Risk Report on pages 121–150. Details around the processes in place in relation to financial reporting can be found in the Audit Committee Report on pages 66–70. As a result of normal business activities, we are exposed to a variety of risks. The principal risks and uncertainties that we face are shown in the Risk Report.

Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Group and Parent Company have the resources to continue in business for a period of at least 15 months from the financial statements authorisation date. Further details can be found in the Viability statement (details of which can be found below).

Viability statement

Our Viability statement is set out on pages 46–47.

Hedge accounting

The policy for hedging transactions is detailed in note 21.

External Auditors

Our External Auditors, PwC, have indicated their willingness to continue in office and a resolution seeking to reappoint them will be proposed at the 2025 AGM.

Controlling Shareholder Independence

On 9 November 2023, Metro Bank entered into a Relationship Agreement with Spaldy Investments Limited ("Spaldy") and Jaime Gilinski Bacal (together, the 'Controlling Shareholder') in relation to the company's obligations under the UK Listing Rules to put in place an agreement with any controlling shareholder (as defined for these purposes in the Listing Rules). The Relationship Agreement covers the three independence provisions mandated by the Listing Rules: (i) that contracts between Metro Bank and the Controlling Shareholder and/or any of its associates will be arm's length and normal commercial arrangements, (ii) that neither the controlling Shareholder nor any of its associates will take any action that would have the effect of preventing the company from complying with its obligations under the Listing Rules; and (iii) neither the Controlling Shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules. The company has complied with the independence provisions in the relationship agreement and as far as the company is aware the independence and procurement provisions in the relationship agreement have been complied with in the period by the controlling shareholders.

Political donations

We made no political donations in the year ending 31 December 2024 (2023: £nil).

Research and development

During the year, we spent £19 million on intangible assets and a further £25 million on research and development costs which were not capitalised.

Post balance sheet events

Our post balance sheet events are set out in note 38 to the financial statements.

Future developments

Our business and future plans are set out in the Strategic Report.

Financial instruments and financial risk management

Information relating to financial instruments and financial risk management can be found on pages 125–143 and in note 10 to the financial statements.

Listing Rules disclosures

For the purposes of LR 9.8.4R, the information required to be disclosed by LR 9.8.4R can be found in the following sections of the Annual Report:

Item	Location
Detail of long-term incentive schemes	Annual Report on Remuneration and in note 29 to the financial statements
Contracts of significance	Any contracts of significance or related party transactions can be found in note 35 to the financial statements
Waived emoluments	Annual Report on Remuneration

Corporate Governance Statement

Our Corporate governance report is set out on page 48 in accordance with Rule 7.2 of the DTR and Rule 9.8.6 (5) and (6) of the Listing Rules forms part of this Directors' Report.

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards. Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's and company's position and performance, business model and strategy.

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

The Directors' report comprising pages 118–120 has been approved by the Board of Directors.
By Order of the Board.

Clare Gilligan
Company Secretary
22 April 2025

Risk

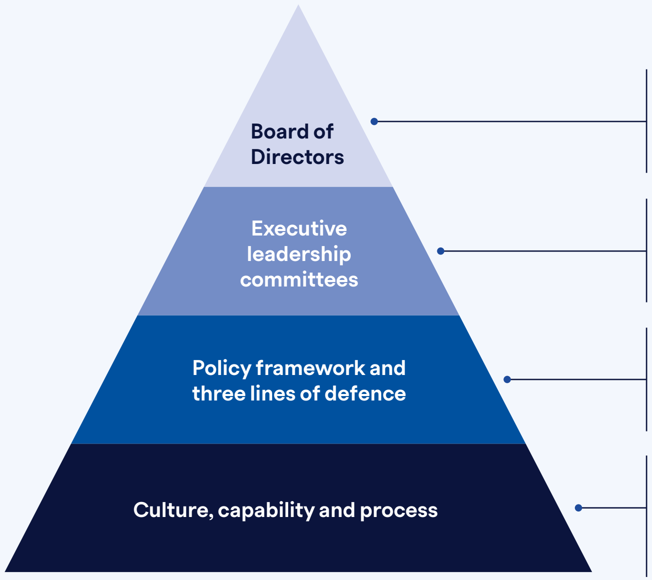
In this section

Risk report

Risk management framework

Approach to risk management

Effective risk management is critical to achieving our strategic objectives. It is a key component of our day-to-day operational activities and is integrated within our strategic change initiatives. Our established Enterprise Risk Management Framework sets out how we identify, assess, manage and monitor the risks we face and is supported by a comprehensive suite of risk policies for colleagues to apply. These help the Bank to fulfil its obligations under the UK Corporate Governance Code 2018:



The Board sets the risk appetite, approves the risk management framework policies and maintains an appropriate control environment.

The Executive leadership committees oversee the risk management framework and policies, and the Bank's strategy for managing its risks.

The Bank operates a 'three lines of defence' model for risk management. Policies are aligned with the Bank's principal risks and risk appetite.

The Bank fosters a strong risk culture enabled by procedures, standards and training, and operates a control environment with collective responsibility for managing risk.

Risk management process

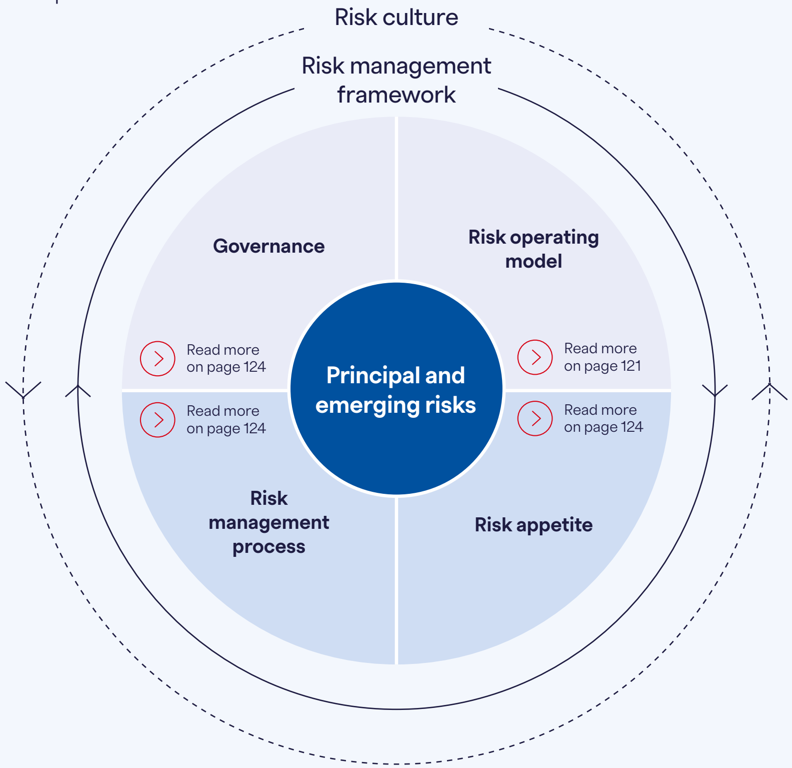
Our risk management process comprises the following key stages that enable the Board to fulfil its obligations under the Corporate Governance Code 2018:

1. **Identification** of the risks we are exposed to at various levels, making use of the Bank's established Risk Taxonomy.
2. **Assessment** or measurement of the identified risks using suitable risk management tools.
3. **Response** to the risk exposures, applying and operating appropriate controls to mitigate the risks to acceptable levels.
4. **Monitoring** and reporting of these risks to ensure they remain within risk appetite.

Risk culture

Managing risk is a key part of our AMAZEING values, which underpin everything we do. We continually seek to enhance our risk management framework to ensure we have the right capabilities in place to manage our risks within appetite and, in turn, deliver our strategic plan.

Our risk culture is shaped by our executive team and senior leaders, enabled through operation of the Senior Managers and Certification Regime and its principals of personal accountability. Risk management is a key aspect of every colleague's objectives and is embedded within our scorecard, against which performance is measured. We work to create an environment in which colleagues are encouraged and able to raise concerns and all colleagues are provided with risk training to ensure they develop and maintain the required levels of competence.



Risk report continued

Risk governance and oversight

All of our colleagues are risk managers, in accordance with our 'Three Lines of Defence' risk model. Risk capability is embedded within the first line of defence (business) teams, overseen by our central Risk and Internal Audit teams in the second and third lines respectively.

Effective operation of the three lines of defence results from:

- colleagues being equipped with the necessary skills and experience to manage risks and their responsibilities being well understood
- collaboration between colleagues across the lines, working with a common objective and in a healthy risk culture
- well-defined governance structures and processes that promote accountability and action.

Risk management framework

	First line	Second line	Third line
Lines of defence	• Own and manage the risks we face and agree, establish, embed and comply with risk frameworks, policies and standards • Design, implement and maintain effective controls • Align strategy with, and monitor exposure against, appetite • Ensure adequate resources, tools and training are in place • Promote and maintain an appropriate risk culture	• Establish and communicate the framework, governance structure and underlying policies and standards • Provide oversight and challenge the first line via review, enquiry and discussion • Report/escalate to executive management and the Board • Facilitate the development of risk appetite, tools and training	• Independently verify that the framework is operating effectively • Validate the first and second line approach to risk management • Assess against regulatory developments and leading practices
Risk governance committees	• Executive Committee • Business Risk Committees	• Risk Oversight Committee • Executive Risk Committee • Other executive-level risk committees	• Audit Committee

Board	
Sets risk appetite and strategy	
• Sets our strategy, corporate objectives and risk appetite	• Ensures an adequate framework is in place for reporting and managing risk
• Maintains an appropriate control environment to manage risk effectively	• Ensures capital, liquidity and other resources are adequate to achieve our objectives within risk appetite
Risk Oversight Committee (ROC)	
Oversees risk governance and management	
• Recommends risk appetite statement measures to the Board	• Reviews risk exposures in relation to the risk appetite
• Reviews risk frameworks and policies, and approves or recommends to the Board for approval	• Monitors the effectiveness of risk management processes and procedures put in place by management
Audit Committee	
Oversees financial reporting	
• Reviews our annual and half-year financial statements and accounting policies	• Reviews the effectiveness of the internal audit, audit controls, whistleblowing and fraud systems in place
• Advises on the appointment of external auditors	• Reviews internal and external audits and controls, monitors the scope of the annual audit and the extent of the non-audit work undertaken by external auditors
Executive-level committees	
Oversee the risk management framework	
Executive Risk Committee (ERC) • Endorses the risk appetite for approval by the Board and monitors performance against risk appetite • Reviews and recommends risk frameworks for approval by ROC (and Board as appropriate) • Oversees the quality and composition of the credit risk portfolio, and recommends strategies to adjust the portfolio • Oversees and advises on financial and non-financial risk matters, including those escalated from oversight committees	**Asset and Liability Committee (ALCO)** • Monitors performance against the Board capital/funding plans • Ensures that we meet internal liquidity and capital targets • Agrees pricing decisions to ensure visibility of capital and liquidity impacts • Monitors interest rate risk **Credit Approval Committee (CAC)** • Approves higher value lending requests **Impairment Committee (ICOM)** • Reviews and approves monthly portfolio-level impairment results

Risk appetite

We define risk appetite as the aggregate level and types of risk that we are willing to accept in our pursuit of our business objectives. Qualitative statements are in place which articulate our risk appetite to stakeholders and provide a view on the risk-taking activities with which the Board is comfortable, guiding our decision-makers in their strategic and business decisions.

The risk appetite statements detail the risk parameters within which we seek to operate, promoting good customer outcomes and protecting us from excessive risk exposures.

The Board-owned statements are reviewed at least annually and include quantitative metrics which inform strategies, targets, policies, procedures and other controls.

We actively monitor exposure against our stated risk appetite on an ongoing basis. Key risk indicators are in place for all principal risks and these are reported regularly to Executive and Board committees together with actions and assessment of the adequacy of response. Business areas supplement monitoring of risk appetite with additional key risk indicators that are set within the overall parameters of those reported to the Board. Our overall risk appetite statement is set out below.

Overall risk appetite statement

The Bank has a clear goal: to empower colleagues and communities, offering a superior level of service, whilst consistently delivering good customer outcomes and operating on an inclusive and socially responsible basis. It strives to achieve this by creating FANS, digitally and via its network of stores and AMAZE Direct, creating sustainable growth for its stakeholders, living by its AMAZEING values and taking active steps to reduce any negative impact on the climate and environment as a whole. We seek to balance risk and return as articulated in risk appetite statements which are separately defined for the Bank's principal risks, operating controls and processes and remaining within its impact tolerances at all times.

Financial risks

Financial risk covers several categories of risk which have the potential to impact the Bank's capacity to support its customers and continue operating in a safe, sustainable and compliant way. Financial risks include credit risk, capital risk, liquidity and funding risk and market risk.

Credit risk

Risk definition (audited)

The risk of financial loss should our borrowers or counterparties fail to fulfil their contractual obligations in full and on time.

Risk appetite statement (audited)

We have an active appetite for credit risk. Our credit risk appetite reflects our approach to relationship banking, providing lending capacity to support UK retail and commercial customers. In line with our continued strategy to expand our commercial lending and pivot further towards specialist retail mortgages, our credit risk appetite reflects the balance of supporting the lending plan and change in lending mix, and maintaining an acceptable tolerance for losses in the current macroeconomic environment. To enable us to remain within this tolerance, we control the quality of our credit assets through quantitative credit limits and a comprehensive credit risk management framework whilst seeking to limit concentrations in credit exposures.

Exposure and assessment

Our primary source of credit risk is through the loans, limits and advances we make available to our customers. We have exposures across three key areas: retail mortgages, consumer lending, and commercial.

The maximum credit risk exposure equals the total carrying amount of the above primary sources of credit risk (including other financial instruments) plus off-balance sheet undrawn committed mortgage facilities.

We manage credit risk throughout the lending activity lifecycle and within clear risk appetite limits via a comprehensive set of policies and lending criteria. Individual credit decisions are controlled through both quantitative models and review under delegated lending authority depending on the product, materiality, and complexity of the exposure. Prior to approval of a new or amended credit facility, the risk of the customer and transaction must be assessed and approved through an automated decision engine or though delegated lending authority using procedures in compliance with the relevant lending policy. Retail lending decisions are made in the first instance through an automated process. This includes a quantitative credit scorecard to assess likelihood of arrears, an affordability model to assess capacity to pay and assign a credit limit, and a set of rules that set credit criteria and automate credit policy. This assessment is further subject to verification of information such as financials, and valuation of collateral and in many cases a manual underwriter review is also performed as part of the credit approval process.

Corporate and commercial exposures are individually assessed under delegated lending authority with some smaller exposures assessed through a retail approach.

Credit risk measurement and management (audited)

We use a wide range of measures to assess, control and monitor credit risk including a suite of reports covering performance against risk appetite limits and key credit risk metrics such as new business flow, portfolio quality, early warning indicators, arrears and recovery performance, sector and geographical concentration, and exceptions to lending policy. Reports are provided periodically to the Executive Risk Committee, Risk Oversight Committee, Group Risk Oversight Committee and the Board. Where required, further insight on credit risk performance is obtained through portfolio reviews, and deep dives on material portfolios and key credit risk themes.

In addition, we measure credit risk through the application of models that use internal and external data to calculate expected credit loss (ECL). These calculations are based on the application of IFRS 9 models and staging to determine the relevant term of the calculation (12 months or lifetime) and incorporate assessments of the probability of default (PD), loss given default (LGD), and exposure at default (EAD). There are individual assessments of defaulted commercial exposures (and for mortgage exposures in some circumstances), and where relevant, management judgement via post model adjustments (PMAs) and management overlays (MOs). The impairment assessment for year-end 2024 has been undertaken in line with our Impairment Policy.

All models are subject to independent validation and are approved through the Model Risk Committee (MRC). PMAs have also been reviewed and approved at MRC. The overall ECL position and methodology is reviewed and approved by the Impairment Committee (ICOM) which is a sub-committee of Executive Risk Committee (ERC). Individual impairments for defaulted commercial customers are approved by the Individual Impairment Committee, a sub-committee of ICOM.

Rigorous internal challenge is undertaken to assess the reasonableness of the impairment calculations, models, MO/PMAs, individual assessments and overall level of impairments.

IFRS 9 staging and ECL recognition (audited)

IFRS 9 requires accounts to be allocated into one of three stages. Stage 3 reflects accounts in default. Stage 2 are the accounts which have shown a significant increase in credit risk since origination (SICR), with all other lending falling into Stage 1. IFRS 9 requires a higher level of ECL to be recognised for underperforming loans. For loans in Stage 2 and Stage 3 a lifetime ECL is recognised, with a 12-month ECL for performing loans (Stage 1).

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the PD over the remaining life of the financial instrument. Judgement may be required to determine when a significant increase in credit risk has occurred.

The assessment for a retail financial instrument compares the PD occurring at the reporting date to that at initial recognition, considering reasonable and supportable information, including information about past events, current conditions, and future economic conditions. The assessment for a commercial financial instrument is based on quantitative and qualitative assessment, including financial performance, forecast economic conditions and our internal credit risk rating grade.

Further details can be found in the accounting policy on pages 193–199.

Non-performing loans (NPLs)

A loan will be considered to be 'non-performing' or 'credit impaired' when it meets our definition of default. A loan will be classed as in default when the loan is greater than 90 days past due, or the borrower is considered unlikely to pay without realisation of collateral. Unlikeliness to pay is assessed through the presence of triggers including the loan being in repossession, the customer having been declared bankrupt, or evidence of financial distress leading to forbearance. This definition of default is aligned with internal credit risk management policies, and accounting and regulatory definitions.

A loan is considered to be non-performing when it is subject to forbearance measures, consisting of concessions in relation to:

- a modification of the previous terms and conditions of the loan which the borrower is not considered able to comply with due to financial difficulty; or
- a total or partial refinancing of a troubled debt contract that would not have been granted had the borrower not been in financial difficulties.

In some cases it may not be possible to identify a single discrete event which defines an asset as 'non-performing' or 'credit impaired'. Instead, the combined effect of several events may cause financial assets to become credit impaired.

Where an asset which has been classified as Stage 3 is showing improving trends and is no longer considered non-performing or credit impaired, a probation period of at least three consecutive months during which the instrument should meet the criteria for exiting default must elapse before it is transferred to Stage 2.

Credit exposure summary

The following table provides an overview of the performance of our portfolios during 2024. Total loans and advances to customers have decreased in 2024 by £3.3 billion from £12.5 billion to £9.2 billion. Reductions have been driven by the sale of a mortgage portfolio and run-off of the personal loan and credit card portfolios.

Table 1: Total expected credit losses by portfolio (audited)

	31 December 2024			31 December 2023		
	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million
Retail mortgages	5,145	(15)	5,130	7,817	(19)	7,798
Consumer lending	745	(108)	637	1,297	(108)	1,189
Commercial lending	3,314	(68)	3,246	3,382	(72)	3,310
Total loans and advances to customers	9,204	(191)	9,013	12,496	(199)	12,297

Table 2: Total portfolio credit performance

	31 December 2024	31 December 2023
Coverage ratio (including Stage 3)	2.07%	1.59%
% loans in Stage 2	11%	12%
% loans in Stage 3	5%	3%
90+ days past due	3%	2%

1. Coverage ratio calculated using underlying figures.

Our retail mortgages portfolio reduced by £2.7 billion during 2024 whilst consumer lending and commercial also reduced by £552 million and £69 million respectively.

Non-performing loans

The below table provides information on NPLs by portfolio.

Table 3: Non-performing loans

	31 December 2024		31 December 2023	
Group	NPLs £'million	NPL Ratios	NPLs £'million	NPL Ratios
Retail mortgages	203	3.95%	146	1.87%
Consumer	97	13.02%	77	5.94%
Commercial	204	6.16%	166	4.91%
Total	504	5.48%	389	3.11%

NPLs increased to £504 million (31 December 2023: £389 million) with the overall NPL ratio increasing to 5.48% (31 December 2023: 3.11%). The NPL ratio for mortgages has increased to 3.95% (31 December 2023: 1.87%). This is driven by the mortgage portfolio sale (where accounts in arrears were excluded from the sale) and new defaults primarily due to accounts moving to 90+ day arrears. The NPL ratio for consumer customers has increased to 13.02% (31 December 2023: 5.94%) driven by the run-off of the personal loan and credit card portfolios. The NPL ratio for commercial has increased to 6.16% (31 December 2023: 4.91%) driven by a small number of larger individual cases in Q4, which was partially offset by BBLS claims. The small number of larger individual cases are fully collateralised and therefore ECL is immaterial. Excluding these cases, commercial NPLs would be 4.41%.

Financial risks continued

Expected credit loss (audited)

ECL has reduced during the year by £8 million to £191 million (31 December 2023: £199 million) predominantly driven by the mortgage portfolio sale, repayments in commercial, run off of personal loan and credit card portfolios, and improvements in macroeconomic scenarios. The Bank continues to hold overlays to reflect the continued macroeconomic uncertainty given the higher interest rates and anticipated property price falls not fully captured in the latest macroeconomic scenarios and IFRS 9 models. More details can be found on pages 197 to 199.

Cost of risk

Table 5 provides information on the cost of risk. Cost of risk is the credit impairment charge expressed as a percentage of average gross lending over the year.

Table 5: Cost of risk

Group	31 December 2024	31 December 2023
Retail mortgages	(0.03%)	(0.01%)
Consumer	0.71%	3.29%
Commercial	(0.01%)	(0.30%)
Total	0.06%	0.26%

The overall cost of risk (CoR) has decreased and this is driven by significantly lower losses on commercial compared to 2023 as well as the run-off of the personal loans and credit cards portfolios. The CoR for retail mortgages has decreased primarily as a result of the mortgage portfolio sale which is partially offset by the increase in early arrears and defaults due to customers moving onto higher interest rates. The CoR for commercial has increased, however remains a net writeback for the year, reflecting the improvement in the underlying commercial portfolio.

Credit risk exposure by internal PD rating

The table below summarises balances by PD bandings and IFRS 9 production stage at a total bank level. All PDs include forward looking information and are based on 12-month values for all stages.

Table 4: Credit risk exposure, by IFRS 9 12-month PD rating and stage allocation (audited)

	31 December 2024											
		Gross carrying amount (£'million)					Loss allowance (£'million)					
All Portfolios	IFS 9 PD range %	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	ECL coverage[1] %
Band 1	0.00 – 3.00	6,865	404	–	–	7,269	27	3	–	–	30	0.41
Band 2	3.00 – 17.00	592	422	–	–	1,014	11	14	–	–	25	2.47
Band 3	17.00 – 99.99	266	152	–	–	418	1	12	–	–	13	3.11
Band 4	100	–	–	504	(1)	503	–	–	124	(1)	123	24.45
Total	–	7,723	978	504	(1)	9,204	39	29	124	(1)	191	2.07

	31 December 2023											
		Gross carrying amount (£'million)					Loss allowance (£'million)					
	IFS 9 PD range %	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	ECL coverage[1] %
Band 1	0.00 – 3.00	8,928	499	–	–	9,427	29	3	–	–	32	0.34
Band 2	3.00 – 17.00	1,664	883	–	–	2,547	33	27	–	–	60	2.36
Band 3	17.00 – 99.99	4	129	–	–	133	1	13	–	–	14	10.53
Band 4	100	–	–	389	–	389	–	–	93	–	93	23.91
Total	–	10,596	1,511	389	–	12,496	63	43	93	–	199	1.59

1. Coverage ratio calculated using underlying figures.

The information in the tables above have been presented at a total bank level including BBLS.

Overall balances have reduced for bands 1 and 2 driven by a mortgage portfolio sale and run-off of the consumer portfolio personal loan and credit card portfolios. The migration observed to band 3 is driven by BBLS. The majority of BBLS accounts remaining have a PD that sits around the threshold of 17% and they can therefore fluctuate between bands 2 and 3 month on month.

Stage 2 balances

Stage 2 balances are identified using quantitative and qualitative tests that determine the SICR criteria. In addition, customers that trigger the 30 days backstop classification are also reported in Stage 2, in line with IFRS 9 standards. The Bank's SICR assessment is set out on page 194.

Table 6: Stage 2 balances

	31 December 2024 £'million		31 December 2023 £'million	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Quantitative	836	18	1,353	30
Qualitative	105	6	103	5
30 days past due backstop	37	5	55	8
Total Stage 2	978	29	1,511	43

Note: Where an account satisfies more than one of the Stage 2 criteria above, the gross carrying amount and loss allowance has been assigned in the order presented. For example, an account that triggers both quantitative and qualitative SICR criteria will only be reported as quantitative SICR.

Stage 2 balances have decreased in 2024. The reduction is primarily driven by a mortgage portfolio sale and portfolio rundown, however improvements in macroeconomic outlook have also resulted in customers no longer triggering SICR, and transferring back to Stage 1. As at 31 December 2024, 85% (31 December 2023: 90%) of Stage 2 balances triggered quantitative SICR criteria, 11% (31 December 2023: 7%) triggered qualitative SICR and the remaining 4% (31 December 2023: 4%) triggered the 30 days past due backstop criteria.

Portfolio level analysis – Retail mortgages

Table 7 summarises key credit performance metrics for the retail mortgages portfolio.

Table 7: Retail mortgage credit performance

	31 December 2024 £'million	31 December 2023 £'million
Loans and advances	5,145	7,817
Loss allowance	15	19
Coverage ratio[1]	0.29%	0.24%
% loans in Stage 2	11%	10%
% loans in Stage 3	4%	2%
90+ days past due	2%	1%

1. Coverage ratio calculated using underlying figures.

Portfolio and credit risk profile

Mortgage balances have reduced during 2024 to £5,145 million (31 December 2023: £7,817 million) as a result of the £2.5 billion mortgage portfolio sale, run-off of our legacy acquired portfolios and modest levels of new lending.

Portfolio average DTV has increased by 1% to 59% as at 31 December 2024 (31 December 2023: 58%) reflecting the changing shape of the portfolio and reductions in house prices.

Portfolio arrears have increased from a low base during 2024 due to the impact of the cost of living and interest rate rises. Early arrears cases (>1 to <3 months in arrears) have increased by 0.58% to 1.55% at 31 December 2024 (31 December 2023: 0.97%) with 0.39% of the increase due to the mortgage portfolio sale. Accounts that are 3 or more months in arrears have increased by 1.14% from 1.08% at 31 December 2023 to 2.22% at 31 December 2024 with 0.67% of the increase as the result of the mortgage portfolio sale. Increases in arrears have been seen to a greater extent in the legacy acquired portfolios that are in run-off and have greater sensitivity to interest rate rises. The acquired portfolios were not written under Metro Bank credit criteria and do not represent similar arrears profiles to organic lending. Overall, 57% of the portfolio are now on interest rates >4%.

Retail mortgage new lending has continued to be of good quality during 2024. The average LTV was 69% (2023: 63%. 2022: 69%) and the proportion of lending with an LTV over 90% was only 1.5%. The limited company buy-to-let product was launched in July 2024; this did not materially impact the volume of lending in 2024 due to the time to complete and the proportion of new lending that is buy-to-let remained low in 2024, increasing to 18% from 7% in 2023 (34% in 2022). Near prime lending has continued to make up a small proportion of new lending (2024: 1.3%) and contributes a small proportion of the portfolio (December 2024: 0.9%).

Financial risks continued

Impairment

The ECL allowance has reduced to £15 million in 2024 (31 December 2023: £19 million) with coverage increasing to 0.29% (31 December 2023: 0.24%) as a result of the mortgage portfolio sale.

Stage 1 coverage ratio has remained flat (Stage 1: 0.10%). There has been a decrease in coverage ratio in Stage 2 (0.77% in 2023 to 0.68% in 2024) driven by improvements in macroeconomic scenarios resulting in a reduction in modelled ECL. There has also been a reduction in Stage 3 coverage ratio (Stage 3: 4.11% in 2023 to 3.39% in 2024) due to recovery of a large single name case.

Interest-only lending

Interest-only lending holds the additional risk of balance repayment at the end of the mortgage term. This risk arises principally in the mortgage portfolio where the exposure to interest-only loans stands at £2.7 billion (31 December 2023: £3.8 billion).

All borrowers of interest-only facilities are assessed as being able to refinance the lending at the end of the term or have an appropriate repayment plan in place. These loans are also appropriately collateralised with lower LTV thresholds compared to capital and interest mortgage lending. The table below shows the amounts of the retail mortgage portfolio that are subject to either interest only, or capital and interest payments.

Table 8: Retail mortgage lending by repayment type (audited)

	31 December 2024 (£'million)			31 December 2023 (£'million)		
Repayment type	Retail Owner Occupied	Retail BTL	Total	Retail Owner Occupied	Retail BTL	Total
Interest only	1,330	1,398	2,728	1,933	1,878	3,811
Capital and interest	2,362	55	2,417	3,918	88	4,006
Total	3,692	1,453	5,145	5,851	1,966	7,817

Geographic exposure

The geographic distribution of our retail mortgages customer balances is set out in Table 9. All of our loan exposures which are secured on property are secured on UK-based assets. Our current retail mortgages portfolio is concentrated within London and the South East, which is representative of our customer base and store footprint. We are expanding our footprint which will reduce the geographical concentration of lending over time.

Table 9: Retail mortgage lending by geographic exposure (audited)

	31 December 2024 (£'million)			31 December 2023 (£'million)		
Region	Retail Owner Occupied	Retail BTL	Total	Retail Owner Occupied	Retail BTL	Total
Greater London	1,324	808	2,132	2,040	1,091	3,131
South East	975	283	1,258	1,564	381	1,945
South West	313	63	376	487	87	574
East of England	379	114	493	590	150	740
North West	155	44	199	268	65	333
West Midlands	154	47	201	240	71	311
Yorkshire and the Humber	107	25	132	185	32	217
East Midlands	104	40	144	180	53	233
Wales	67	13	80	111	17	128
North East	34	7	41	60	8	68
Scotland	80	9	89	126	11	137
Total	3,692	1,453	5,145	5,851	1,966	7,817

Collateral

Table 10 shows the distribution of the retail mortgage portfolio by DTV. The portfolio DTV profile has increased slightly during 2024 reflecting the changing shape of the portfolio and house price reductions.

Table 10: Retail mortgage lending by DTV (audited)

	31 December 2024 (£'million)			31 December 2023 (£'million)		
DTV ratio	Retail Owner Occupied	Retail BTL	Total	Retail Owner Occupied	Retail BTL	Total
Less than 50%	1,282	263	1,545	1,994	439	2,433
51 to 60%	601	210	811	1,069	375	1,444
61 to 70%	611	417	1,028	1,044	642	1,686
71 to 80%	761	543	1,304	1,100	493	1,593
81 to 90%	397	16	413	550	16	566
91 to 100%	39	3	42	89	–	89
More than 100%	1	1	2	5	1	6
Total	3,692	1,453	5,145	5,851	1,966	7,817

Financial risks continued

Portfolio level analysis – Consumer

Table 11 summarises key credit performance metrics for the consumer lending portfolio.

Table 11: Consumer credit performance

	31 December 2024 £'million	31 December 2023 £'million
Loans and advances	745	1,297
Loss allowance	108	108
Coverage ratio	14.43%	8.33%
% loans in Stage 2	20%	24%
% loans in Stage 3	13%	6%
90+ days past due	12%	5%

Portfolio and credit risk profile

Consumer balances have reduced to £745 million as at 31 December 2024 (31 December 2023: £1,297 million) following a cessation of lending through the RateSetter brand and subsequent cessation of the credit card product. The performance of this portfolio is aligned with expectations; increases in arrears and non-performing loans are normal for a rundown portfolio, and as a result of very low levels of write-offs causing an accumulation of cases in arrears. New lending in 2024 remained strong for overdrafts with average income and application scores remaining stable.

Impairment

The total ECL coverage position for consumer lending has increased to 14.43% as a result of the run-off of the personal loan and credit card portfolios, with an increase in arrears and non-performing accounts as a proportion of the residual portfolio (31 December 2023: 8.3%).

Portfolio level analysis – Commercial

Table 12 summarises key credit performance metrics for the commercial portfolio.

Table 12: Commercial credit performance

	31 December 2024 £'million	31 December 2023 £'million
Loans and advances	3,314	3,382
Loss allowance	68	72
Coverage ratio	2.06%	2.13%
% loans in Stage 2	7%	12%
% loans in Stage 3	6%	5%
90+ days past due	2%	2%

Table 13: Summary of commercial lending

	31 December 2024 £'million	31 December 2023 £'million
Professional buy-to-let	283	465
Bounce back loans	346	524
Coronavirus business interruption loans	47	86
Recovery Loan Scheme	260	328
Core commercial lending	1,599	1,341
Total commercial term loans	2,535	2,744
Overdrafts and revolving credit facilities	220	172
Credit cards	7	4
SME Asset Finance Limited and SME Invoice Finance Limited	552	462
Total commercial lending	3,314	3,382

Portfolio and credit risk profile

Our commercial lending remains largely composed of term loans secured against property and UK government-supported lending. In addition, commercial lending includes facilities secured by other forms of collateral (such as debentures and guarantees), and SME Asset Finance Limited and SME Invoice Finance Limited.

Our commercial balances have decreased from £3,382 million to £3,314 million during 2024 reflecting the reduction in our portfolio of buy-to-let and real estate lending, and reduction in government supported lending.

Commercial customers are managed through an early warning categorisation where there are early signs of financial difficulty, thereby allowing timely engagement and appropriate corrective action to be taken. Early warning categories support our IFRS 9 stage classification.

The percentage of the portfolio in early warning categories has fallen during 2024, which is reflected in the reduction in the proportion of lending balances in IFRS 9 Stage 2. The proportion of lending balances in Stage 2 has improved from 12% to 7% driven predominantly by accounts being repaid. However, some deterioration within early warning categories has been observed, and the proportion of lending balances in Stage 3 has increased from 5% to 6% in 2024. This is driven by a small number of individual cases in Q4, partially offset by BBLS claims. These individual cases are fully collateralised and therefore ECL is immaterial. Excluding these cases, Stage 3 would be 4.41%.

Impairment

The ECL allowance has reduced to £68 million in 2024 (31 December 2023: £72 million) with coverage reducing to 2.07% (31 December 2023: 2.13%). The reduced Stage 2 proportion and coverage reflects improvement in the underlying commercial portfolio.

Our commercial portfolio consists predominately of SME lending which is reflected in the coverage. The operating environment continues to be challenging and commercial customers may be impacted by the pace at which interest rates change, increasing operating costs and economic uncertainty. We continue to hold appropriate levels of ECL to reflect the higher risk of default.

Financial risks continued

Interest-only lending

Interest-only lending in our commercial loans has remained flat at 30% of total commercial term loans in 2024 (31 December 2023: 30%).

Table 14: Commercial term lending – excluding BBLS by repayment type (audited)

	31 December 2024 (£'million)			31 December 2023 (£'million)		
Repayment Type	Professional buy-to-let	Other term loans	Total	Professional buy-to-let	Other term loans	Total
Interest only	270	393	663	438	222	660
Capital and interest	13	1,513	1,526	27	1,533	1,560
Total	283	1,906	2,189	465	1,755	2,220

Geographic exposure

The below table summarises the geographic distribution of the commercial term loans portfolio. 63% of commercial term loans are to companies in London and the South East (31 December 2023: 71%), which reflects the historical concentration of our store network. We have seen some diversification away from London and the South East during 2024 due to new lending.

The following table reflects the geographic distribution of the commercial term loans portfolio excluding BBLS.

Table 15: Commercial term lending – excluding BBLS by geographic exposure (audited)

	31 December 2024 (£'million)			31 December 2023 (£'million)		
Region	Professional buy-to-let	Other – term loans	Total	Professional buy-to-let	Other – term loans	Total
Greater London	181	813	994	298	852	1,150
South East	48	334	382	88	340	428
South West	10	90	100	15	111	126
East of England	20	200	220	31	122	153
North West	7	115	122	11	106	117
West Midlands	3	185	188	4	101	105
Yorkshire and the Humber	2	11	13	2	17	19
East Midlands	6	55	61	9	44	53
Wales	2	4	6	3	8	11
North East	2	73	75	3	19	22
Northern Ireland	1	1	2	1	2	3
Scotland	–	3	3	–	5	5
National	1	22	23	–	28	28
Total	283	1,906	2,189	465	1,755	2,220

Sector exposure

We manage credit risk concentration to individual borrowing entities and sector. Our credit risk appetite includes limits for individual sectors where we have higher levels of exposure. There has been an overall reduction in commercial real estate and professional buy-to-let. The following table shows the distribution of the commercial portfolio across business sectors.

Table 16: Commercial term lending – excluding BBLS by sector exposure (audited)

	31 December 2024 (£'million)			31 December 2023 (£'million)		
Region	Professional buy-to-let	Other – term loans	Total commercial term loans	Professional buy-to-let	Other – term loans	Total commercial term loans
Real estate (rent, buy and sell)	283	414	697	465	509	974
Hospitality	–	442	442	–	368	368
Health & social work	–	430	430	–	298	298
Legal, accountancy & consultancy	–	207	207	–	150	150
Retail	–	122	122	–	136	136
Real estate (develop)	–	14	14	–	14	14
Recreation, cultural & sport	–	82	82	–	72	72
Construction	–	36	36	–	48	48
Education	–	13	13	–	19	19
Real estate (management of)	–	5	5	–	7	7
Investment & unit trusts	–	6	6	–	7	7
Other	–	135	135	–	127	127
Total commercial term lending	283	1,906	2,189	465	1,755	2,220

Collateral

DTV is calculated for property and cash backed lending in commercial. As at 31 December 2024, 72% of this secured lending had a DTV of 80% or less, reflecting the prudent risk appetite historically applied. Lending with DTV >100% includes loans which benefit from additional forms of collateral, such as debentures. The value of this additional collateral is not included in the DTV but does provide an additional level of credit risk mitigation. DTV >100% also includes government-backed lending where the facility does not also benefit from property collateral. The proportion of term lending with a DTV >100% in 2024 was 20% (31 December 2023: 20%). The following table shows the distribution of the commercial portfolio DTV.

Table 17: Commercial term lending – excluding BBLS by DTV (audited)

	31 December 2024 (£'million)			31 December 2023 (£'million)		
DTV ratio	Professional buy-to-let	Other term loans	Total	Professional buy-to-let	Other term loans	Total
Less than 50%	81	578	659	160	707	867
51 to 60%	39	414	453	59	319	378
61 to 70%	59	275	334	105	185	290
71 to 80%	64	65	129	76	79	155
81 to 90%	38	82	120	60	21	81
91 to 100%	1	45	46	2	11	13
More than 100%	1	447	448	3	433	436
Total	283	1,906	2,189	465	1,755	2,220

Government-backed lending

The table below summarises government-backed lending.

Table 18: Government-backed lending

	31 December 2024			
	No. of loans	Drawn balance £'million	Average loan amount £'million	% of total business lending
Bounce Back Loan Scheme	19,313	350	0.02	13.4%
Coronavirus Business Interruption Loan Scheme	199	47	0.24	1.8%
Coronavirus Large Business Interruption Loan Scheme	–	–	–	0.0%
Recovery Loan Scheme[1]	1,174	260	0.22	10.0%
Total government-backed lending	20,686	657	0.03	25.1%

	31 December 2023			
	No. of loans	Drawn balance £'million	Average loan amount £'million	% of total business lending
Bounce Back Loan Scheme	22,062	524	0.02	18.8%
Coronavirus Business Interruption Loan Scheme	240	86	0.36	3.0%
Coronavirus Large Business Interruption Loan Scheme	2	8	3.92	0.3%
Recovery Loan Scheme[1]	1,304	328	0.25	11.6%
Total government-backed lending	23,608	946	0.04	33.7%

1. Recovery loan scheme includes £45 million acquired from third parties under forward flow arrangements (31 December 2023: £71 million). The loans are held in a trust arrangement in which we hold 99% of the beneficial interest, with the issuer retaining the remaining 1% (the trust retains the legal title loans).

Undrawn commitments

At 31 December 2024, we had undrawn facilities granted to retail and commercial customers of £881 million (2023: £718 million).

As part of our retail and commercial operations, this includes commitments of £241 million (2023: £327 million) for credit card and overdraft facilities. These commitments represent agreements to lend in the future, subject to certain conditions. Such commitments are cancellable, subject to notice requirements, and given their nature are not expected to be drawn down to the full level of exposure.

Financial risks continued

Investment securities

As well as our loans and advances, the other main area where we are exposed to credit risk is within our Treasury portfolio. At 31 December 2024, we held £4.5 billion (31 December 2023: £4.9 billion) of investment securities, which are used for balance sheet and liquidity management purposes.

We hold investment securities at amortised cost or fair value through other comprehensive income (FVOCI) depending on our intentions regarding each asset. We do not hold investment securities at fair value through profit and loss.

Table 19: Investment securities by credit rating (audited)

	31 December 2024 £'million			31 December 2023 £'million		
Group	Investment Securities held at amortised cost	Investment Securities held at FVOCI	Total	Investment Securities held at amortised cost	Investment Securities held at FVOCI	Total
AAA	3,176	227	3,403	3,400	256	3,656
AA– to AA+	937	150	1,087	1,003	220	1,223
Total	4,113	377	4,490	4,403	476	4,879

We have a robust securities investment policy which requires us to invest in high-quality liquid debt instruments. At 31 December 2024, 76% of our investment securities were rated as AAA (31 December 2023: 75%) with the remainder rated AA- or higher, the majority of which comprises of UK gilts.

Additionally, we hold £2.8 billion (31 December 2023: £3.9 billion) in cash balances, which is either held by ourselves or at the Bank of England.

Response

We have a strong framework in place, controlling credit risk through a set of quantitative limits that measure the aggregate level and type of credit risk that we are willing to accept to support our business objectives. Limits are supported by a suite of product-level policies and lending criteria which define the parameters within which individual exposures can be approved and which manage new lending within our risk appetite.

Credit risk is further controlled through the use of automated decision tools, underwriter approval and monitoring of individual transactions. Independent oversight is provided by the Credit Risk function, and includes independent underwriting of commercial lending, monitoring of performance against limits, ongoing portfolio monitoring and regular portfolio reviews. The 2024 credit risk appetite limits were set with reference to the appetite for credit impairments as well as analysis of past performance, peer comparisons and qualitative approaches using expert judgement. These limits reflect the Bank's strategy as well as the macroeconomic outlook.

We have climate change risk management capabilities in place and have policies that outline prohibited commercial sectors which are of particular concern for climate change. In addition, our policies provide for enhanced borrower assessment where borrowers operate in other carbon-intensive industries. In retail mortgages, there are policies in place to mitigate property risk, including the risks that could result from climate change. These include requirements concerning the durability of the property for the lifetime of the loan, the requirement that properties must be insurable, and limits for lending on certain products where the property has received a low EPC rating.

Individual credit decisions are controlled through both quantitative models and review under delegated lending authority depending on the product, materiality, and complexity of the exposure. These assessments consider the potential for future stress in customers' financial positions.

This robust framework continues to support the delivery of our strategy as we continue to grow in commercial and specialist mortgage lending.

Mitigation (audited)

We mitigate risk through regular monitoring and analysis of our customers and their ability to maintain contractual obligations, as well as the external factors that can impact customer credit risk. We have established credit risk policies and lending criteria, and assess customer affordability under different scenarios where appropriate. We employ specialist expert underwriters in our assessments of our commercial customers and categorise customer risk as part of our Closer Monitoring and Early Warning List. This allows for the early identification of customers who may develop financial difficulties, which have not yet fully materialised. Monthly analysis and reporting provide insight into portfolio credit performance and highlight where deterioration is taking place or is likely to occur.

In addition to active management and monitoring of our portfolios and customer affordability, we mitigate credit risk through holding collateral against our retail mortgage and commercial term loan portfolios. Collateral is usually held in the form of real estate, guarantees, debentures and other liens that we can call upon in the event of the borrower defaulting. The management of this is governed by our Collateral Management Policy. At 31 December 2024, 80% (31 December 2023: 80%) of our loans consisted of retail mortgages and commercial term loans, with average debt to value of 59% (31 December 2023: 58%) and 56% (31 December 2023: 55%), respectively.

Subject matter experts further mitigate the risk of credit losses through regular review and assessment of cases at an individual level. Specialist teams provide customers with support where financial difficulties are identified, and the use of automated and manual credit assessments help to ensure good customer outcomes and to maximise the likelihood that customers maintain the ability to meet their contractual obligations.

Supporting our customers

We work with our customers who are in arrears, have payment shortfalls or are in financial difficulties to obtain the most appropriate outcome for both the Bank and the customer. Our primary objective is to ensure that appropriate mechanisms and tools are in place to support customers during periods of financial difficulty, and to minimise the duration of the difficulty and the consequence, costs and other impacts arising.

We will always seek to understand the customer's individual circumstances and ensure a considered, measured, and consistent approach is taken which is, to the best of our knowledge, appropriate for their individual circumstances. Where a customer's financial difficulty is due to them being impacted by a vulnerable situation, we will seek to provide tailored and flexible solutions and services appropriate to the circumstances of the vulnerability. As part of this process, we have a range of treatments that may be considered to support the customer through the period of financial difficulty, alongside working with them to understand and agree how to return their account to good standing where possible. This includes the forbearance options outlined below.

Financial risks continued

Commercial customers who are showing signs of potential financial difficulty are supported through our relationship teams, and where appropriate, our Business & Credit Support team. Each situation is individually assessed, and our preference is to provide flexibility where possible to help a customer avoid financial difficulty and to resume normal contractual obligations. Forbearance may be offered where this is sustainable and appropriate to the nature of the customer's financial distress.

Forbearance
When our customers show signs of financial difficulties, we may seek to continue our support through the provision of a concession such as a modification of the terms and conditions of the loan, or a total or partial refinancing of an existing loan. Concessions can often result in more favourable terms than those offered or available under normal circumstances. Such events are considered to be acts of forbearance and are dealt with and monitored in accordance with our forbearance policies and regulatory guidelines.

Monitoring/reporting

Governance
Credit risk is managed within our Enterprise Risk Management Framework, as part of our overarching three lines of defence model. Management of credit risk is split primarily into the first and second lines of defence. The first and second lines are operationally independent and have separate reporting lines.

The first line management of credit risk is shared across the Bank's functions that design, distribute, approve and service credit facilities, referred to in this document as the 'lending functions'. These are the functions under the management of the Managing Director, Corporate and Commercial Banking, Managing Director, Retail and Business Banking, and the Chief Commercial Officer. The first line lending functions are responsible for proposing and implementing lending propositions and are responsible for conducting lending activity in accordance with credit risk appetite and credit policies and standards.

The second line Credit Risk function reports to the Chief Credit Officer who, in turn, reports to the Chief Risk Officer. The Chief Credit Officer, supported by the Credit Risk team, is responsible for:

- recommending and overseeing credit risk appetite limits
- developing and overseeing credit risk policies and standards
- overseeing credit risk strategies in accordance with policies and risk appetite
- developing and monitoring credit risk models
- providing an independent review and approval of individual commercial credit proposals and renewals of loan facilities
- developing and overseeing retail arrears management strategies
- managing commercial recoveries strategy and activities
- ensuring appropriate IFRS 9 credit provisions are held
- monitoring and reporting credit risk performance.

Monitoring (audited)
The Credit Risk function monitors the risk profile using a broad range of risk metrics, reporting against risk appetite limits and completing regular portfolio reviews. This includes oversight of credit risk performance indicators such as arrears levels, modelled risk measures, such as probability of default and loss given default, and measures of concentration risk. Stress testing is conducted to assess the impact on ECL and RWAs.

Credit risk appetite metrics are measured and reported regularly to oversight committees to ensure we remain within risk appetite and continue to support our strategic objectives. These metrics include a focus on particular segments of the portfolio which may be susceptible to or indicative of increased levels of risk, and which are crucial to our strategy. These include modelled risk parameters and performance metrics such as probability of default and loss given default, as well as concentration metrics such as sector or geographical concentration. More granular performance metrics are also tracked to assess the likelihood of potential breaches and their drivers. The limit framework includes early warning thresholds which identify where action may need to be taken to avoid a breach of appetite limits. If necessary, a plan is presented to bring the measurements back to approved levels.

A monthly portfolio insight report is presented to ERC and ROC to provide oversight of key indicators and performance trends. This is supplemented by a detailed suite of portfolio-level reports which are reviewed by the Credit Risk Oversight Committee. In addition, we perform regular portfolio asset quality reviews as well as monitoring and reporting on our credit decisioning. We have developed statistical models that utilise both internal and external data for the purposes of estimating ECL under IFRS 9.

Commercial customers are also monitored through our Closer Monitoring and Early Warning List to identify the potential risks at an individual level before they materialise and mature.

We monitor the effectiveness of our policies and management framework through the various credit risk committees outlined. These committees provide oversight of portfolio quality and help inform on where changes to our strategy or policies are required in response to ongoing developments in the external environment. In addition, we assess and estimate the risks associated with climate change through developed models and we continue to develop our quantitative capabilities to further support our longer-term objectives and increased focus in this area.

Future focus
Our updates to risk appetite and policies put us in a strong position to deliver on the Bank's strategy for growth in a way that appropriately manages credit risk.

We remain focused on monitoring emerging trends and the impact of macroeconomic pressures on our customers, and we work with our customers to support them where needed.

As we develop our future product offering, we will continue to update our credit risk policies, processes and controls to ensure that these remain appropriate for the developing balance sheet and to support sustainable growth.

Financial risks continued

Capital risk

Risk definition

Capital risk is the risk that the Bank fails to meet minimum regulatory capital (and MREL) requirements. Management of capital is essential to Metro Bank PLC in the prudent management of its balance sheet, ensuring its resilience under stress and the maintenance of the confidence of its current and potential creditors (including bond holders, the bond market, and customers) and key stakeholders in the pursuit of its business strategy.

Risk appetite statement

Capital – The Bank has a cautious appetite for capital risk. The Board has determined that the Bank shall be able to maintain a surplus of regulatory capital resources above its total regulatory capital requirement including public buffers, as communicated by the regulator, with a buffer to include the amount of capital identified as required through the Bank's ICAAP, utilising an appropriate capital stack to support its business objectives, having identified the Bank's material risks.

Leverage – The Bank has a low appetite for leverage ratio risk. The Board has determined that the Bank's balance sheet shall not be excessively leveraged, such that unintended changes to the Bank's business plan are required to correct balance sheet leverage.

Exposure and assessment

Capital risk exposures arise from the depletion of our capital resources and/or surplus which may result from:

- increased RWAs
- losses
- unfavourable changes to regulatory minima or other regulatory rule changes.

Our capital risk management approach is centred around ensuring we can maintain appropriate levels of capital to meet regulatory minima and support our strategic objectives under both normal and stress conditions.

Capitalisation is a core component of our annual planning process, involving the creation of our budget and Long-Term Plan. This sets our forecast of our capital position through the planning horizon and is further assessed through our ICAAP scenarios where the scale of risks to capital is fully considered and allows the Bank to make informed judgments on risks, the adequacy of capital carried to support them and the overall robustness of our capital risk management approach. Management actions to preserve capital are identified and applied, where relevant to those scenarios. Further details on this process are set out in our viability statement on pages 46 and 47.

Capital risk is a core focus and our current and forecasted capital position is monitored in ALCO and ExCo and reported to ROC and the Board. This involves the production of regular reports including reporting actual and updated forecast levels of capital, which are compared to our risk appetite limits for acceptable capitalisation.

As set out in our Operating environment on page 6, the regulatory environment in which we operate continues to evolve. Consequently a core component of our capital risk thinking involves horizon scanning of prudential developments, to ensure we continue to monitor potential future capital impacts and anticipate appropriate capital resources.

Table 20: Key regulatory metrics and ratios

	31 December 2024	31 December 2023
CET1 ratio	12.5%	13.1%
Tier 1 ratio	12.5%	13.1%
Total capital ratio	14.9%	15.1%
MREL ratio	23.0%	22.0%
Leverage ratio	5.6%	5.3%

Capital resources

Capital levels and forecasted capital levels are managed and monitored by the Board and its Risk committees, via ALCO.

Following the strengthening of the Bank's capital position at the end of the prior year, 2024 has seen further capital optimisation actions to re-balance some of the capital ratios. The sale of a portfolio of residential mortgages to NatWest in Q3 supported ending the year with total capital plus MREL of 23.0% (31 December 2023: 22.0%). Although CET1 levels reduced in the short term, the transaction created additional lending capacity to enable the Bank to continue its asset rotation and reflects the proactive steps taken to effectively manage our capital position and support future growth.

Our capital resources position for the holding company as at 31 December 2024 is summarised below:

Table 21: Regulatory capital (audited)

	31 December 2024 £'million	31 December 2023 £'million
Share capital	–	–
Share premium	144	144
Retained earnings	1,022	978
Other reserves	17	12
Intangible assets	(126)	(193)
Other regulatory adjustments[1]	(249)	44
Total Tier 1 capital (CET1)	808	985
Debt securities (Tier 2)	150	150
Total Tier 2 capital	150	150
Total regulatory capital	958	1,135

1. Other regulatory adjustments relates to the deferred tax asset recognised in the year. See note 9 to the financial statements.

Financial risks continued

Capital requirement
We calculate our capital requirement in line with the regulatory requirements set out in the PRA Rulebook. This consists of a Pillar 1 calculation of RWAs and a Pillar 2A assessment that captures point in time risks not covered by the Pillar 1 calculation. Pillar 1 capital is calculated using the standardised approach and given the strategic pivot to commercial lending, it is not the Group's intention to resubmit to the PRA to switch to the advanced internal-ratings based approach ("AIRB"). The Group continuously keeps this under review. The Pillar 2A assessment is conducted through the ICAAP process, which is documented and approved by the Board on an annual basis and discussed with the PRA as part of the Supervisory Review and Evaluation Process.

Table 22: Capital requirements

	31 December 2024		31 December 2023	
	CET1	Total capital	CET1	Total capital
Pillar 1	4.5%	8.0%	4.5%	8.0%
Pillar 2A	0.2%	0.4%	0.2%	0.4%
Total capital requirement	4.7%	8.4%	4.7%	8.4%
Capital conservation buffer	2.5%	2.5%	2.5%	2.5%
UK countercyclical buffer	2%	2%	2%	2%
Total (excluding PRA buffer, if applicable)	9.2%	12.9%	9.2%	12.9%

Capital landscape

Strategic pivot
The implementation of the strategic move towards corporate, commercial and SME lending, and specialist mortgages will naturally lead to higher RWA percentages within the planning horizon. To support this, the timing of RWA growth and profit growth may be supplemented with opportunistic capital market transactions to help ensure capital levels remain at robust and sustainable levels.

Basel 3.1
In September 2024, the PRA published the second near-final policy statement and rules covering the implementation of Basel 3.1 standards for credit risk, the output floor, reporting and disclosure requirements in response to consultation paper CP16/22. The implementation of the rules have been delayed by a year to 1 January 2027, but we continue to prepare and based on our current balance sheet lending profile, the RWA impact has been estimated as broadly neutral.

Capital framework consultation papers
Alongside the Basel 3.1 policy statements, a number of consultation papers were also released covering revisions to the 2A capital framework and simplifying the capital regime. We remain engaged with the consultation process and have fed back our thoughts on whether the gap of standardised banks and IRB model banks is sufficiently closing under current proposals.

Resolvability regime and MREL consultation
Financial institutions, with total assets greater than £15-25 billion, are subject to stringent MREL 'bail-in' requirements meaning that we will need to continue to hold and issue MREL eligible debt. We welcome recent consultation papers revising this threshold up to £20-£30 billion and are actively participating in the consultation process.

Risk-weighted assets
Our RWAs decreased over the course of 2024 to £6,442 million (31 December 2023: £7,553 million).

Table 23: RWAs

	31 December 2024			31 December 2023		
	Exposure	Risk density	RWAs	Exposure	Risk density	RWAs
Loans and advances	9,013	50%	4,529	12,297	46%	5,597
Treasury portfolio	7,301	3%	197	8,770	3%	242
Other assets	1,268	67%	845	1,181	75%	886
Total assets	17,582	32%	5,571	22,248	30%	6,725
Off-balance sheet	–	–	132	–	–	79
Credit risk (exc. CCR)	–	–	5,703	–	–	6,804
CCR, market risk and operational risk	–	–	739	–	–	729
Total RWAs			6,442			7,533

Financial risks continued

Response

Capital risk management is focused on three key components:

- providing sustainable profits that will allow us to generate organic capital growth
- the continued optimisation of our balance sheet to both ensure we are maximising our return on regulatory capital and managing our RWAs
- continuing to assess the raising of external debt capital, as and when market conditions and opportunities allow.

Sustainable profit growth

The main long-term approach to management of capital is the sustainable generation of additional capital through the accumulation of profits. The Board and ExCo are focused on ensuring the successful delivery of sustainable profitability. Core to this is the continued delivery of our strategic priorities (as set out on page 3).

Balance sheet optimisation

Another key mitigation used to manage capital risk is efficient deployment of our existing capital resources. One of our strategic priorities is ensuring we continue to optimise our balance sheet to ensure we maximise our risk-adjusted returns, whilst remaining above regulatory requirements. This approach saw us accelerate our pivot towards commercial lending through the sale of a portfolio of residential mortgages to enhance our capital capacity to allow growth in higher yielding assets.

Raising of additional capital

We successfully raised capital in Q4 2023 and, as we look to grow, we may from time to time look to raise additional regulatory capital in the form of qualifying debt to support further lending growth in the areas we wish to be competitive in. The ability to raise additional capital, as well as the associated cost, is dependent upon market conditions and perceptions.

Monitoring/reporting

We measure our capital resources in line with regulatory requirements. The PRA expects prudential reporting, which includes capital reporting, to be as rigorous as that for financial reporting. Over the past few years we have invested in our regulatory reporting systems as well as made enhancements to our control environment to ensure we are continuing to produce accurate and reliable capital reporting and deliver against these expectations.

Liquidity and funding risk

Risk definition

Liquidity risk is the risk that we fail to meet our obligations as they fall due. Funding risk is the risk that we cannot fund assets that are difficult to monetise at short notice (i.e., illiquid assets) with funding that is behaviourally or contractually long-term (i.e, stable funding).

Risk appetite statement (audited)

Liquidity – The Bank has a cautious appetite for liquidity risk. The Board has determined that the Bank shall be able to survive a combined name-specific and market-wide liquidity stress event for at least three months, at a level of severity determined by the Bank's internal risk appetite stress test, utilising the Bank's liquidity pool, having identified the Bank's material liquidity risks.

Funding – The Bank has a cautious appetite for funding risk. The Board has determined that the Bank shall maintain a prudent funding profile by using stable funding to fund illiquid assets, without undue reliance on wholesale funding markets, whilst ensuring that funding is not inappropriately concentrated by customer, sector or term, as identified during the Bank's liquidity stress testing.

Encumbrance – The Bank has a cautious appetite for encumbrance risk. The Board has determined that encumbrance of its balance sheet be no greater than 30% of the Bank's total assets in business-as-usual conditions, and unlimited in relation to any encumbrance relating to repo or use of Bank of England facilities in order to manage through a liquidity stress situation – and to test the adequacy of those facilities from time to time.

Exposure and assessment

Liquidity risk concerns our ability to meet short-term obligations as they fall due. This requires liquidity management to maintain investor and market confidence in both business-as-usual and stressed environments. Funding risk concerns any mismatch between asset liquidity and how the assets are funded. The primary aim is to ensure assets that are slow to monetise are supported by funding which is behaviourally or contractually stable.

Deposits remain our primary source of balance sheet funding and subsequent source of liquidity risk as we seek deposits that are stable and less price sensitive. The volume and type of deposit supports our lending, with any surplus funding invested in prudent liquid assets. During 2024, we managed down surplus levels of deposits and reduced encumbrance levels significantly through repayment of the majority of TFSME following receipts from the proceeds of the mortgage sale.

We measure our liquidity and funding resources in line with regulatory requirements, with the key metric for liquidity risk being the liquidity coverage ratio and for funding risk, the net stable funding ratio where we remain well above our minimum regulatory requirements. As at 31 December 2024, our liquidity coverage ratio was 337% (31 December 2023: 368%) and our net stable funding ratio was 169% (31 December 2023: 146%).

In order to appropriately manage our liquidity and funding resources, we run an ILAAP exercise which considers the risks that we are exposed to in both normal and stressed conditions. The ILAAP process also sets appropriate limits and determines the Bank's liquidity risk appetite, and internal liquidity stress scenario. We produce regular reports on the current and forecasted level of liquidity, which are tracked against limits both at the operational level in Treasury and at the Executive level at ALCO.

Response (audited)

Our liquidity and funding risk management is focused on three key components:

- we retain a deposit-funded approach, with a broad customer deposit base covering both retail and commercial customers. This means we are not reliant on wholesale funding, although we continue to utilise a small amount of the Bank of England's TFSME as an additional stable source of funding
- we continue to maintain prudent liquidity levels, and access to contingent liquidity, through the holding of high-quality liquid assets in the form of investment securities with strong credit ratings as well as cash balances held at the Bank of England
- we monitor and manage the behavioural maturity of our assets and liabilities on an ongoing basis to ensure we are not taking undue risk.

Deposit-funded approach

We aim to attract service-led core deposits which are less sensitive to competition within the deposit market. At 31 December 2024, 46% of our deposits came from commercial customers (31 December 2023: 43%) with the remaining 54% (31 December 2023: 57%) coming from retail customers. Additionally, 40% of deposits at year end (31 December 2023: 36%) were in the form of current accounts, with the remainder split between a combination of instant access and fixed-term savings products.

Liquidity management

We continue to hold a prudent level of liquidity to cover unexpected outflows, ensuring that we are able to meet financial commitments for an extended period. We recognise the potential difficulties in monetising certain assets, so set higher quality targets for liquid assets for the earlier part of a stress period. We have assessed the level of liquidity necessary to cover both systemic and idiosyncratic risks and maintain an appropriate liquidity buffer at all times. Our internal liquidity stress test ensures that we comply with our own risk appetite as well as regulatory requirements.

Financial risks continued

Table 24: Assets and liabilities by maturity (audited)

Table 24 sets out the maturity structure of our assets and liabilities, by their earliest possible contractual maturity date. The contractual maturity will differ from the behavioural maturity characteristics in both normal and stressed conditions. The behavioural maturity of customer deposits is much longer than their contractual maturity. On a contractual basis, such deposits are repayable on demand or at short notice. In reality, they are static in nature and provide long-term stable funding for our operations and liquidity. Equally, our loans and advances to customers, specifically mortgages, are lent on longer contractual terms, but may be redeemed or re-mortgaged earlier. The total balances set out in the analysis do not reconcile with the carrying amounts as disclosed in the consolidated balance sheet. The difference arises from the maturity analysis incorporating all the expected future cash flows (including interest), on an undiscounted basis.

	31 December 2024								
Group	Carrying value	Repayable on demand £'million	Up to 3 months £'million	3 to 6 months £'million	6 to 12 months £'million	1 to 5 years £'million	Over 5 years £'million	No contractual maturity £'million	Total £'million
Cash and balances with the Bank of England	2,811	2,811	–	–	–	–	–	–	2,811
Loans and advances to customers	9,013	–	460	422	792	4,140	10,816	464	17,094
Investment securities	4,490	–	442	409	240	3,537	132	115	4,875
Total financial assets	16,314	2,811	902	831	1,032	7,677	10,948	579	24,780
Other assets	1,268	–	–	–	–	–	–	1,268	1,268
Total assets	17,582	2,811	902	831	1,032	7,677	10,948	1,847	26,048
Deposits from customers	(14,458)	(13,248)	(340)	(435)	(233)	(167)	–	(67)	(14,490)
Deposits from central banks and repurchase agreements	(791)	–	(180)	(109)	(78)	(500)	–	–	(867)
Debt securities	(675)	–	–	(42)	(42)	(906)	–	–	(990)
Other liabilities	(475)	–	(5)	(5)	(10)	(90)	(86)	(270)	(466)
Total financial liabilities	(16,399)	(13,248)	(525)	(591)	(363)	(1,663)	(86)	(337)	(16,813)
Capital	(1,183)	–	–	–	–	–	–	(1,183)	(1,183)
Total liabilities	(17,582)	(13,248)	(525)	(591)	(363)	(1,663)	(86)	(1,520)	(17,996)
Derivative cash flows	–	–	2	1	2	8	–	–	–
Cumulative liquidity gap	–	(10,437)	(10,058)	(9,817)	(9,146)	(3,124)	7,738	–	–

Financial risks continued

Table 24: Assets and liabilities by maturity (audited) continued

	31 December 2023								
Group	Carrying value £'million	Repayable on demand £'million	Up to 3 months £'million	3 to 6 months £'million	6 to 12 months £'million	1 to 5 years £'million	Over 5 years £'million	No contractual maturity £'million	Total £'million
Cash and balances with the Bank of England	3,891	3,891	–	–	–	–	–	–	3,891
Loans and advances to customers	12,297	–	562	486	911	5,078	15,811	381	23,229
Investment securities	4,879	–	454	117	397	4,110	52	57	5,187
Total financial assets	–	3,891	1,016	603	1,308	9,188	15,863	438	32,307
Other assets	1,178	–	–	–	–	–	–	1,178	1,178
Total assets	22,245	3,891	1,016	603	1,308	9,188	15,863	1,616	33,485
Deposits from customers	(15,623)	(13,430)	(391)	(398)	(931)	(484)	–	(67)	(15,701)
Deposits from central banks	(3,050)	–	(39)	(39)	(67)	(3,197)	–	–	(3,342)
Debt securities	(694)	–	–	(35)	(42)	(829)	(160)	–	(1,066)
Repurchase agreements	(1,191)	–	(308)	(512)	–	(424)	–	–	(1,244)
Lease liabilities	(234)	–	(6)	(6)	(11)	(107)	(238)	–	(368)
Other liabilities	(319)	–	–	–	–	–	–	(319)	(319)
Total financial liabilities	(21,111)	(13,430)	(744)	(990)	(1,051)	(5,041)	(398)	(386)	(22,040)
Capital	(1,134)	–	–	–	–	–	–	(1,134)	(1,134)
Total liabilities	(22,245)	(13,430)	(744)	(990)	(1,051)	(5,041)	(398)	(1,520)	(23,174)
Derivative cash flows	–	–	2	–	(3)	37	1	–	–
Cumulative liquidity gap	–	(9,539)	(9,265)	(9,652)	(9,398)	(5,214)	10,252	–	–

Monitoring/reporting

We consider the effective and prudent management of liquidity to be fundamental to our ongoing resilience and viability. The Board has overall responsibility for establishing and maintaining an adequate risk management framework, including risk appetites that enable the management of our liquidity and funding risks. We are committed to ensuring that at all times we have sufficient liquidity resources – in terms of both quantity and quality – to ensure we can meet payments as they fall due.

The Treasury function has responsibility for our compliance with liquidity policy and strategy. We have a dedicated Prudential Risk team who independently monitor our liquidity and funding risk daily including ensuring compliance with the policies we have developed. A Regulatory Reporting team also monitors compliance with relevant metrics.

Financial risks continued

Market risk

Risk definition (audited)

The risk of loss arising from movements in market prices. Market risk is the risk posed to earnings, economic value or capital that arises from changes in interest rates, market prices or foreign exchange rates.

Risk appetite statement

Our market risk appetite is determined by reference to a number of sub-risk appetites:

Earning sensitivity – We have a low appetite for earnings risk, with the Board determining a limit calibrated to ensure net interest income does not exceed an amount recommended and scrutinised by the ALCO and approved by ROC. The limit is calibrated using a 2% instantaneous shock in both directions.

Economic value sensitivity – We have a low appetite for economic value risk, with the Board determining a limit calibrated to ensure that a change to the present value of our balance sheet does not exceed an amount as recommended and scrutinised by ALCO and approved by ROC. The limit is calibrated by calculating the impact of a 2% instantaneous shock in both directions.

Revaluation risk – We have a low appetite for revaluation risk, with the Board prescribing that we should avoid situations where the potential losses caused by changes in market prices shall not exceed capital held under standard risk weights, taking account of any offsets, determined by our revaluation risk stress scenario.

Foreign exchange risk – We have no appetite for foreign exchange risk, with the Board determining that exposures in foreign currencies should not represent a material portion of our capital resources.

Exposure and assessment (audited)

We do not have a trading book and we do not actively seek to create value through taking interest rate positions. Whilst we support our customers to make payments or hold accounts in foreign currency, we actively avoid exposing our own balance sheet to foreign exchange risk.

The primary source of our market risk exposure arises from structural interest rate risk in the banking book mismatch between the fixed rate assets and liabilities and any differences in bases. Interest rate risk in the banking book crystallises in, and is measured through, the sensitivity of our current and future net interest income and our economic value to movements in market interest rates. During 2024, we saw a reduction in the interest rate environment and the Bank remained within approved limits throughout.

The Board is responsible for setting market risk appetite. Market risk is mitigated through a risk management framework that allows it to be monitored and managed by first line management and second line risk, with oversight from ALCO. Accordingly, ALCO ensures that steps taken to identify, measure, monitor and control the interest rate risk in the banking book are consistent with the approved strategies and policies.

Management limits are set at ALCO for economic value and net interest income sensitivity to ensure prompt action and escalation. Limits and the relevant metrics are also reported to ROC and the Board.

The Treasury function has responsibility for managing within our market risk policy and strategy. We have an independent second line Prudential Risk team who independently monitor our market risk daily including ensuring compliance with the policies we have developed. The Prudential Risk team runs additional interest rate risk simulations monthly to assess other threats that may not be evident in the standard parallel shock metrics or supervisory outlier tests.

Response (audited)

We are not a trading bank and so have a low appetite for those market risks which we do take, with clear limits set for net interest income and economic value sensitivity. These limits are sufficient to allow efficient operational management of financial hedging.

Interest rate risk

We benefit from natural offsetting between certain assets and liabilities, which may be based on both the contractual and behavioural characteristics of these positions. Where natural hedging is insufficient, we hedge net interest rate risk exposures appropriately, including, where necessary, with the use of derivatives. We enter into derivatives only for hedging purposes and not as part of customer transactions or for speculative purposes.

Our Treasury and Prudential Risk teams work closely together to ensure that risks are identified and managed appropriately and that we are well-positioned to avoid losses outside our appetite, in the event of unexpected market moves.

Foreign exchange exposure

We have very limited exposure to foreign exchange risk. Foreign currency denominated assets and liabilities are matched off closely in each of the currencies we operate, and we eliminate our foreign exchange exposure as far as is practical on a daily basis. In any event the risk is strictly capped at 2% of our capital base. We offer business current accounts in foreign currency and foreign exchange facilities to facilitate customer requirements only.

Monitoring/reporting

We measure interest rate risk exposure using methods including the following:

- interest rate gaps: calculating the net difference between total assets and total liabilities across a range of time buckets
- economic value sensitivity: calculating repricing mismatches across our assets and liabilities over the horizon of our balance sheet and then evaluating the change in value arising from an instantaneous 2% change in the yield curve in both directions, taking into consideration any embedded customer optionality. Our economic value sensitivity risk appetite scenario is based on an instantaneous parallel rate movement of 2% at all repricing maturities, which is widely considered severe but plausible. Additionally, we evaluate the PRA's outlier test in line with regulatory requirements
- net interest income sensitivity: calculating repricing mismatches across our assets and liabilities over a one-year horizon and then evaluating the change in net income arising from an instantaneous 2% change in the yield curve in both directions. Our net interest income risk appetite scenario is based on an instantaneous parallel rate movement of 2% at all repricing dates, which is widely considered severe but plausible. We also assess basis risk by considering divergences between the Bank of England base rate and the Sterling Overnight Index Average. (SONIA.).

Financial risks continued

Interest rate risk

Table 25 sets out the interest rate risk repricing gaps of our balance sheet in the specified time buckets, indicating how much of each type of asset and liability reprices in the indicated periods, after applying expected pre-repayments in line with our policy.

A positive interest rate sensitivity gap exists when more assets than liabilities reprice during a given period. A positive gap tends to benefit net interest income in an environment where interest rates are rising; however, the actual effect will depend on multiple factors, including actual repayment dates and interest rate sensitivities within the periods. The converse is true for a negative interest rate sensitivity gap.

Table 25: Behavioural repricing balance sheet

31 December 2024	Up to 3 months £'million	3 to 6 months £'million	6 to 12 months £'million	1 to 5 years £'million	Over 5 years £'million	Non-interest bearing £'million	Total £'million
Cash and balances at central banks	2,750	–	–	–	–	61	2,811
Loans and advances to customers	3,407	502	1,053	4,006	44	1	9,013
Investment securities (AC & FVOCI)	1,861	320	130	2,070	109	–	4,490
Other assets	–	–	–	–	–	1,268	1,268
Total assets	8,018	822	1,183	6,076	153	1,330	17,582
Deposits from customers	(7,449)	(1,017)	(807)	(5,185)	–	–	(14,458)
Deposits from BoE and Repos	(791)	–	–	–	–	–	(791)
Debt	–	–	–	(675)	–	–	(675)
Other liabilities	–	–	–	–	–	(475)	(475)
Shareholders' funds	(13)	(13)	(27)	(214)	–	(916)	(1,183)
Total liabilities	(8,253)	(1,030)	(834)	(6,074)	–	(1,391)	(17,582)
Interest rate derivatives	(123)	(150)	(50)	373	(50)	–	–
Interest rate sensitivity gap	(358)	(358)	299	375	103	(61)	–
Cumulative gap	(358)	(716)	(417)	(42)	61	–	–

Financial risks continued

Table 25: Behavioural repricing balance sheet continued

31 December 2023	Up to 3 months £'million	3 to 6 months £'million	6 to 12 months £'million	1 to 5 years £'million	Over 5 years £'million	Non-interest bearing £'million	Total £'million
Cash and balances at central banks	3,817	–	–	–	–	74	3,891
Loans and advances to customers	3,803	860	1,499	6,063	71	1	12,297
Investment securities (AC & FVOCI)	2,029	3	154	2,642	51	–	4,879
Other assets	–	–	–	–	–	1,178	1,178
Total assets	9,649	863	1,653	8,705	122	1,253	22,245
Deposits from customers	(6,829)	(734)	(1,607)	(5,897)	(556)	–	(15,623)
Deposits from BoE and Repos	(4,241)	–	–	–	–	–	(4,241)
Debt	–	–	–	(544)	(150)	–	(694)
Other liabilities	–	–	–	–	–	(553)	(553)
Shareholders' funds	(24)	(23)	(47)	(374)	–	(667)	(1,134)
Total liabilities	(11,070)	(757)	(1,654)	(6,815)	(706)	(1,220)	(22,245)
Interest rate derivatives	(145)	(2)	–	(3)	150	–	–
Interest rate sensitivity gap	(1,589)	104	–	1,887	(434)	33	–
Cumulative gap	(1,589)	(1,485)	(1,486)	401	(33)	–	(4,192)

The below shows the sensitivity arising from the regulatory scenario of a +200bps and -200bps parallel interest rate shock for a one-year forecasting period upon projected net interest income.

Table 26: NII sensitivity (audited)

	200bps increase £'million	200bps decrease £'million
At 31 December 2024	19.3	(19.9)
At 31 December 2023	(13.8)	14.3

There is no material difference between the interest rate risk profile for the Group and that for the Company.

Non-financial risks

Non-financial risk covers the remaining categories of risk which have the potential to impact the Bank's operations, service quality and ability to operate in a safe and compliant way. Non-financial risks include financial crime risk, operational risk, conduct risk, regulatory risk, legal risk, model risk and strategic risk.

Financial crime risk

Risk definition

Financial crime risk is the risk that the Bank's products and service offerings will be used to facilitate financial crime. Financial crime risks include money laundering, violations of sanctions, bribery and corruption, facilitation of tax evasion, proliferation financing and terrorist financing.

Risk appetite statement

We have a low appetite for customer relationships or activity that pose a high financial crime risk and have no appetite for customer relationships or activity that violate our sanctions obligations. The nature of our business model as a UK retail bank inherently exposes us to financial crime risk and as a result of this exposure, strong and effective controls are required to mitigate this. We have defined a set of quantitative and qualitative key risk appetite metrics against which we monitor performance. We do not accept customers outside of our financial crime risk appetite and likewise where customers are reassessed and found to be outside of appetite (i.e, where the risks are too great to manage effectively) they are exited.

Exposure and assessment

Failure to prevent financial crime may result in harm to our customers, the Bank and third parties. In addition, non-compliance with regulatory and legal requirements may result in enforcement action which will have an adverse effect on the Bank from a financial and reputational perspective.

Our overall inherent financial crime risk remains the same as last year and continues to be medium based on our annual risk assessment (money laundering and proliferation/terrorist financing, tax evasion facilitation and sanctions inherent risks are rated medium, bribery and corruption inherent risk is rated low).

Response

We continue to deliver enhancements to our financial crime control framework to ensure that it remains fit for purpose, identifying and mitigating financial crime risk as well as delivering our financial crime strategy.

Investment in our systems and controls
We delivered strategic enhancements to our financial crime systems throughout 2024 with equal focus on embedding previously implemented controls, as well as strengthening our control framework.

Horizon scanning
We identify emerging trends and typologies through conducting horizon scanning activity, through information obtained from investigative and intelligence teams and through attending key industry forums (or associations) such as those hosted by UK Finance. As required, we continue to update our control framework to ensure emerging risks are identified and mitigated.

Colleague awareness and training
Colleague awareness and training continues to be a significant focus to ensure our Financial Crime Framework is implemented effectively. All colleagues have a key role to play in the detection and management of financial crime risk. To this extent, all colleagues receive financial crime training, ensuring they are able to meet their personal obligations as well performing effectively in role. For colleagues in specialist financial crime roles, we invest in their development to improve capabilities through industry-recognised financial crime qualifications.

Sanctions compliance
We comply with all applicable sanctions regimes. We continue to invest in our sanctions control framework and keep under review the effectiveness of controls we have in place in order to ensure that sanctions risk is managed in line with risk appetite. We will not tolerate any deliberate breach of financial crime laws and regulations (including sanctions) that apply to our business and the activity we undertake.

Anti-money laundering and combating terrorist financing prevention
We comply with all relevant UK anti-money laundering and combating terrorist financing legislation and have a framework in place to support the implementation and ongoing monitoring of these requirements into our systems and controls.

Anti-bribery and corruption and anti-tax evasion compliance
We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships and comply fully with the UK Bribery Act 2010 and Criminal Finances Act 2017. We do not give or receive improper financial or other benefits in our business operations, nor do we help facilitate tax evasion.

Monitoring/reporting

We monitor compliance with policies and standards through a range of activities completed by specialist colleagues. These include quality checking and assurance within operational and first line risk teams, supported by assurance and internal audit reviews of key financial crime controls carried out by second and third line of defence teams. The results of these reviews and the status of follow-up actions are escalated through our governance bodies.

Our financial crime risk appetite is reflected in key risk appetite metrics – a set of quantitative metrics, reported monthly through our governance. Where control performance is assessed as outside of our risk appetite, the issue and remediation activity is escalated and tracked through our risk committees.

Future focus
We are committed to safeguarding the Bank and our customers from financial crime. On 12 November 2024, Metro Bank PLC resolved the FCA's enquiries into transaction monitoring systems and controls that were in place between 2016 and 2020. The FCA's enquiries have concluded, resulting in the imposition of a financial penalty of approximately £16.7 million relating to historic deficiencies in the Bank's transaction monitoring systems and controls. The Bank engaged and cooperated fully with the FCA's enquiries and accepted the findings. For 2025, management of financial crime risk remains a priority and the Bank is making further enhancements to its control framework to improve alignment to regulatory requirements. The Bank will continue to actively engage with the FCA as part of their ongoing supervision of our systems and controls.

Non-financial risks continued

Operational risk

Risk definition

The risk that events arising from inadequate or failed internal processes, people and systems, or from external events cause regulatory censure, reputational damage, financial loss, service disruption and/or detriment to our FANS.

Risk appetite statement

We maintain a cautious appetite for operational risk and aim to minimise incidents, losses and adverse customer impacts arising from operational risk issues. We do this by maintaining a resilient infrastructure, including robust systems, employing and training the right colleagues, minimising the impact of external events and having a framework in place to ensure that operational risks are identified, assessed, responded to and monitored. Operational risk events and losses are recorded and assessed, corrective actions completed and steps taken to avoid recurrence.

Exposure and assessment

We operate with both a physical and a digital presence and are exposed to a broad range of operational risks across our distribution channels, businesses and functions. Operational incidents and other risk events have the potential to cause service disruption and outages, impacting internal processes and customers, as well as leading to financial losses.

Operational risks arise from day-to-day business activities and the Bank's operational resilience is an outcome that we actively monitor and oversee, including through the identification of important business services and setting of impact tolerances. Testing of our resilience capabilities is an established and coordinated activity and the identification and mitigation of potential resilience gaps an integrated practice of our business teams.

Whilst we have seen localised operational pressure associated with the Bank's strategic transformation activities, enhanced programme level operational monitoring has ensured risk impacts have been managed within appetite and timely mitigating steps taken. There has been minimal change-related disruption and customer service levels have been maintained. Comprehensive risk assessments have been completed for our strategic collaboration with Infosys, including establishing our continued operational resilience through the lens of PRA Supervisory Standard 2/21 Outsourcing and third-party risk management.

Response

Our Operational Risk Management Framework sets the approach we take to the management of operational risks including the performance of Risk and Control Self-Assessments, consideration of a variety of disruption scenarios and recording and management of incidents and resultant operational risk losses. Operational risk is overseen by the Chief Risk Officer and teams in the first and second lines of defence, monitored via reporting to Business Risk Committees, the Non-Financial Risk Oversight Committee run by the second line, ERC and ROC.

We aim to minimise incidents and losses arising from operational risk events by maintaining a resilient infrastructure, including robust systems and employing and training the right colleagues. We consider and prepare for a range of potential disruption events and if they do occur, we respond effectively and ensure that operational risk incidents and losses are recorded and assessed, and corrective steps taken to avoid recurrence. In accordance with regulatory requirements, we hold capital appropriate to potential severe yet plausible operational risk exposures, informed by an assessment of a range of operational risk scenarios.

We have put in place detailed policies, standards and controls to mitigate the variety of operational risks to which we are exposed. These are designed to both minimise impacts suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (or unexpected) loss.

Fraud

We continue to operate in a heightened fraud threat landscape. Scam and unauthorised plastic fraud risk remains elevated, reflected in increased fraud losses this year. Mitigating this risk is a strategic priority with the safety and security of our customers and their money of the highest importance. The Bank deploys a range of preventative and detective measures to mitigate the rapidly evolving threats and has continued to invest in fraud controls, preparing for and abiding by the recently introduced mandatory reimbursement requirements for authorised push payment (APP) fraud claims. Fraud threats and prevention trends are shared with industry peers and we closely monitor the treatment and outcomes of customers that fall victims of fraud in line with our Consumer Duty obligations.

Information security and cyber

The threat of a successful cyber attack and its potential to disrupt business operations and customer access to services remains high. We have dedicated capability in place to identify, assess and respond to the dynamic threats faced and continue to invest in our security infrastructure including endpoint detection and response capabilities, vulnerability scanning and identity management and intrusion detection tooling. A comprehensive suite of risk and performance metrics are in place to continuously monitor our security posture, protect customer data and minimise the risk of disruption.

Technology

Our key technology capabilities underpin the Bank's customer service proposition and operational resilience. Maintaining technology availability and performance is a key priority and we follow well established processes for assessing and prioritising investment to ensure the technology estate remains fit for purpose. Risk and performance reviews of our material third-party technology providers are performed and this year focus has been placed on identifying opportunities to establish a flexible and scalable technology infrastructure fit for the future. The Bank's strategic collaboration with Infosys is a key enabler both of our growth objectives and ongoing resilience and we continue to keep an open dialogue with our regulators on our technology plans.

Non-financial risks continued

Data

The effective use and maintenance of our data underpins the success of our strategy as well as our ability to deliver good customer outcomes. Through our data management, data protection and security policies we seek to protect customer data, satisfy legal and regulatory requirements concerning the creation, storage, distribution, usage and deletion of data and manage ongoing data quality. Roles and responsibilities for data ownership are defined, activities to identify and manage our key data are ongoing and we prioritise and remediate the data issues we identify.

Third-party

We make use of a network of third parties that underpin many of our operational processes and customer service offering. Our procurement and supplier risk policy sets out our approach to managing our third parties and we undertake robust risk assessments in line with regulatory expectations for each of our material outsourcing relationships. These consider our ongoing resilience position and potential impacts on our important business services with the Bank maintaining and testing exit plans to safeguard our operational continuity.

Our Supplier Risk team provides ongoing oversight and monitoring of our material third parties in line with regulatory requirements and undertakes independent assurance as required. This year, these activities have been completed for our strategic collaboration with Infosys, with changes to the Bank's risk exposures identified, assessed and responded to. This partnership is expected to further strengthen the Bank's resilience and our regulators have been kept up to date throughout.

People

Our people are central to our relationship banking strategy, meeting and exceeding customer expectations by living our AMAZEING values. Our dedicated People team provides business support in resource management, talent identification and training and the Bank has continued to actively manage its resource mix to ensure we have the right colleagues and capabilities, in the right place, at the right time. Where transformation activity has reshaped the workforce, risks have been carefully considered and support made available to manage the impacts on colleague wellbeing and sentiment.

Monitoring/reporting

Material operational risk events are identified, reviewed and escalated in line with criteria set out in the Enterprise and Operational Risk Management Frameworks. Incidents and losses are recorded and root-cause analysis is undertaken with action plans implemented to prevent recurrence and continually improve our processes. Quantitative metrics are used to measure our material operational risks and assess our exposure against our stated risk appetite. We conduct regular operational risk scenario workshops to identify severe yet plausible events which could impact us. This enables us to quantify the potential losses that such events could cause and hold sufficient capital against them, as well as highlighting potential areas for ongoing enhancements to our operational risk capabilities.

Business Risk Committees manage operational risks at business area level, supported by forums and working groups. Key risk indicators are in place to monitor our operational risk exposures against stated risk appetite and these are reported to the Non-Financial Risk Oversight Committee which further escalates to ERC and ROC where appropriate.

Future focus

Our operational risk profile will remain under close review as the Bank implements its strategy, with particular focus on management of risks associated with change delivery and increased dependence on our key third-party relationships. The fraud threat landscape is expected to remain elevated and investment in the Bank's defences will continue. Transformation of our operational activities and technology estate including focus on greater automation will require careful navigation in the context of our risk appetite as we work to unlock the anticipated benefits.

Non-financial risks continued

Conduct risk

Risk definition

The risk that our behaviours or actions result in poor outcomes or detriment to customers and/or undermine market integrity.

Risk appetite statement

We are built around a culture of supporting our customers, offering them a range of relatively simple retail products. We have a low appetite for conduct risk and seek to minimise risks which may result in poor outcomes or lead to customer detriment. Where poor outcomes are identified they must be remediated effectively to minimise risk, prevent recurrence, reduce customer harm, and reasonably avoid foreseeable harm.

Exposure and assessment

Conduct risk results from the provision of services and products to customers during our normal day-to-day business activities. We are focused on satisfying the requirements of the Consumer Duty, which sets the high expected standard for conduct and the delivery of good customer outcomes. These standards are aligned to our strategic objective to empower colleagues and customers with a human approach to banking and we recognise the important role we play in supporting our customers as expectations and behaviours evolve alongside the external environment and economic conditions.

We place particular focus on supporting those customers with additional needs who may be increasingly vulnerable following specific life events, or facing financial difficulties due to the cost-of-living pressures, or who may be the victim of fraudulent activity.

Response

Conduct risk is considered by all three lines of defence as part of their risk management, oversight and ongoing assurance activities.

Our Conduct Risk Framework (with supporting policies and standards) sets out our Conduct Risk Appetite Statement, key regulatory requirements, principles and expectations, approach to risk identification, response and governance. Throughout the course of 2024 we have:

- designed and implemented new dashboards and reporting on customer outcomes, providing regular management information to ERC, ROC and the Board
- reported and overseen conduct risks and issues in business risk and oversight risk committees, including progress against key customer remediation projects, conduct-related regulatory change initiatives, complaints, vulnerable customers and arrears management
- maintained proactive and coordinated engagement with our regulators on key customer initiatives
- considered customer profiles, target markets, fair value, customer needs and vulnerability in the context of product and proposition development, ongoing review, and associated appropriate governance
- operated programmes of quality assurance and review to assess delivery of good customer outcomes, supported and embedded through training.

Monitoring/reporting

Conduct risk is measured on a quantitative and qualitative basis, which includes a progress review of top risks and issues under management against key conduct priorities set by the regulators, as well as a defined set of Board-approved risk appetite metrics relating to complaints, arrears management, product performance, colleague training and customer outcome delivery.

A clear governance structure is in place which enables escalation of conduct risks through to ERC, ROC and the Board which, in turn, monitor and oversee our performance against risk appetite. We periodically report on key conduct themes including regular updates on the ways we are meeting the requirements of the Consumer Duty.

Future focus
We will ensure our products and services meet customer expectations and continue to deliver good outcomes, enabling customers to achieve their financial goals. Our internal processes will continue to be regularly reviewed in response to regulatory or organisational changes, including changes associated with our strategic third-party relationships. Ensuring we meet our regulatory requirements and reasonably prevent actual or foreseeable customer harm will remain a top risk priority for all colleagues.

Regulatory risk

Risk definition

The risk of regulatory sanction, financial loss and reputational damage as a result of failing to comply with relevant regulatory requirements.

Risk appetite statement

We have a low appetite for regulatory risk and seek to minimise this risk by maintaining robust systems and controls that are designed to meet existing regulatory requirements and to ensure we comply with future changes to the regulatory landscape.

Exposure and assessment

We are exposed to regulatory risk arising from our normal day-to-day business activities, as well as significant ongoing and new regulatory changes. Consumer and regulatory expectations are high and the regulatory environment is quickly evolving including in response to external factors such as macroeconomic conditions, geopolitical change and technological advances.

Response

We manage regulatory risk through a combination of clearly defined risk frameworks covering our principal risks, and a comprehensive set of risk appetite measures and limits, together with appropriate compliance policies and standards. We operate a risk-based assurance programme designed to assess areas of the control framework underpinning regulatory compliance, oversight of key regulatory developments and proactive and coordinated engagement with our key regulators.

We invest in and develop our core systems and controls to continue meeting existing regulatory requirements and prepare for those that are new. Key areas of focus in 2024 included:

- capital
- financial crime and fraud
- outsourcing and third-party management
- operational resilience
- Consumer Duty.

Monitoring/reporting

Regulatory risk is measured on a quantitative and qualitative basis, which includes review of top risks and issues under management against material regulatory initiatives and our relationship with our regulators, as well as a defined set of Board-approved risk appetite metrics relating to our principal risks. This includes measures around major/critical regulatory, financial crime and operational impacts, impairment provisioning, credit, model and capital risk exposure, regulatory breaches, high risk assurance and audit findings, incidents and implementation of material regulatory change.

We undertake ongoing horizon scanning to identify and address upcoming regulatory change. As part of this process, we engage proactively with our regulatory authorities as well as industry bodies in respect of any proposed changes. Additionally, a clear governance structure is in place which enables escalation of regulatory risks through to ERC, ROC and the Board who, in turn, monitor and oversee our performance against risk appetite. We periodically report on regulatory themes and key focus areas aligned to the regulator's strategic priorities, regulatory changes on the horizon and other developments in the regulatory environment.

Future focus

We continue to place significant focus on overseeing and ensuring compliance with regulatory requirements. We will proactively engage with our regulators, industry bodies and other stakeholders to help shape the regulatory agenda, provide feedback on proposed reforms and continue to advocate for proportionate and pragmatic regulations that support both innovation and growth, whilst protecting the integrity of the financial system. We will review our risk frameworks, appetite limits and monitoring processes to ensure that these remain up to date and reflect current regulatory priorities.

Non-financial risks continued

Legal risk

Risk definition

The risk of loss, including to reputation, that can result from lack of awareness or misunderstanding of, ambiguity in or reckless indifference to, the way the law applies to the Directors, the business, and its relationships, processes, products and services.

Risk appetite statement

We have a low appetite for legal risk, limited to those events where there is a minimal chance of material financial, reputational or commercial negative consequences.

Assessment and exposure

We are exposed to a range of legal risks in relation to our normal business activities. These risks may arise from:

- defective contracts
- claims and litigation against us
- failure or inability to take appropriate measures to protect intellectual property
- failure to comply with specific legislation (e.g., Market Abuse).

Given the pervasive and fundamental nature of legal risk, rather than having a separate framework, the methodology for the robust management of legal risk is set out in the Enterprise Risk Management Framework with reporting to ERC and ROC.

Response

We minimise legal risk via a range of mitigants, including:

- in-house legal expertise, maintained via appropriate training and development and specialist recruitment
- selective use of expert external legal advice via an approved panel of lawyers
- appropriate policy documentation and training related to specific legal requirements
- monthly reporting of metrics to measure compliance with our legal risk appetite.

Monitoring/reporting

A range of key risk indicators are used to measure our exposure to legal risk, including the risk of defective contracts and claims made against us. Details of our material legal, taxation and regulatory matters can be found in note 32 to the financial statements on page 206.

Future focus
We will continue to ensure that we work within legal parameters for all aspects of our activities and measure performance against risk appetite. Legal risk exposures and response will continue to be reported to ERC and ROC on a regular basis.

Model risk

Risk definition

The risk of potential loss and regulatory non-compliance resulting from decisions that could be principally based on the output of models, due to errors in the development, implementation, or use of such models.

Risk appetite statement

We adopt a cautious appetite for risk due to errors in the development, implementation or use of models, which we mitigate via effective governance over the specification and design, implementation and running of our models and over model input data.

Assessment and exposure

We use models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and mitigating risk, valuing exposures (including the calculation of impairment), conducting stress testing, and assessing capital adequacy.

Model risk is assessed via our Model Risk Index and underlying key risk indicators, which include monitoring of the materiality and complexity of our models.

Model risk remains stable, whilst closely managed, with ongoing enhancements to risk governance, risk appetite metrics and scope having been implemented. This has, in turn, helped to mitigate potential increased risk from the impacts and uncertainties arising from macroeconomic challenges.

Response

The main mitigant to model risk is the robust governance process, including the Model Risk Committee. Internal SME panels may also be convened to opine on contentious issues. The committee monitors the effectiveness of the Model Risk Management Framework. This includes a review of findings in relation to specific modelling processes, escalating to ERC and ROC as appropriate.

We have in place a well-qualified independent model validation function that performs model validations prior to model implementation, when a model is changed and on a periodic basis.

Monitoring/reporting

Our Model Risk Management Framework sets out the roles and responsibilities of the various stakeholders, underpinned by robust governance of model risk supported by model development, monitoring, validation, implementation and risk appetite standards.

Exposure against the key risk indicators is reported to MRC, ERC and ROC on a monthly basis and periodic, more detailed assessments are also reported through the risk governance structure.

Future focus
We continue to enhance and evolve governance of model risk. Whilst we are a standardised bank and do not need to comply by the regulatory deadline, we are working towards complying with the principles of the Bank of England Supervisory Statement SS1/23 ‘Model risk management principles for banks’.

Strategic risk

Risk definition

The risk of having an insufficiently defined, flawed or poorly implemented strategy, a strategy that does not adapt to political, environmental, business and other developments and/or a strategy that does not meet the requirements and expectations of our stakeholders.

Risk appetite statement

We have not set a separate risk appetite for strategic risk and instead monitor it via the full range of reporting under our governance structure and direct risk input into the formulation of our strategy and Long-Term Plan, including providing a risk review to support Board approval.

Assessment and exposure

2024 was a pivotal year of transformation which has seen the Bank's strategic focus shift towards corporate, commercial and SME lending and specialist mortgages. We are confident that delivery of the strategy lays the foundations for long term growth but recognise that its success is dependent on our effective execution. Volatility in the external environment, the challenge of safely exploiting opportunities for efficiency and the potential impact of negative external sentiment are all recognised as having the potential to push us off course.

We have progressed a programme of organisational change including establishing a strategic collaboration with Infosys designed to unlock both cost and revenue opportunities. Whilst the changes have introduced new or updated existing risks, measures taken have ensured these have been managed within our risk appetite.

The Bank has been subject to heightened external media coverage, with elevated reputational risk exposure closely monitored throughout the year. As coverage and sentiment has normalised, this risk has stabilised.

Response

Strategic risk is considered in everything we do, as having a clear and successful strategy is key to the Bank achieving its goals. The Board completes an annual review of the strategy and Long-Term Plan, supported by a risk assessment reviewed at ROC.

During 2024, our focus has been on safely executing the Bank's strategic transformation programme. Cost management discipline has continued in all areas, process optimisation and reprioritisation has progressed in line with our updated strategic objectives and we have ensured the Bank's reshaped workforce remains effectively deployed.

Monitoring/reporting

The Executive team and Board monitor strategy execution risks closely across all business lines and transformation initiatives.

We consider strategic risk when applying the Risk Management Framework, with ExCo oversight of execution, challenge by the second line of defence and independent review by our Internal Audit function.

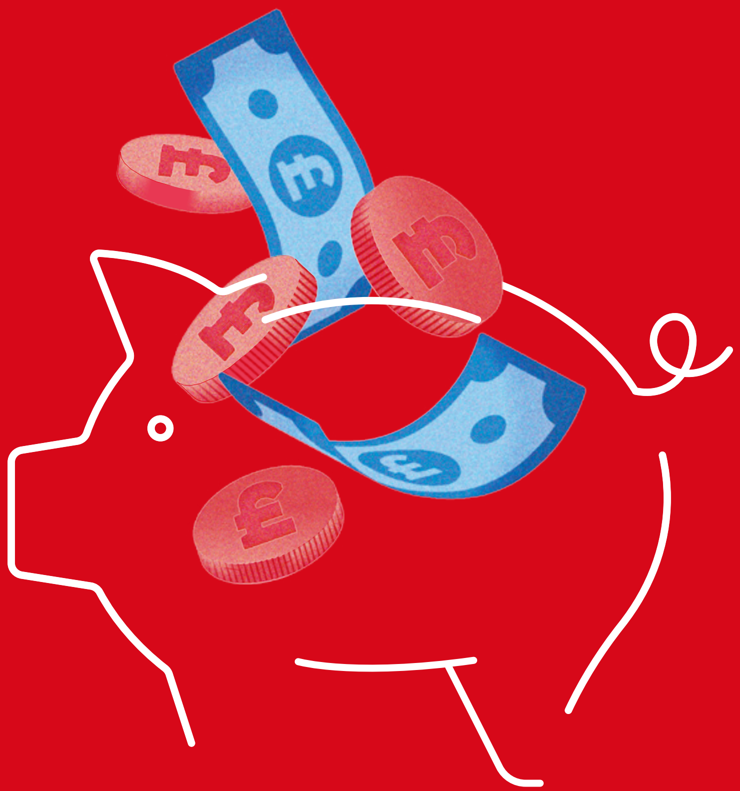
The emerging, including strategic, risks the Bank faces are assessed on at least a six-monthly basis. This includes the governance of ESG-related matters, ongoing assessment of the geopolitical and macroeconomic landscape in which we operate and our success in relation to our competitors.

Future focus

Our established Risk Management Framework is applied to oversee the Bank's evolving risk profile and we will act to ensure we operate inside our agreed risk appetite. The Bank also continues to conduct horizon scanning against emerging risks with the potential for a severe impact and will adjust its approach accordingly.

Financial statements

In this section



Independent auditors' report to the members of Metro Bank Holdings PLC

Report on the audit of the financial statements

Opinion

In our opinion, Metro Bank Holdings PLC's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company balance sheets as at 31 December 2024; the Consolidated statement of comprehensive income; the Consolidated and Company statements of changes in equity; the Consolidated and Company cash flow statements for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 8, we have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment, the size and risk profile of reporting units, and other qualitative factors (including history of misstatement through fraud or error).
- As part of the group audit, we identified four significant components. We conducted full scope audit procedures on Metro Bank Holdings PLC (the company) and Metro Bank PLC, taking into account their respective size and risk characteristics. Additionally, we executed targeted audit procedures on loans and advances in SME Asset Finance Limited and SME Invoice Finance Limited.

Key audit matters

- Determination of allowance for ECL on loans and advances to customers (group)
- Recognition of a deferred tax asset (group)
- Carrying values of non-financial assets (group)
- Carrying value of investment in subsidiary (parent)

Materiality

- Overall group materiality: £11.4m (2023: £11.4m) based on approximately 1% of Total Equity.
- Overall company materiality: £10.0m (2023: £10.0m) based on 0.9% of Total Equity (2023: 1%).
- Performance materiality: £8.5m (2023: £8.5m) (group) and £7.5m (2023: £7.5m) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Recognition of a deferred tax asset is a new key audit matter this year. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter
Determination of allowance for Expected Credit Losses on loans and advances to customers (group) Refer to page 66 (Audit Committee report), Note 12: Loans and advances to customers and Note 30: Expected credit losses. The determination of the allowance for expected credit losses (ECL) involves management judgement and is subject to a high degree of estimation uncertainty. We performed a risk assessment to identify those assumptions with significant levels of management judgement and for which variations had the most material impact on ECL. In 2024, the level of estimation uncertainty and judgement remained elevated as the UK experienced weak economic growth, continued economic uncertainty and high interest rates. Assumptions were made by management in determining economic scenarios and their probability weightings based on information provided by a third party expert. Management determines the amount of ECL using a number of complex models. In addition, a number of post model overlays are required where the models do not capture all relevant risks. The overlays included adjustments in relation to the impact of interest rates on customer affordability and commercial borrowers which was determined either not to be fully reflected in the economic forecasts or where the modelled output did not fully reflect the impact on credit risk. Across the in-scope portfolios, we identified heightened audit risk in determining the ECL for the following: Retail Mortgages, Consumer unsecured (specifically for RateSetter loans) and Commercial (excluding the small asset finance and invoice finance portfolios, and government backed loans). Our work focused on the following key assumptions and judgements: • Forward-looking economic assumptions used in the models, and the weightings selected by management; • Judgements involved in creating post model overlays to change modelled outputs and the application of those adjustments in response to heightened economic uncertainty and higher interest rates; • Judgements exercised in determining whether a significant increase in credit risk ('SICR') should be recognised for Commercial loans where staging is based on a qualitative assessment of credit risk; and • Judgements applied by management in estimating stage 3 individual impairment allowances, specifically in relation to the valuation of collateral.	We evaluated the design and implementation of key controls but did not test the operating effectiveness of controls as we did not plan to rely on them. We performed a fully substantive audit. We engaged the support of our credit modelling specialists and performed the following substantive audit procedures in order to assess the performance, methodology and accuracy of the ECL models. We also assessed the appropriateness of management's key judgements and assumptions in the context of the current economic environment and our wider industry experience. **Forward looking information and multiple economic scenarios** We used our economic analysis tool developed by our economic and modelling experts utilising data from the Bank of England and independent consensus forecasts. This tool assessed the reasonableness of management's economic scenarios and associated weightings, giving specific consideration to the current economic environment and severity of forward looking information. We also evaluated the competence, capabilities and objectivity and the work performed by management's third party expert. **Model methodology and post model overlays** We critically assessed the methodology used in the in-scope impairment models and evaluated compliance with IFRS 9 requirements. We also tested the key assumptions and judgements which comprise the PDs/LGDs/EADs used in the calculation of provisions. We tested the input of certain data elements into impairment models and management judgemental adjustments, including credit reviews that determine credit risk ratings for commercial customers. Our credit modelling specialists independently rebuilt the commercial loans, retail mortgages and the RateSetter ECL models. This was performed using management's methodology and we compared the output to management's modelled ECL output. For the other in-scope portfolios our modelling specialists performed an independent code review to validate that the models were implemented in line with the group's methodology. Our credit modelling specialists also assessed the results of model monitoring performed by management and independently re-performed the key tests. We critically assessed and tested the judgemental post model overlays applied by management to address the credit risk in the portfolio that was not reflected in modelled outputs. We evaluated and challenged the methodologies, the accuracy of application and the completeness of overlays. Where appropriate, we ran a series of independent scenarios based on alternative assumptions and compared the results to the ECL results produced by management. **Significant increase in credit risk (SICR) – Commercial loans** To test the judgements in determining whether SICR events have occurred, we evaluated the appropriateness of the SICR criteria being used. For a sample of loans across the Commercial stage 1 and 2 populations we independently assessed the stage allocation against SICR criteria. **Individually assessed stage 3 loans** For a sample of stage 3 credit impaired loans, we critically evaluated the basis on which the allowance was determined, and the evidence supporting the analysis performed by management. We also independently challenged whether the key assumptions used, such as the recovery strategies and collateral valuations, and ranges of potential outcomes, were appropriate given the borrowers' circumstances.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter
Carrying values of non-financial assets (group) Refer to page 66 (Audit Committee report), Note 14: Property, Plant and Equipment and Note 15: Intangible assets. The group's tangible fixed assets comprised leasehold improvements and Right of Use assets. The group also capitalised as intangible assets certain expenditure in the development of software to support its business strategy. The market value of the group and the 2024 operating performance of the bank indicated that the assets might be impaired. Management evaluated the above non-financial assets for impairment and estimated the recoverable amounts of those assets. As the assets do not generate largely independent cash inflows, they have been incorporated into a relevant cash generating unit (CGU) and the recoverable amount of that CGU has been determined. The CGU relevant to the vast majority of non-financial assets is the 'retail bank CGU' within Metro Bank PLC. Management also evaluated whether certain intangible assets were continuing to be used in the business and therefore whether individual impairments were required. The determination of the recoverable amount requires management to estimate the higher of value in use and fair value less costs to sell of the retail bank CGU. This assessment is complex and involves a combination of management judgements and third-party data. The recoverable amount is estimated using forecast cash flows included in management's 5 year Long Term Plan ('LTP'), a terminal growth rate and a discount rate. There are methodology judgements required in determining a value in use in compliance with IAS 36 'Impairment of assets'. The LTP is also supported by various assumptions relating to compliance with regulatory capital requirements. Management concluded that no impairment of the retail bank CGU existed as at 31 December 2024. However, management determined that certain individual assets should be written off as these were no longer in use by the bank or used in delivering the LTP. The forecast cash flows in the LTP, in particular relating to net interest income, the determination of the discount rate and the assumptions relating to the regulatory capital requirements are key judgements. Due to the magnitude of the balance and the judgements involved in respect of the retail bank CGU, the impairment assessment represents a key audit matter.	To address the risk of impairment of the non-financial assets, we performed a number of audit procedures over the assessment performed by management. Our work included the following substantive tests: • Tested the mathematical integrity of the impairment model and agreed the relevant inputs to the Board approved LTP; • Evaluated management's accounting policy and impairment methodology with reference to IFRS requirements; • Reviewed the forecasts in the LTP and evaluated these for reasonableness. We made inquiries of management, inspected business plans and critically assessed management's growth assumptions, including those relating to net interest income, using third party evidence where relevant; • Evaluated compliance with regulatory capital requirements and the underlying assumptions during the period of the plan using our regulatory experts. We tested forecast capital ratios, reviewed regulatory correspondence and held discussions with the PRA; • Engaged our valuation specialists in assessing the reasonableness of the discount rate and terminal growth rate; and • Assessed management's decisions to write off certain intangible assets by reference to the current and expected use of these within the bank.

Independent auditors' report continued

Key audit matter	How our audit addressed the key audit matter
Recognition of a deferred tax asset (group) Refer to page 66 (Audit Committee report) and Note 9. As at 31 December 2024, the group recognised a deferred tax asset of £269m relating to the utilisation of unused tax losses from past trading activities. A deferred tax asset can be recognised in relation to these losses to the extent that it is probable that there will be sufficient future taxable profits to utilise them. The recognition and recoverability of a deferred tax asset by the group, where there have been significant losses in the recent past, is based on key assumptions about the group's future profitability over an extended period. The group's Long-Term Plan ('LTP') is the basis of management's assessment. This includes numerous assumptions including but not limited to future asset growth, interest rates and regulatory capital requirements. Management assessed the inherent risks within the LTP, considered the existence of recent past losses and developments in the group, the uncertainty of forecasts in later years, and applied a risk adjustment to forecast taxable profits. This assessment involves significant estimation uncertainty and represents a key audit matter. Our work focused on the following key assumptions and judgements: • The assumptions used in determining the forecast profits in the LTP, in particular over the next three years, including assumptions about business transformation and regulatory capital requirements; and • The appropriateness of adjustments to reflect the risks in the business plan.	To evaluate the recognition of the deferred tax asset, we performed a number of audit procedures over the assessment performed by management. Our work included the following substantive tests: • Evaluated management's methodology for assessing the recognition and recoverability of the deferred tax asset with reference to IFRS requirements; • Understood and evaluated the reasonableness of the key profit forecast assumptions by making inquiries of management, inspecting business plans, critically assessing management's growth assumptions and obtaining corroborating evidence; • Reviewed future regulatory capital assumptions using our regulatory experts; • Evaluated the ability of management to forecast profits by comparing past actual profits against budgets; • Assessed the extent of the risk adjustments applied by management to future profits, including in the period beyond the group's five-year forecasting time horizon; and • Assessed the adequacy of the disclosures related to the recognition of the deferred tax asset, including the disclosure of key judgements and the estimate of the recovery period.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investment in subsidiary (parent) Refer to page 66 (Audit Committee report) and Note 3 (page 216). Management reviewed the carrying value of the investment in the subsidiary, Metro Bank PLC, for indicators of further impairment, or reversal of the previously recorded impairment, in accordance with IAS 36 as of 31 December 2024. Management estimated the recoverable amount using the higher of value in use ('ViU') or fair value less cost to sell. The methodology used to estimate the recoverable amount is dependent on various assumptions, both short term and long term in nature. These assumptions, which are subject to estimation uncertainty, are derived from a combination of management's judgement and third party data. The significant assumptions that we focused our audit on were those with greater levels of management judgement and for which variations had the most significant impact on the recoverable amount. These included the compliance of the chosen methodology with IAS 36, the bank's Long Term Plan ('LTP') for 2025 to 2029, in particular the net interest income forecasts, regulatory capital requirements and the discount rate. Management's assessment resulted in a reversal of the prior year impairment charge. Due to the magnitude of the investment, the impairment reversal and the judgements involved, the impairment assessment represents a key audit matter.	We performed a number of audit procedures over the calculation of the carrying value of investment determined by management. We challenged and tested the reasonableness of management's methodology and key assumptions. Our work included the following substantive tests: • Tested the mathematical integrity of the impairment model and agreed the relevant inputs to the Board approved LTP relating to the subsidiary; • Evaluated management's accounting policy and impairment methodology with reference to IFRS requirements; • Reviewed the forecasts in the LTP and evaluated these for reasonableness. We made inquiries of management, inspected business plans and critically assessed management's growth assumptions, including those relating to net interest income, using third party evidence where relevant; • Engaged our regulatory experts in assessing the reasonableness of the risk weighted asset and capital requirements; and • Engaged our valuation specialists in assessing the reasonableness of the discount rate and terminal growth rate.

Independent auditors' report continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We performed a risk assessment, giving consideration to relevant external and internal factors, including climate change, economic risks, relevant accounting and regulatory developments, as well as the group's strategy. We also considered our knowledge and experience obtained in prior year audits of the group. We continually assessed the risks and changed the scope of our audit where necessary.

As part of considering the impact of climate change in our risk assessment, we evaluated management's assessment of the impact of climate risk, which is set out on pages 32 to 41, including their conclusion that there is no material impact on the financial statements. In particular, we considered management's assessment of the impact on ECL on loans and advances to customers within Metro Bank PLC, which we determined to be most likely to be impacted by climate risk. Management's assessment gave consideration to a number of matters, including the Biennial Exploratory Scenario climate stress testing performed in 2021. As a result of their assessment, an immaterial model overlay was recognised in 2021, and continues to be held as at 31 December 2024.

The group consists of four components. Components that were deemed significant due to their financial reporting risk and/or relative financial significance in the context of the group's consolidated financial statements were designated as full scope components. We assessed the significance of other components based on their impact on primary financial statement line items, the presence of significant risks of material misstatement, and other qualitative factors, such as a history of misstatements whether due to fraud or error.

In the context of our group audit, we conducted full scope audit procedures for Metro Bank Holdings PLC (the company) and Metro Bank PLC. Additionally, we performed targeted audit procedures on loans and advances to customers, as well as on the expected credit loss (ECL) on loans and advances, for SME Asset Finance Limited and SME Invoice Finance Limited. The remaining balances in our professional judgement did not present a reasonable risk of material misstatement, whether individually or in aggregate, and were therefore excluded from further specific audit procedures. We performed other audit procedures, including tests of information technology controls and group-level analytical review procedures.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£11.4 million (2023: £11.4 million)	£10.0 million (£10.0 million)
How we determined it	Approximately 1% of Total Equity (2023: 1%)	0.9% of Total Equity (2023: 1%)
Rationale for benchmark applied	The group's total equity is the most appropriate benchmark as it is linked to the level of regulatory capital which is a key metric for management and users of the financial statements. It also provides a stable benchmark.	The company's total equity has been used as the most appropriate benchmark given its primary purpose is to act as a holding company, not to generate operating profits and therefore a profit-based measure is not relevant.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £8.5m (2023: £8.5m) for the group financial statements and £7.5m (2023: £7.5m) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.6m (group audit) (2023: £0.5m) and £0.5m (company audit) (2023: £0.5m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the directors' going concern assessment process, including the preparation and approval of the budget. We obtained management's Board approved forecast covering the going concern period of assessment of 15 months from the date of these financial statements. We evaluated the forecasting method adopted by the directors in assessing going concern;
- Evaluation of management's financial and regulatory capital forecasts. We checked the mathematical accuracy of the model and evaluated the key assumptions using our understanding of the group and external evidence where appropriate. We used our Prudential Regulatory experts to review the Bank's risk weighted assets and forecast capital requirement assumptions. We also performed a comparison of the 2024 budget and the actual results to assess the accuracy of the budgeting process;
- Evaluation of the appropriateness of management's severe but plausible scenarios using our understanding of the group and the external environment. We considered the mitigating actions that management identified, including the reduction of costs and slowing down the origination of new loans and advances, and assessed whether these were in the control of management and possible in the going concern period of assessment;
- Reviewing management's stress testing of liquidity and evaluation of the impact on liquidity of past stress events. We substantiated the liquid resources held, and liquidity facilities available to the group, for example, with the Bank of England;
- Reviewing correspondence between the Bank and its regulators. We met with the PRA during the audit and understood the PRA's perspectives on the Bank's risks and its capital and liquidity position; and
- Assessing the adequacy of disclosures in the Going Concern statement in note 1 of the Consolidated and Company Financial Statements and within the Viability statement and going concern section on pages 46 and 47 and found that these appropriately reflect the key areas of uncertainty identified.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Annual Report on remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Independent auditors' report continued

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit. In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority (FCA) and Prudential Regulatory Authority (PRA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of the Audit Committee, management, internal audit and the group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of the design and implementation of controls designed to prevent and detect irregularities relevant to financial reporting;
- Reviewing key correspondence and holding discussions with the FCA and the PRA, in relation to the group's compliance with banking regulations;
- Incorporating unpredictability into the nature, timing and extent of our testing;
- Challenging assumptions and judgements made by management in respect of the determination of the allowance for expected credit losses on loans and advances to customers, the carrying values of non-financial assets, the carrying value of the investment in subsidiary and the recognition of a deferred tax asset in relation to past trading losses (see related key audit matters);

- Identifying and testing journal entries including those posted by infrequent or unexpected users, posted to certain account combinations and those posted late in the financial reporting process; and
- Identifying and testing significant and unusual transactions and material non-recurring items such as impairments and write-offs.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Annual Report on remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the directors on 25 April 2023 to audit the financial statements for the year ended 31 December 2023 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the years ended 31 December 2023 to 31 December 2024.

Metro Bank Holdings PLC is the parent of Metro Bank PLC which we have audited since the year ended 31 December 2010 with the period of total uninterrupted engagement being 15 years, covering the years ended 31 December 2010 to 31 December 2024.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Jonathan Holloway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

22 April 2025

Consolidated statement of comprehensive income

For the year ended 31 December 2024

	Notes	Years ended 31 December 2024 £'million	2023 £'million
Interest income	2	935.4	855.7
Interest expense	2	(557.5)	(443.8)
Net interest income		377.9	411.9
Fee and commission income	3	98.0	95.0
Fee and commission expense	3	(4.8)	(4.6)
Net fee and commission income		93.2	90.4
(Loss)/gain on sale of assets[2]	4	(101.4)	2.7
Other income[1]	5	35.6	143.9
Total income		405.3	648.9
General operating expenses	6	(489.0)	(502.9)
Depreciation and amortisation	14, 15	(77.3)	(77.7)
Impairment and write-offs of property, plant, equipment and intangible assets	14, 15	(44.0)	(4.6)
Total operating expenses		(610.3)	(585.2)
Expected credit loss expense	30	(7.1)	(33.2)
(Loss)/profit before tax		(212.1)	30.5
Taxation	9	254.6	(1.0)
Profit for the year		42.5	29.5
Other comprehensive income for the year			
Items which will be reclassified subsequently to profit or loss:			
Movement in respect of investment securities held at fair value through other comprehensive income (net of tax):			
• changes in fair value	28	3.4	2.4
Total other comprehensive income		3.4	2.4
Total comprehensive profit for the year		45.9	31.9
Profit per share			
Basic (pence)	36	6.3	13.8
Diluted (pence)	36	6.3	13.4

1. Other income includes a £100 million gain on debt extinguishment (note 5).
2. (Loss)/gain on sale of assets includes £101.4 million loss on sale of £2.5 billion residential mortgage portfolio (note 4).

The accompanying notes on pages 165 to 211 form an integral part of these financial statements.

Consolidated balance sheet
As at 31 December 2024

	Notes	Years ended 31 December 2024 £'million	2023 £'million
Cash and balances with other banks	11	2,811	3,891
Loans and advances to customers	12	9,013	12,297
Investment securities held at fair value through other comprehensive income	13	377	476
Investment securities held at amortised cost	13	4,113	4,403
Derivative financial assets	21	16	36
Property, plant and equipment	14	711	723
Intangible assets	15	126	193
Prepayments and accrued income	16	93	118
Deferred tax assets	9	240	–
Other assets	17	82	108
Total assets		17,582	22,245
Deposits from customers	18	14,458	15,623
Deposits from central banks	19	400	3,050
Debt securities	20	675	694
Repurchase agreements	10	391	1,191
Derivative financial liabilities	21	1	–
Lease liabilities	22	205	234
Deferred grants	23	13	16
Provisions	24	11	23
Deferred tax liability	9	–	13
Other liabilities	25	245	267
Total liabilities		16,399	21,111
Share premium	26	144	144
Retained earnings	27	1,022	978
Other reserves	28	17	12
Total equity		1,183	1,134
Total equity and liabilities		17,582	22,245

The accompanying notes on pages 165 to 211 form an integral part of these financial statements. The financial statements and accompanying notes were approved by the Board of Directors on 22 April 2025 and signed on its behalf by:

Robert Sharpe
Chair

Daniel Frumkin
Chief Executive Officer

Consolidated statement of changes in equity
For the year ended 31 December 2024

	Called-up share capital £'million	Share premium £'million	Merger reserve £'million	Retained earnings £'million	FVOCI reserve £'million	Share option reserve £'million	Total equity £'million
Balance as at 1 January 2024	–	144	–	978	(11)	23	1,134
Profit for the year	–	–	–	43	–	–	43
Other comprehensive income (net of tax) relating to investment securities designated at fair value through other comprehensive income	–	–	–	–	4	–	4
Total comprehensive income	–	–	–	43	4	–	47
Equity–settled share based payment charges	–	–	–	–	–	2	2
Transfer of b/f share option reserve	–	–	–	1	–	(1)	–
Balance as at 31 December 2024	–	144	–	1,022	(7)	24	1,183
Balance as at 1 January 2023	–	1,964	–	(1,015)	(13)	20	956
Profit for the year	–	–	–	29	–	–	29
Other comprehensive income (net of tax) relating to investment securities designated at fair value through other comprehensive income	–	–	–	–	2	–	2
Total comprehensive income	–	–	–	29	2	–	31
Net share option movements	–	–	–	–	–	3	3
Cancellation of Metro Bank PLC share capital and share premium	–	(1,964)	–	1,964	–	–	–
Issuance of Metro Bank Holdings PLC share capital	–	–	965	(965)	–	–	–
Bonus issuance	965	–	(965)	–	–	–	–
Capital reduction of Metro Bank Holdings PLC share capital	(965)	–	–	965	–	–	–
Shares issued	–	150	–	–	–	–	150
Cost of shares issued	–	(6)	–	–	–	–	(6)
Balance as at 31 December 2023	–	144	–	978	(11)	23	1,134
Notes	26	26		27	28	28	

The accompanying notes on pages 165 to 211 form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 31 December 2024

	Notes	Years ended 31 December 2024 £'million	2023 £'million
Reconciliation of profit/(loss) before tax to net cash flows from operating activities:			
(Loss)/profit before tax		(212)	31
Adjustments for non-cash items	37	(359)	(376)
Interest received		948	834
Interest paid		(585)	(370)
Changes in other operating assets		3,320	744
Changes in other operating liabilities		(4,497)	(235)
Net cash (outflows)/inflows from operating activities		(1,385)	628
Cash flows from investing activities			
Sales, redemptions and paydowns of investment securities		1,017	1,870
Purchase of investment securities		(630)	(816)
Purchase of property, plant and equipment	14	(41)	(12)
Purchase and development of intangible assets	15	(19)	(26)
Net cash inflows from investing activities		327	1,016
Cash flows from financing activities			
Repayment of capital element of leases	22	(22)	(23)
Issuance of new shares	26	–	150
Cost of share issuance	26	–	(6)
Issuance of debt securities	20	–	175
Cost of debt issuance	20	–	(5)
Net cash (outflows)/inflows from financing activities		(22)	291
Net (decrease)/increase in cash and cash equivalents		(1,080)	1,935
Cash and cash equivalents at start of year	11	3,891	1,956
Cash and cash equivalents at end of year	11	2,811	3,891

The accompanying notes on pages 165 to 211 form an integral part of these financial statements.

Notes to the consolidated financial statements

1. Basis of preparation and significant accounting policies

This section sets out the Group's ('our' or 'we') accounting policies which relate to the financial statements as a whole. Where an accounting policy relates specifically to a note then the related accounting policy is set out within that note. All policies have been consistently applied to all the years presented unless stated otherwise.

1.1 General information

Metro Bank Holdings PLC (the 'Company') is the holding company of Metro Bank PLC, which provides retail and commercial banking services in the UK. Metro Bank Holdings PLC is a public limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006 (Company number 14387040) and is listed on the London Stock Exchange (LON:MTRO). The address of its registered office is One Southampton Row, London, WC1B 5HA.

1.2 Basis of preparation

The consolidated financial statements of the Company together with its subsidiaries (the 'Group') have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the UK, interpretations issued by the IFRS Interpretations Committee and the Companies Act 2006 applicable to companies reporting under IFRSs.

The consolidated financial statements of the Group and Company were authorised by the Board for issue on 22 April 2025.

The financial information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss and other comprehensive income. Fair value is defined as the price that would be received or paid in an orderly transaction between market participants at the measurement date.

Certain disclosures required under IFRS 7 'Financial instruments: disclosures' and IAS 1 'Presentation of financial statements' have been included within the Risk report on pages 121 to 150. Where information is marked as audited, it is incorporated into these financial statements and it is covered by the Independent auditor's report.

The Directors consider that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements. In reaching this assessment, the Directors have considered projections for the Group's capital and funding position as well as other principal risks. As part of this process the Directors have considered and approved the Group's most recent Long-Term Plan including severe but plausible downside scenarios. The Directors also considered the key assumptions and uncertainties that feed into these plans alongside management actions and mitigants that would be available if required. Under all scenarios considered, the Directors believe the Group to remain a going concern on the basis that it maintains sufficient resources (including liquidity and capital) to be able to continue to operate for the foreseeable future (considered to be at least 15 months from the date of these financial statements). The Directors do not consider there to be any material uncertainties with regards to the assessment on going concern. Further details on the assessment undertaken by the Directors is set out in the Viability statement and going concern section on pages 46 and 47.

Basis of consolidation

Our consolidated financial statements include the results for all entities which we control (details of our subsidiaries can be found in note 3 to the Company financial statements on page 217). Controlled entities are all entities to which we are exposed, or have rights, to variable returns from our involvement with the entity and have the ability to affect those returns through our power over it. An assessment of control is performed on an ongoing basis.

Our controlled entities are consolidated from the date on which we establish control until the date that control ceases. The acquisition method of accounting is used to account for business combinations other than those under common control.

Post-acquisition, income and expenses are included in the consolidated income statement on a line-by-line basis in accordance with the accounting policies set out herein, adjusting for any intra-group transactions which are eliminated in full upon consolidation.

In publishing the Company financial statements here together with the Group financial statements, we have adopted the exemption in section 408(3) of the Companies Act 2006. This means we have chosen not to present a Company statement of comprehensive income and related notes as part of these financial statements.

Insertion of Metro Bank Holdings PLC

To meet the Bank of England's resolution requirements, on 19 May 2023, Metro Bank Holdings PLC was inserted as the new ultimate holding company and listed entity of the Group. Prior to this date Metro Bank PLC was both a banking entity and the ultimate parent company of the Group, but has subsequently become a 100% subsidiary of Metro Bank Holdings PLC.

The insertion of Metro Bank Holdings PLC was treated as a business combination under common control, with the Group controlled by the same parties both before and after the insertion. Combinations under common control are outside the scope of IFRS 3 'Business Combinations' and accordingly, the insertion was not recognised at fair value and no goodwill or fair value acquisition adjustments were recognised. The Group had instead applied the predecessor accounting approach as this most faithfully represented the substance of the facts and circumstances of the series of transactions that comprised the insertion of Metro Bank Holdings PLC. In applying this approach, the Group had used the carrying amounts in Metro Bank PLC's consolidated financial statements at the date of transfer to determine the value of the assets and liabilities transferred.

1.3 Functional and presentation currency

These financial statements are presented in pounds sterling (£), which is our functional currency. All amounts have been rounded to the nearest £1 million and £0.1 million for balance sheet and income statement line items respectively, except where otherwise indicated.

1.4 Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Under that method, loss before tax is adjusted for non-cash items and changes in other assets and liabilities to determine net cash inflows or outflows from operating activities. Cash flows from investing and financing activities are determined using the direct method which directly reports the cash effects of the transactions.

1.5 Changes in accounting policies and presentational amendments

During the year, there have not been any changes in any accounting policies or disclosures that have had a material impact on our financial statements.

1.6 Future accounting developments

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. Whilst early application of the standard is permitted, the Group has not early adopted them in preparing these consolidated financial statements. The Group is still in the process of assessing the potential impact of this standard on presentation and disclosures.

1.7 Segmental reporting

IFRS 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports and components of the Group which are regularly reviewed by the Chief Operating Decision Maker to allocate resources to segments and to assess their performance. For this purpose, the Chief Operating Decision Maker of the Group is our Board of Directors.

The Board considers the results of the Group as a whole when assessing the performance of the Group and allocating resources, owing to our simple structure. Accordingly, the Group has a single operating segment. We operate solely within the UK and, as such, no geographical analysis is required. We are not reliant on any single customer.

1.8 Foreign currency translation

Transactions in a foreign currency are translated into the functional currency using the exchange rates prevailing at the date of the transaction.

Monetary items denominated in a foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on translation are recognised in other income. Gains and losses arising from foreign currency transactions offered to customers are also recognised in other income.

1.9 Critical accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires us to make material judgements as well as estimates which, although based on our best assessment, by definition will seldom equal the actual results. Management believes that the underlying assumptions applied at 31 December 2024 are appropriate and that these consolidated financial statements therefore present our financial position and results fairly. The areas involving a higher degree of complexity, judgement or where estimates have a significant risk of resulting in a material adjustment to the carrying amounts within the next financial year are:

Area	Estimates	Judgements	Further details
Recognition of deferred tax assets	Estimates are based on the Long-Term Plan (which include inherent uncertainties)	Availability of future taxable profit against which tax losses carried forward can be utilised	Note 9
Measurement of ECL	Multiple forward-looking scenarios	Significant increase in credit risk Use of MOs and PMAs	Note 30
Impairment of non-financial assets	n/a	Key assumptions used for VIU calculations	Note 15

Notes to the consolidated financial statements continued

2. Net interest income

Accounting policy

We recognise interest income and expense for all interest–bearing financial instruments within ‘interest income’ and ‘interest expense’ in the income statement using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate we estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but do not consider future credit losses except for POCI assets.
The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

For loans that are credit impaired, interest income is calculated on the carrying amount of the loan net of credit impairment.

Interest income

	2024 £'million	2023 £'million
Cash and balances held with other banks	193.1	120.9
Loans and advances to customers	586.2	599.9
Investment securities held at amortised cost	126.1	118.6
Investment securities held at FVOCI	18.3	6.8
Interest income calculated using the effective interest rate method	923.7	846.2
Derivatives in hedge relationships	11.7	9.5
Total interest income	935.4	855.7

Interest expense

	2024 £'million	2023 £'million
Deposits from customers	303.6	147.8
Deposits from central banks	124.2	161.3
Debt securities	84.8	55.7
Lease liabilities	12.4	13.1
Repurchase agreements	26.5	50.1
Interest expense calculated using the effective interest rate method	551.5	428.0
Derivatives in hedge relationships	6.0	15.8
Total interest expense	557.5	443.8

3. Net fee and commission income

Accounting policy

Fee and commission income is earned from a wide range of services we provide to our customers. We account for fees and commissions as follows:

Product or service	Nature, timing and satisfaction of performance obligations and payment terms
Service charges and other fee income	We levy a range of standard charges and fees for account maintenance or specific account services. Where the fee is earned upon the execution of a significant act at a point in time, for example CHAPS payment charges, these are recognised as revenue when the act is completed for the customer. Where the income is earned from the provision of services, for example an account maintenance fee, this is recognised as revenue over time when the service is delivered.
Safe deposit box	Revenue is recognised over the period the customer has access to the box from the date possession is taken. Safe deposit box fees are billed on either a monthly or annual basis with a standard set price payable dependent on the size of the box.
ATM and interchange fees	Where we earn fees from our ATMs or from interchange this is recognised at the point the service is delivered.

Expenses that are directly related and incremental to the generation of fee and commission income are presented within fee and commission expense.

As disclosed in note 1, we provide services solely within the UK and therefore revenues are not presented on a geographic basis. Revenue is grouped solely by contract-type as we believe this best depicts how the nature, amount and timing of our revenue and cash flows are affected by economic factors.

	2024 £'million	2023 £'million
Service charges and other fee income	38.6	36.8
Safe deposit box income	19.0	18.2
ATM and interchange fees	40.4	40.0
Fee and commission income	98.0	95.0
Fee and commission expense	(4.8)	(4.6)
Total net fee and commission income	93.2	90.4

Notes to the consolidated financial statements continued

4. Loss/gain on sale of assets

	2024 £'million	2023 £'million
Investment securities held at amortised cost	–	2.9
Loan portfolios	(101.4)	(0.2)
Total net (loss)/gain on sale of assets	(101.4)	2.7

Loan portfolio sales

The loss on sale relates to £2.5 billion of prime residential mortgages sold to NatWest Group plc. Metro Bank completed the sale on 30 September 2024. We will continue to service the loans until the contractual migration date recognising an amount payable of £47 million as at 31 December 2024 in other liabilities (note 25).

5. Other income

Accounting policy

Other income is accounted for as follows:

Product or service	Nature, timing and satisfaction of performance obligations and payment terms
Foreign currency transactions	Gains on foreign currency transactions is the spread earned on foreign currency transactions performed for our customers along with any associated fees. It is recognised at the point in time that the exchange is executed.
Rental income	Rental income is primarily earned from the letting out of surplus space in some of our properties. The revenue is recognised on a straight-line basis over the life of the lease.
Deferred grant income	Deferred grant income relates to amounts recognised in relation to the amounts drawn down against the Capability and Innovation Fund (C&I) award (further details of which can be found in note 23). Income is recognised in line with the delivery of the commitments we agreed to as part of the bid.
Other income	Other income primarily consists of hedge ineffectiveness, foreign currency differences arising on translation and movements in financial assets and liabilities held at fair value through profit and loss.

	2024 £'million	2023 £'million
Foreign currency transactions	29.7	34.0
Rental income	1.3	1.1
Deferred grant income	3.4	2.4
Gain on debt extinguishment	–	100.0
Other	1.2	6.4
Total other income	35.6	143.9

Gain on debt extinguishment

As part of the capital package which completed in November 2023, a 40% haircut was agreed with bondholders on our Tier 2 debt securities, which saw their £250 million of existing notes replaced with £150 million of new notes. This resulted in a gain of £100 million.

Notes to the consolidated financial statements continued

6. General operating expenses

	2024 £'million	2023 £'million
People costs (note 7)	209.6	241.2
Information technology costs	60.1	59.7
Occupancy costs	30.9	31.7
Money transmission and other banking-related costs	49.3	49.2
Transformation costs	31.1	20.2
Remediation costs	21.3	–
Capability and Innovation Fund costs[1]	3.4	2.4
Legal and regulatory fees	9.0	7.0
Professional fees[2]	27.7	23.2
Printing, postage and stationery costs	7.5	7.2
Travel costs	1.4	1.5
Marketing costs	9.4	7.7
Costs associated with capital raise	0.1	26.0
Holding company related costs	–	1.8
Other	28.2	24.1
Total general operating expenses	489.0	502.9

1. C&I costs represent the non-capitalisable costs of delivering the C&I digital commitments. It includes £2.4 million (2023: £1.9 million) of people costs. These are included within C&I costs rather than people costs to better reflect their nature. In addition to these costs the grant income recognised in note 5 is also used to offset property costs relating to the store commitments delivered.
2. Professional fees are shown net of both amounts capitalised and amounts included within the transformation costs, remediation costs and C&I costs lines.

Information technology costs
Information technology costs include costs expensed in relation to software licences, support from third-party providers, back up costs and cloud computing costs.

Occupancy costs
Occupancy costs consist of the non-IFRS 16 property costs of occupying our stores and offices, including rates, utilities and property maintenance costs as well as irrecoverable VAT on lease payments.

Money transmission and other banking-related costs
Money transmission and other banking-related costs are made up of the overheads relating to servicing our deposits and lending that do not constitute either part of the effective interest rate, or fee and commission expense.

Professional fees
Professional costs includes £12.3 million (2023: £7.3 million) of R&D costs not capitalised. This does not include any costs of colleagues working on these projects that are include in the people costs line. Including these costs we spent £25.1 million (2023: £25.1 million) on R&D costs not capitalised.

Included within legal and regulatory fees is £0.13 million (2023: £0.06m) in respect of the Financial Services Compensation Scheme (FSCS) levy.

Transformation, remediation, Capability and Innovation Fund, costs associated with capital raise and holding company insertion costs
Remediation costs include £16.7 million in relation to the FCA fine following the resolution of enquiries into transaction monitoring systems and controls that began in 2016 and were remediated by 2020.

Transformation costs include redundancy costs within the year and those related to the strategic collaboration with Infosys.

Further details on other transformation, remediation, Capability and Innovation Fund and business acquisition and integration costs can be found on page 227.

Notes to the consolidated financial statements continued

7. People costs

	2024 £'million	2023 £'million
Wages and salaries[1]	174.0	201.7
Social security costs[1]	20.7	21.8
Pension costs[1]	12.9	14.5
Equity-settled share-based payments	2.0	3.2
Total people costs	209.6	241.2

1. Amounts are net of people costs which are capitalised as well as those relating to C&I (see note 23) as these costs will be offset against the C&I grant income (note 5). Amounts are also net of people costs relating to our restructuring. Most of the cost was provided for in 2023, and details of provision and drawdown can be found in note 24.

The average monthly number of persons employed during the year was 3,455 (2023: 4,286).

	2024	2023
Customer-facing	1,437	1,985
Non-customer-facing	2,018	2,301
Total number of persons employed	3,455	4,286

Pension costs

We operate a defined contribution pension scheme for our colleagues. Contributions to colleagues' individual personal pension plans are made on a contractual basis, with no further payment obligations once the contributions have been paid. These contributions are recognised as an expense when they fall due.

Payments were made amounting to £13.7 million (2023: £15.4 million) to colleagues' individual personal pension plans during the year. This includes pension contributions that were capitalised as well as those relating to colleagues working on C&I which are not included in the figures above.

8. Fees payable to our auditors

During the year, the Group (including its subsidiaries) obtained the following services from our auditors, PricewaterhouseCoopers LLP:

	2024 £'000	2023 £'000
Audit of the Group and Company financial statements	105	54
Audit of the financial statements of the Company's subsidiaries	2,783	2,309
Audit-related assurance services	162	144
Other assurance services	–	555
Total fees payable to our auditors	3,050	3,062

Of the audit fees above, £125 thousand relates to the prior financial year.

Notes to the consolidated financial statements continued

9. Taxation

Accounting policy

Current tax
Our current tax comprises the expected tax payable or receivable on the taxable profit for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Where we have tax losses that can be relieved only by carry-forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the balance sheet.

Deferred tax
Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the balance sheet and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The principal differences arise from trading losses, depreciation of property, plant and equipment and relief on research and development expenditure.

We recognise a deferred tax asset to the extent that it is probable that future taxable profits will be available against which they can be used and deferred tax liabilities are provided on taxable temporary differences. Deferred tax assets and liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised or the deferred tax liability settled.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle on a net basis.

Tax expense
The components of the tax expense for the year are:

	2024 £'million	2023 £'million
Current tax		
Current tax	–	(0.1)
Adjustment in respect of prior years	–	–
Total current tax credit/(expense)	–	(0.1)
Deferred tax		
Origination and reversal of temporary differences	254.1	(0.5)
Effect of changes in tax rates	–	(0.4)
Adjustment in respect of prior years	0.5	–
Total deferred tax credit/(expense)	254.6	(0.9)
Total tax credit/(expense)	254.6	(1.0)

Notes to the consolidated financial statements continued

9. Taxation continued

Reconciliation of the total tax expense

The tax expense shown in the income statement differs from the tax expense that would apply if all accounting losses had been taxed at the UK corporation tax rate. A reconciliation between the expense and the accounting profit/(loss) multiplied by the UK corporation tax rate is as follows:

	2024 £'million	Effective tax rate %	2023 £'million	Effective tax rate %
Accounting (loss)/profit before tax	(212.1)		30.5	
Tax credit/(expense) at statutory tax rate of 25% (2023: 23.5%)	53.0	25.0%	(7.2)	23.5%
Tax effects of:				
Non-deductible expenses – depreciation on non-qualifying fixed assets	(3.0)	(1.4%)	(2.5)	8.3%
Non-deductible expenses – investment property impairment	–	–	–	–
Non-deductible expenses – remediation	–	–	–	–
Non-deductible expenses – other	(7.7)	(3.6%)	(0.8)	2.6%
Impact of intangible asset write-off on research and development deferred tax liability	–	–	0.1	(0.3%)
Share-based payments	(0.2)	(0.1%)	(1.2)	3.9%
Adjustment in respect of prior years	0.6	0.3%	–	–
Current year losses for which no deferred tax asset has been recognised	–	–	(15.4)	50.5%
Losses offset against current year profits	–	–	1.1	(3.6%)
Movement in recognised DTA for unused tax losses	211.9	99.9%	1.8	(5.9%)
Effect of changes in tax rates	–	–	(0.4)	1.3%
Income not taxable	–	–	23.5	(77.0%)
Tax credit/(expense) reported in the consolidated income statement	254.6	120.0%	(1.0)	3.3%

The effective tax rate for the year is 120.0% (2023: 3.3%). The main reasons for this, in addition to the reported accounting loss before tax for the year, are set out below:

Non-deductible expenses – other

This mainly relates to the FCA fine and intangible asset amortisation and impairment upon which a tax deduction is not available.

Share-based payments

During the year, the Bank share price increased from £0.37 to £0.94. This had the impact of increasing the deferred tax asset, resulting in a deferred tax credit. The charge to the income statement (upon which a tax deduction is not available) is higher than the deferred tax credit, resulting in a small increase in the total tax charge.

Adjustment in respect of prior years

Following the filing of our 2023 corporation tax return we reduced our R&D deferred tax liability following a decrease in qualifying capital R&D expenditure.

Notes to the consolidated financial statements continued

9. Taxation continued

Deferred tax assets

A deferred tax asset must be regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable tax profits from which the future of the underlying timing differences can be deducted.

The following table shows deferred tax recorded in the statement of financial position and changes recorded in the tax expense:

	31 December 2024						31 December 2023					
	Unused tax losses £'million	Investment securities and impairments £'million	Share-based payments £'million	Property, plant and equipment £'million	Intangible assets £'million	Total £'million	Unused tax losses £'million	Investment securities and impairments £'million	Share-based payments £'million	Property, plant and equipment £'million	Intangible assets £'million	Total £'million
Deferred tax assets	269	1	1	–	–	271	14	2	1	–	–	17
Deferred tax liabilities	–	3	–	(31)	(3)	(31)	–	4	–	(29)	(5)	(30)
Deferred tax assets (net)	269	4	1	(31)	(3)	240	14	6	1	(29)	(5)	(13)
1 January	14	6	1	(29)	(5)	(13)	12	7	1	(26)	(6)	(12)
Prior year movement	(1)	(1)	–	–	1	(1)						
Income statement	256	–	–	(2)	1	255	2	(1)	–	(3)	1	(1)
Other comprehensive expenses	–	(1)	–	–	–	(1)	–	–	–	–	–	–
31 December	269	4	1	(31)	(3)	240	14	6	1	(29)	(5)	(13)

Offsetting of deferred tax assets and liabilities

We have presented all the deferred tax assets and liabilities above on a net basis within the balance sheet on page 162. This is on the basis that all our deferred tax assets and liabilities relate to taxes levied by HMRC and we have a legally enforceable right to offset these. Further details on our offsetting of financial assets and liabilities can be found in note 33.

Deferred Tax on unused tax losses

Deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available against which the assets can be utilised. Under current law there is no expiry date for UK trading losses not yet utilised. An assessment has been undertaken, taking account of any deferred tax liabilities against which the reversal can be offset and using the Board's latest Long-Term Plan forecasts, to assess the level of future taxable profits.

The forecasts are consistent with those used in the Value-in-Use (VIU) calculations. However, the Bank's Long-Term Plan contains inherent execution risks, including regulatory changes, market volatility, and operational factors. These uncertainties require ongoing monitoring and regular stress testing to ensure the bank maintains sufficient resilience throughout the plan's implementation. Whilst loss making in the recent past, the Bank returned to an underlying profit in H2 2024 and has made sufficient progress in the execution of its transformation plan that it is now projected to generate sufficient future taxable profits to fully utilise its remaining tax losses. The plan assumes an improvement in net interest margin (driven by the strategic pivot to higher yielding lending, a lower cost of deposits and current market expectations of future interest rates) and continued cost discipline and control. Further details of the progress the Group has made against its strategic objectives and the risks faced by the Bank are explained in the Strategic Report.

For the purposes of assessing the utilisation of the tax losses and estimating the period over which the losses will be utilised, the forecasts have been adjusted to reflect the inherent risks of the Bank and the environment in which it operates. These include external macro-economic factors such as base rates, operating costs and the extent of credit losses. As a result, we have recognised a deferred tax asset of £269 million (2023: deferred tax asset £14 million) on unused tax losses totalling £1,073 million leading to a credit to the income statement of £256 million. The value of the deferred tax asset in respect of tax losses is expected to be fully recovered by 2035. A 10% annual reduction in forecast profits each year would increase the estimated recovery period by 1 year.

10. Financial instruments

Accounting policy

Repurchase agreements
Where we sell financial assets subject to sale and repurchase agreements, the financial assets are retained in their respective balance sheet categories, however they become encumbered and are not available for transfer or sale. The associated liabilities are included in the repurchase agreements line. The difference between the sale and repurchase price of repurchase agreements is treated as interest and accrued over the life of the agreements using the effective interest method as set out in note 2.

Other financial instruments
Our accounting policies in respect of our other financial instruments can be found in their respective notes, where applicable.

Our financial instruments primarily comprise customer deposits, loans and advances to customers and investment securities, all of which arise as a result of our normal operations.

The main financial risks arising from our financial instruments are credit risk, liquidity risk and market risks (price and interest rate risk). Further details on these risks can be found within the Risk report on pages 121 to 150.

The financial instruments we hold are simple in nature and we do not consider that we have made any significant or material judgements relating to the classification and measurement of financial instruments under IFRS 9.

Cash and balances with other banks, trade and other receivables, trade and other payables and other assets and liabilities which meet the definition of financial instruments are not included in the following tables.

Classification of financial instruments

	31 December 2024			
	Fair value through profit and loss £'million	FVOCI £'million	Amortised cost £'million	Total £'million
Assets				
Loans and advances to customers	–	–	9,013	9,013
Investment securities	–	377	4,113	4,490
Derivative financial assets	16	–	–	16
Liabilities				
Deposits from customers	–	–	14,458	14,458
Deposits from central bank	–	–	400	400
Debt securities	–	–	675	675
Derivative financial liabilities	1	–	–	1
Repurchase agreements	–	–	391	391

	31 December 2023			
	Fair value through profit and loss £'million	FVOCI £'million	Amortised cost £'million	Total £'million
Assets				
Loans and advances to customers	–	–	12,297	12,297
Investment securities	–	476	4,403	4,879
Derivative financial assets	36	–	–	36
Liabilities				
Deposits from customers	–	–	15,623	15,623
Deposits from central bank	–	–	3,050	3,050
Debt securities	–	–	694	694
Repurchase agreements	–	–	1,191	1,191

Notes to the consolidated financial statements continued

10. Financial instruments continued

Financial assets pledged as collateral

We have pledged £1,034 million (2023: £6,110 million) of the financial assets left as encumbered collateral which can be called upon in the event of default. Of this, £445 million (2023: £1,311 million) is made up of high-quality securities and £589 million (2023: £4,799 million) is from our own loan portfolio.

This does not include cash balances pledged as collateral which are shown separately within note 17.

LIBOR replacement

On 1 January 2022 SONIA. (Sterling Overnight Index Average.) replaced LIBOR (London Inter-bank Offered Rate) as the industry standard sterling interest rate benchmark.

As at 31 December 2024 all of our market-facing derivative flows are executed against SONIA, we hold £0 million (31 December 2023: £47 million) of mortgages that are either exposed, or revert to synthetic LIBOR.

11. Cash and balances with other banks

Accounting policy

Cash and balances with other banks consists of both cash on hand and demand deposits, both at other banks as well as the Bank of England. In addition, it includes highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investment securities are only classified as cash equivalents if they have a short maturity of three months or less from the date of acquisition and are in substance cash equivalents, e.g. debt investments with fixed redemption dates that are acquired within a short period of their maturity.

Where cash is pledged as collateral and as such is not available on demand this is included within other assets within note 17.

	31 December 2024 £'million	31 December 2023 £'million
Unrestricted balances with the Bank of England	2,585	3,642
Cash and unrestricted balances with other banks	111	191
Money market placements	115	58
Total cash and balances with other banks	2,811	3,891

The expected credit loss held against cash and balances with the Bank of England is £0.1 million (31 December 2023: £0.1 million).

12. Loans and advances to customers

Accounting policy

Loans and advances to customers are classified as held at amortised cost. Our business model is that customer lending is held to collect cash flows, with no sales expected in the normal course of business. We aim to offer products with simple terms to customers, and as a result, all loans comprise solely payments of principal and interest. Loans are initially recognised when cash is advanced to the borrower at fair value – which is the cash consideration to originate the loan including any transaction costs – and measured subsequently at amortised cost using the effective interest rate method, which is detailed further in note 2. Interest on loans is included in the income statement and is reported as 'Interest income'. Expected credit losses (ECL) are reported as a deduction from the carrying value of the loan. Changes to the ECL during the year are recognised in the income statement as 'Expected credit loss expense'.

	31 December 2024			31 December 2023		
	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million
Consumer lending	745	(108)	637	1,297	(108)	1,189
Retail mortgages	5,145	(15)	5,130	7,817	(19)	7,798
Commercial lending	3,314	(68)	3,246	3,382	(72)	3,310
Total loans and advances to customers	9,204	(191)	9,013	12,496	(199)	12,297

Further information on the movements in gross carrying amounts and ECL can be found in note 30.

An analysis of the gross loans and advances by product category is set out below:

	31 December 2024 £'million	31 December 2023 £'million
Overdrafts	39	40
Credit cards	20	28
Term loans	679	1,219
Consumer auto-finance	7	10
Total consumer lending	745	1,297
Residential owner occupied	3,692	5,851
Retail buy-to-let	1,453	1,966
Total retail mortgages	5,145	7,817
Total retail lending	5,890	9,114
Professional buy-to-let	283	465
Bounce back loans	346	524
Coronavirus business interruption loans	47	86
Recovery loan scheme[1]	260	328
Core commercial lending	1,599	1,341
Commercial term loans	2,535	2,744
Overdrafts and revolving credit facilities	220	172
Credit cards	7	4
SME Asset Finance Limited and SME Invoice Finance Limited	552	462
Total commercial lending	3,314	3,382
Gross loans and advances to customers	9,204	12,496

1. Recovery loan scheme includes £45 million acquired from third parties under forward flow arrangements (31 December 2023: £70 million). The loans are held in a trust arrangement in which we hold 99% of the beneficial interest, with the issuer retaining the remaining 1% (the trust retains the legal title loans).

Notes to the consolidated financial statements continued

13. Investment securities

Accounting policy

Our investment securities may be categorised as amortised cost, FVOCI or fair value through profit and loss. Currently all investment securities are non-complex, with cash flows comprising solely payments of principal and interest. We hold some securities to collect cash flows; other securities are held to collect cash flows, and to sell if the need arises (e.g. to manage and meet day-to-day liquidity needs). Therefore, we have a mixed business model and securities are classified as either amortised cost or FVOCI as appropriate. We do not categorise any investment securities as fair value through profit and loss.

Settlement date accounting is used when recording financial asset transactions where a trade is settled through the regular settlement cycle for that particular investment.

Investment securities held at amortised cost
Investment securities held at amortised cost consist entirely of debt instruments. They are accounted for using the effective interest method, less any impairment losses.

Investment securities held at FVOCI
Investment securities held at FVOCI consist entirely of debt instruments. Investment securities held at FVOCI are initially recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the investment security is derecognised. Interest is calculated using the effective interest method.

	31 December 2024 £'million	31 December 2023 £'million
Investment securities held at FVOCI	377	476
Investment securities held at amortised cost	4,113	4,403
Total investment securities	4,490	4,879

Investment securities held at FVOCI

	31 December 2024 £'million	31 December 2023 £'million
Sovereign bonds	149	220
Covered bonds	83	112
Multi-lateral development bank bonds	145	144
Total investment securities held at FVOCI	377	476

Investment securities held at amortised cost

	31 December 2024 £'million	31 December 2023 £'million
Sovereign bonds	875	938
Residential mortgage-backed securities	876	954
Covered bonds	478	594
Multi-lateral development bank bonds	1,576	1,729
Asset backed securities	308	188
Total investment securities held at amortised cost	4,113	4,403

Further information on the ECL recognised on investment securities can be found in note 30.

Notes to the consolidated financial statements continued

14. Property, plant and equipment

Accounting policy

Property, plant and equipment
Our property, plant and equipment primarily consists of investments and improvements in our store network and is stated at cost less accumulated depreciation and any recognised impairment.

We depreciate property, plant and equipment on a straight-line basis to its residual value using the following useful economic lives:

Leasehold improvements	Lower of the remaining life of the lease or the useful life of the asset
Freehold land	Not depreciated
Buildings	Up to 50 years
Fixtures, fittings and equipment	5 years
IT hardware	3 to 5 years

We keep depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment under review to take account of any change in circumstances.

All items of property, plant and equipment are reviewed at the end of each reporting period for indicators of impairment.

Right-of-use assets
All of our leases within the scope of IFRS 16 'Leases' (other than those of low value) relate to our stores and head office properties.

Upon the recognition of a lease liability (see note 22 for further details) a corresponding right-of-use asset is recognised. This is adjusted for any initial direct costs incurred, lease incentives paid or received and any restoration costs at the end of the lease (where applicable).

The right-of-use asset is depreciated on a straight-line basis over the life of the lease.

All right-of-use assets are reviewed at the end of each reporting period for indicators of impairment.

Investment property
Investment property is also stated at cost less accumulated depreciation and any recognised impairment. Depreciation is calculated on a consistent basis with that applied to land and buildings as set out above.

	2024						
	Investment property £'million	Leasehold improvements £'million	Freehold land and buildings £'million	Fixtures, fittings and equipment £'million	IT hardware £'million	Right-of-use assets £'million	Total £'million
Cost							
1 January 2024	12	256	386	23	10	279	966
Additions	–	1	37	–	2	1	41
Disposals	–	–	–	–	–	(25)	(25)
Transfers	–	(13)	13	–	–	–	–
31 December 2024	12	244	436	23	12	255	982
Accumulated depreciation							
1 January 2024	8	79	42	21	4	89	243
Depreciation charge	–	5	12	1	4	12	34
Impairments	–	–	–	–	–	1	1
Disposals	–	–	–	–	–	(7)	(7)
Transfers	–	(3)	3	–	–	–	–
31 December 2024	8	81	57	22	8	95	271
Net book value	4	163	379	1	4	160	711

Notes to the consolidated financial statements continued

14. Property, plant and equipment continued

	2023						
	Investment property £'million	Leasehold improvements £'million	Freehold land and buildings £'million	Fixtures, fittings and equipment £'million	IT hardware £'million	Right-of-use assets £'million	Total £'million
Cost							
1 January 2023	12	261	372	22	8	283	958
Additions	–	–	9	1	2	–	12
Disposals	–	–	–	–	–	(4)	(4)
Transfers	–	(5)	5	–	–	–	–
31 December 2023	12	256	386	23	10	279	966
Accumulated depreciation							
1 January 2023	8	69	34	20	2	77	210
Depreciation charge	–	13	5	1	2	13	34
Disposals	–	–	–	–	–	(1)	(1)
Transfers	–	(3)	3	–	–	–	–
31 December 2023	8	79	42	21	4	89	243
Net book value	4	177	344	2	6	190	723

Fair value of investment property

Our investment property typically consists of shops and offices which are located within the same buildings as some of our stores, where we have acquired the freehold interest. As at 31 December 2024 our investment property had a fair value of £4 million (31 December 2023: £4 million). The fair value has been provided by a qualified independent valuer.

Impairments

During the year, impairment indicators were identified in respect of other items of our property, plant and equipment. The assets, which included our stores, were tested for impairment. We do not consider individual stores to be cash generating units (CGU), on the basis that they do not generate sufficiently independent cash flows. Instead all of our stores and associated assets are deemed to belong to our retail bank CGU. Further details on the impairment testing of our CGUs can be found in note 15.

The recoverable amount of the retail bank CGU was found to be in excess of its carrying amount and as such no impairment was recognised.

Transfers

Transfers represent costs associated with the previous improvements made to the two (2023: one) leased stores which have been purchased during the year.

Contractual commitment for the acquisition of property, plant and equipment

As at 31 December 2024, we had no contractual commitments relating to the acquisition of property, plant and equipment that are not reflected in the tables (31 December 2023: £nil).

15. Intangible assets

Accounting policy

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over our interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment assessment, goodwill acquired in a business combination is allocated to each of our CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is not amortised, however, it is tested for impairment at the end of each reporting period.

The recoverable amount of a CGU is the higher of its fair value less cost to sell, and the present value of its expected future cash flows.

If the recoverable amount is less than the carrying value, an impairment loss is charged to the income statement. Goodwill is stated at cost less accumulated impairment losses. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Other intangible assets

Software includes both purchased items and internally developed systems, which consist principally of identifiable and directly associated internal colleague, contractor and other costs.

Purchased intangible assets and costs directly associated with the development of systems are capitalised as intangible assets where there is an identifiable asset which we control and which will generate future economic benefits in accordance with IAS 38 'Intangible Assets'.

Costs to establish feasibility or to maintain existing performance are recognised as an expense. Intangible assets are amortised on a straight-line basis within the income statement using the following useful economic lives:

Core banking software[1]	up to 20 years
Other banking software	3 to 10 years
Software licences	licence period
Brands	5 years

All intangible assets are reviewed at the end of each reporting period for indicators of impairment.

1. Core banking software consists of our central banking transaction platform. The original platform was assessed as having a 20-year life due to it being the central component of our digital infrastructure. It was upgraded during 2019 with the upgrade assessed as having a 15-year life.

2024	Goodwill £'million	Brands £'million	Software £'million	Total £'million
Cost				
1 January 2024	10	2	355	367
Additions	–	–	19	19
Write-offs	–	–	(85)	(85)
31 December 2024	10	2	289	301
Accumulated amortisation				
1 January 2024	–	1	173	174
Amortisation charge	–	–	43	43
Write-offs	–	–	(42)	(42)
31 December 2024	–	1	174	175
Net book value	10	1	115	126

2023	Goodwill £'million	Brands £'million	Software £'million	Total £'million
Cost				
1 January 2023	10	2	338	350
Additions	–	–	26	26
Write-offs	–	–	(9)	(9)
31 December 2023	10	2	355	367
Accumulated amortisation				
1 January 2023	–	–	134	134
Amortisation charge	–	1	43	44
Write-offs	–	–	(4)	(4)
31 December 2023	–	1	173	174
Net book value	10	1	182	193

Software

Software consists of both internally generated and externally acquired assets. As at 31 December 2024, externally acquired licences had a net book value of £5 million (31 December 2023: £9 million). Out of our total intangible assets, £20 million of software assets were under the course of construction at 31 December 2024 (31 December 2023: £34 million).

Notes to the consolidated financial statements continued

15. Intangible assets continued

Write-offs

The write-offs in the year consisted primarily of software and applications that are no longer being used and are no longer providing any further economic benefits.

Goodwill and impairment testing of cash generating units

An impairment test on the carrying value of the assets in our CGUs has been undertaken. As at 31 December 2024, we had two main CGUs being the retail bank and our SME Asset Finance Limited and SME Invoice Finance Limited businesses and no changes have been made to our CGUs during the year. Both of our CGUs contain goodwill and as such are tested annually for impairment. Additional impairment indicators were identified in relation to the retail bank CGU in relation to both its intangible assets as well as property, plant and equipment (see note 14).

	31 December 2024 £'million
SME Asset Finance Limited and SME Invoice Finance Limited	4
Retail bank	6
Total	10

The recoverable amount for both CGUs was determined by a Value-in-Use (VIU) calculation. The VIU was higher than their carrying value and therefore no impairment charge has been recognised for the current year (2023: no charge). The VIU calculation is based on our Board-approved Long-Term Plan which covers the five year period from 2025 to 2029 inclusive. Our Long-Term Plan is constructed using our best estimate of the future performance of the business. The plan incorporates market-based forecasts of interest rates and inflation, loan growth assumptions, costs, and our assessment of the impact of Basel 3.1 regulatory changes. The Long-Term Plan is built on the assumption that we remain appropriately capitalised to fund our anticipated growth. We have determined that we will be able to meet the appropriate regulatory requirements, which has been based on an analysis of both our existing and planned capital structure. This is consistent with the assessment undertaken by the Directors in respect of assessing viability, which can be found on pages 46 to 47.

The profitability for each CGU per the Long-Term Plan is adjusted for non-cash items (including depreciation and amortisation), capital expenditure and long-term funding costs (which are reflected in the discount rate) and certain cash flows which are not permitted to be included under IAS 36, to establish the cash flows for the VIU. In the outer years beyond the Long-Term Plan period, we have assumed a terminal growth rate of 2% is reached by year six. The terminal growth rate of 2% represents the predicted long-term GDP growth rate of the UK economy (the only market both CGUs operate in). The VIU cash flows are compared to the carrying value of the CGUs, which exclude long term debt.

A pre-tax discount rate of 13.82% (31 December 2023: 14.7%) has been used for the VIU calculation. The discount rate is based on our post-tax weighted average cost of capital of 11.36% (which is grossed up to a pre-tax rate), based on the cost of equity and long term debt, weighted by the market value of the equity and debt.

The VIU is most sensitive to changes in the projected profitability per the Long-Term Plan and the discount rate applied (which are dependent on the assumptions regarding capital outlined above). If adjusted independently of all other variables, reasonable changes to the assumption in either of these factors over the next 12 months would not cause the recoverable of either CGU to fall below its carrying amount.

Notes to the consolidated financial statements continued

16. Prepayments and accrued income

	31 December 2024 £'million	31 December 2023 £'million
Prepayments	36	42
Accrued income[1]	56	75
VAT receivable	1	1
Total prepayments and accrued income	93	118
Current portion	93	118
Non-current portion	–	–

1. Includes accrued interest receivable.

17. Other assets

	31 December 2024 £'million	31 December 2023 £'million
Cash pledged as collateral	53	50
Amounts owed by group undertaking	1	–
Other[1]	28	58
Total other assets	82	108
Current portion	27	55
Non-current portion	55	53

1. Other balance primarily comprises customer transactions in process or items in the course of collection over year end.

18. Deposits from customers

	31 December 2024 £'million	31 December 2023 £'million
Deposits from retail customers	7,753	8,943
Deposits from commercial customers	6,705	6.680
Total deposits from customers	14,458	15,623

	31 December 2024 £'million	31 December 2023 £'million
Demand: current accounts	5,791	5,696
Demand: savings accounts	7,534	7,827
Fixed term: savings accounts	1,133	2,100
Total deposits from customers	14,458	15,623

As at 31 December 2024, 40% of deposits from customer consisted of instant access current accounts (31 December 2023: 36%). Fixed term saving accounts made up 8% of balances (31 December 2023: 13%).

19. Deposits from central banks

Deposits from central banks consist of amounts drawn down under the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME).

	31 December 2024 £'million	31 December 2023 £'million
Amounts drawn down under TFSME	400	3,050
Deposits from central banks	400	3,050

The bank repaid £2,650m of TFSME in 2024, with the remaining drawdowns of £400m to mature in 2027.

Notes to the consolidated financial statements continued

20. Debt securities

Accounting policy

Debt securities in issue are recognised initially at fair value, being proceeds less transaction costs. Subsequently, debt securities are measured at amortised cost using the effective interest method.

We assess the criteria for the modification and extinguishment of debt securities in accordance with IFRS 9. A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. We determine a substantial modification by performing a quantitative and qualitative prospective assessment.

Name	Issue date	Currency	Amount issued £'million	Coupon rate	Call date	Maturity date
Fixed rate reset callable (MREL) notes	30/11/2023	GBP	525	12.00%	30/04/28	30/04/29
Fixed rate reset callable subordinated (Tier 2) notes	30/11/2023	GBP	150	14.00%	30/04/29	30/04/34

	2024 £'million	2023 £'million
1 January	694	571
Issuances	–	675
Redemption	–	(500)
Haircut	–	(100)
Costs associated with issuance	–	(5)
Movements in micro hedging	(20)	50
Unwind of issuance costs	1	3
31 December	675	694

The fixed rate reset callable notes (MREL), which are listed on the London Stock Exchange, constitute subordinated and unsecured obligations. The notes have a call date of 30 April 2028, where they may be redeemed at par. If not called, the interest rate will be reset and fixed based on a benchmark gilt plus a credit spread of 7.814%. The notes are contractually obliged to mature on the maturity date of 30 April 2029.

The fixed rate reset subordinated callable notes (Tier 2), which are listed on the London Stock Exchange, constitute subordinated and unsecured obligations. The notes have a call date of 30 April 2029, where they may be redeemed at par. If not called, the interest rate will be reset and fixed based on a benchmark gilt plus a credit spread of 9.822%. The notes are contractually obliged to mature on the maturity date of 30 April 2034.

21. Derivatives

Accounting policy

In accordance with our risk management strategy, to the extent not naturally hedged, we use interest rate swaps to manage our exposure to interest rate risk. On adoption of IFRS 9 we chose to continue applying the hedge accounting rules set out in IAS 39 'Financial Instruments: Recognition and Measurement' as we often chose to employ dynamic portfolio hedge accounting of interest rate risk across fixed rate financial assets and fixed rate financial liabilities.

Where we are using interest rate swaps to hedge the changes in fair value attributable to the interest rate risk of a recognised asset or liability that could affect profit or loss, we apply fair value hedge accounting. If there is an effective hedge relationship, the hedged item is adjusted for fair value changes in respect of the hedged risk. These fair value changes are recognised in the income statement together with the fair value movements on the hedging instrument (the interest rate swaps).

Hedge accounting is discontinued when a hedge ceases to be highly effective, a derivative expires or is sold, the underlying hedged item matures or is repaid, or periodically if a new underlying hedged item or hedging instrument is added to the hedge relationship. Where a fair value hedge is de-designated (either due to becoming ineffective or as part of our dynamic approach to hedge accounting) any hedge adjustments accrued to that point are amortised over the remaining life of the hedged item.

At the inception of every hedge, we produce hedge documentation which identifies the hedged risk, hedged item and hedging instrument. This documentation sets out the methodology used for testing hedge effectiveness.

21. Derivatives continued

We use derivatives as part of our approach to hedging interest rate and foreign exchange exposure. Our derivative financial instruments are analysed in the table below.

	31 December 2024			31 December 2023		
	Notional contract amount £'million	Carrying amount Asset £'million	Carrying amount Liability £'million	Notional contract amount £'million	Carrying amount Asset £'million	Carrying amount Liability £'million
Interest rate swaps – Designated as hedging instruments	1,253	16	–	1,205	36	–
Interest rate swaps – Designated as held at fair value through profit and loss	502	7	(7)	1,200	31	(31)
Foreign currency swaps – Designated as held at fair value through profit and loss	50	–	(1)	63	–	–
Total	1,805	23	(8)	2,468	67	(31)
Derivative netting	(502)	(7)	7	(1,200)	(31)	31
Grand total	1,303	16	(1)	1,268	36	–

Hedge accounting
Our hedging strategy is driven by micro hedges, where the hedged item is a identifiable asset or liability. The designated risk components of hedged items are benchmark interest rate risk. Other risks such as credit risk and liquidity risk are managed separately and are not included in the hedge accounting relationship. The changes in the designated risk component usually account for the largest portion of the overall change in fair value of the hedged item.

Micro fair value hedges
We use this hedging strategy on fixed rate assets and liabilities held at fair value through other comprehensive income and amortised cost as well as on our fixed rate debt issuance.

Hedge ineffectiveness
Hedge ineffectiveness within fair value hedges can occur due to a number of potential sources, such as non-zero derivative designated in a hedge relationship; mismatches between contractual terms such as basis, timing, principal and notionals; or change in credit risk of interest rate swaps. The total ineffectiveness on our fair value hedges are recognised in note 5.

Offsetting derivatives
The Tier 2 and MREL debt held until renegotiation in late 2023 were designated as hedge items in fair value hedge relationships to manage our exposure to interest rate risk. Following the renegotiation of our debt in November 2023, these hedge relationships were de-designated. We entered into equal and opposite interest rate swaps with a notional of £600 million to fully offset the interest rate swaps used to hedge the old MREL and Tier 2 debt securities. Cash flows are offset at a central clearing party and both set of swaps will mature at the same time. Further details are included in note 33.

Master netting arrangement and collateral
We either receive or provide collateral related to our hedging arrangements. As at 31st December 2024, we provided collateral of £1 million (2023: received £11.4 million) which is reflected in note 17.

Notes to the consolidated financial statements continued

21. Derivatives continued

Summary of hedging instruments in designated hedge relationships

The amounts relating to items designated as hedging instruments in fair value hedge relationships to manage our exposure to interest rates are:

	31 December 2024			31 December 2023		
	Notional contract amount £'million	Carrying amount Asset £'million	Carrying amount Liability £'million	Notional contract amount £'million	Carrying amount Asset £'million	Carrying amount Liability £'million
Interest rate swaps	1,253	16	–	1,205	36	–
Total derivatives designated as fair value hedges	1,253	16	–	1,205	36	–

Summary of hedged items in designated hedge relationships

The items designated as hedged items in fair value hedge relationships to manage our exposure to interest rates are:

	31 December 2024			31 December 2023		
	Carrying amount Assets £'million	Carrying amount Liabilities £'million	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item £'million	Carrying amount Assets £'million	Carrying amount Liabilities £'million	Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item £'million
Fixed rate debt issuance[2]	–	(675)	(4)	–	(694)	(24)
Fixed rate investment securities at FVOCI[3]	293	–	(8)	238	–	(7)
Fixed rate investment securities at amortised cost[4]	271	–	–	271	–	1
Fixed rate loans[1]	1	–	–	3	–	–
Total hedges designated as fair value hedges	565	(675)	(12)	512	(694)	(30)

1. Hedged item and the cumulative fair value changes are recorded in loans and advances to customers.
2. Hedged item and the cumulative fair value changes are recorded in debt securities in issue (see note 20).
3. Hedged item and the cumulative fair value changes are recorded in investment securities held at FVOCI.
4. Hedged item and the cumulative fair value changes are recorded in investment securities held at amortised cost.

Summary of ineffectiveness from designated hedge relationships

Total hedge ineffectiveness recognised in profit or loss for the designated fair value hedge relationships is a loss of £2.0 million (2023: gain of £5.6 million).

22. Leases

Accounting policy

At the inception of a contract we assess whether the contract contains a lease.

At the commencement of a lease we recognise a lease liability and right-of-use asset (see note 14 for further details). The lease liability is initially measured as the present value of the future lease payments discounted at the rate implicit in the lease (where available) or our incremental cost of borrowing. Generally we use our deemed incremental cost of borrowing as the discount rate. Following initial recognition, the lease liability is measured using the effective interest method.

Where we are reasonably certain to exercise a break in the lease, only the lease payments up until the date of the break are included.

We subsequently remeasure the lease liability when there is a change to an index or rate used or when there is a change in expectation that we will exercise a purchase option or break clause or if we extend the lease. When such an adjustment is made to the lease liability a corresponding adjustment is made to the right-of-use asset.

Irrecoverable VAT on lease payments is excluded from the lease liability and is taken to the income statement over the period which it is due. This is included within note 6, General operating expenses, under ‘occupancy expense’.

We have elected not to recognise a lease liability and right-of-use assets for any leases that have a term of less than 12 months, or are for an asset which is deemed to be of low value (item is worth less than £5,000). For these leases, the lease payments are recognised as an expense in the income statement on a straight-line basis over the life of the lease.

All of our leases within the scope of IFRS 16 (other than those of low value) relate to our stores and head office properties.

Lease liabilities

	2024 £'million	2023 £'million
1 January	234	248
Additions and modifications	1	–
Disposals	(20)	(4)
Lease payments made	(22)	(23)
Interest on lease liabilities	12	13
31 December	205	234
Current	19	22
Non-current	186	212

Right-of-use assets

All of our disclosures relating to right-of-use assets, including our accounting policy, can be found in note 14.

Disposals

The disposals during the year relate to two stores (2023: one store) where we purchased the freehold during the year. Following the purchase, both the lease liabilities and right-of-use assets relating to the stores were derecognised. Additionally, we derecognised one of the leases relating to three stores we closed during 2024 following the surrendering of this lease back to the landlord.

Minimum lease payments

Future undiscounted minimum payments under lease liabilities, exclusive of VAT, as at 31 December are as follows:

	31 December 2024 £'million	31 December 2023 £'million
Within one year	20	22
Due in one to five years	74	83
Due in more than five years	101	145
Total	195	250

Low value and short leases

During the year ended 31 December 2024, £0.04 million (2023: £0.3 million) was recognised in the income statement with respect to assets of low value or a lease of less than 12 months.

Notes to the consolidated financial statements continued

22. Leases continued

Future income due under non-cancellable property leases

We lease out surplus space in some of our properties. The table below sets out the cash payments expected over the remaining non-cancellable term of each lease, exclusive of VAT.

Receivable	31 December 2024 £'million	31 December 2023 £'million
Within one year	1	1
Due in one to five years	2	3
Due in more than five years	3	3
Total	6	7

Finance lease receivables

Through our SME Asset Finance Limited and SME Invoice Finance Limited businesses we lease a variety of assets to third parties, which typically consist of plant, machinery and vehicles. These rentals typically cover the assets' useful economic life and as such any residual value is minimal. Amounts receivable are classified as loans and advances to customers and are categorised within our SME Asset Finance Limited and SME Invoice Finance Limited businesses lending per the breakdown provided in note 12.

	31 December 2024			31 December 2023		
	Total future minimum payments £'million	Unearned finance income £'million	Present value £'million	Total future minimum payments £'million	Unearned finance income £'million	Present value £'million
Within one year	6	(1)	5	6	(1)	5
Due in one to five years	11	(1)	10	10	(1)	9
Due in more than five years	–	–	–	–	–	–
Total	17	(2)	15	16	(2)	14

23. Deferred grants

Accounting policy

Grants are recognised where there is reasonable assurance that we will both receive the grant and will be able to comply with all the attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to the purchase of an asset, it is recognised directly against the cost of the asset.

	2024 £'million	2023 £'million
1 January	16	17
Released to the income statement	(3)	(1)
31 December	13	16

Our only deferred grant relates to amounts awarded in relation to the Capability and Innovation Fund which formed part of the RBS alternative remedies programme. The programme was aimed to increase competition in the UK business banking marketplace.

Notes to the consolidated financial statements continued

24. Provisions

Accounting policy

We recognise provisions when it is probable that an outflow of economic benefits will be required to settle a present legal or constructive obligation that has arisen as a result of past events and for which a reliable estimate can be made. The provision is measured at its current present value.

Provision	Description
Customer remediation	We are committed to doing the right thing but occasionally we identify issues that have caused detriment as a result of our actions. Where we have to refund costs to customers we provide for this at the point the obligation arises. The amounts recognised include any associated interest due.
Dilapidations	Dilapidations provisions are recognised in regard to certain properties we lease. The majority of our stores and offices have an automatic right to renewal at the end of the lease under the provisions of the Landlord and Tenant Act 1954. Where this is the case we do not provide for restorations on these sites since we have no intention of vacating at the end of the lease term. For sites that are outside the Landlord and Tenant Act 1954, or sites within the Landlord and Tenant Act 1954 where we think there is a chance we will vacate a site at the end of its lease, a provision is made for dilapidations. The provision is made in line with the underlying obligations contained within the lease.
Legal and regulatory	Provisions are made relating to the outcome of legal cases and regulatory investigations based on our best estimate of settlement following consultation with our lawyers and advisors. The inclusion of a provision does not constitute any admission of wrongdoing or legal liability. Details of individual cases are provided where these are material to our financial statements and disclosure would not be prejudicial to the outcome of the case.
Onerous contracts	Onerous contract provisions are recognised when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits we expect to be received under it. The provision is recognised as the net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.
Restructuring	Restructuring provisions are recognised at the point we have developed a detailed formal plan and we have raised a valid expectation that it will be implemented. This is typically at the point the plan is announced to affected colleagues.
Other provisions	Other provisions consist of other sundry amounts that are provided for in the ordinary course of our business.

	2024						
	Restructuring £'million	Customer remediation £'million	Dilapidations £'million	Onerous contracts £'million	Legal and regulatory £'million	Other provisions £'million	Total £'million
1 January 2024	15	3	1	2	–	2	23
Additions	8	–	–	3	–	–	11
Released	(1)	(2)	–	–	–	–	(3)
Utilised	(20)	–	–	–	–	–	(20)
31 December 2024	2	1	1	5	–	2	11

	2023						
	Customer remediation £'million	Dilapidations £'million	Legal and regulatory £'million	Onerous contracts £'million	Restructuring £'million	Other provisions £'million	Total £'million
1 January 2023	1	1	–	2	–	3	7
Additions	2	–	–	–	15	–	17
Released	–	–	–	–	–	(1)	(1)
Utilised	–	–	–	–	–	–	–
31 December 2023	3	1	–	2	15	2	23

No provision has been recognised in relation to any of the contingent liabilities set out in note 32.

All additions for both the current and prior year have been recognised in the income statement, with the exception of the £2 million provision for dilapidations in 2021 and a further £0.3 million provision for dilapidations in 2024. This was recognised as an addition to the right-of-use assets (see note 14).

Dilapidations

The amounts provided in respect of dilapidations are calculated based on assessments by an independent qualified valuer. They represent the best estimate of the present value to restore the site to the condition required under the lease. As the date restoration is required may be up to 25 years in the future, there is uncertainty in this estimation. Additionally, for sites that are outside the act, should we be successful in renewing the lease at the end of its term, it is possible that the provision recognised may not be utilised.

Onerous contract

Onerous contracts primarily relate to the non-rental costs of fulfilling property contracts from which we will no longer benefit, including closed stores and head office space. The provision is determined with reference to the occupancy costs from the date of closure through to the next lease break. Rental costs on these sites from which we will receive no future economic benefits are represented by an impairment to the right of use asset. The which have either been surrendered back to the landlord or fully sublet for the remainder of the lease term.

Notes to the consolidated financial statements continued

25. Other liabilities

	31 December 2024 £'million	31 December 2023 £'million
Trade creditors	1	1
Taxation and social security costs	8	8
Accruals[1]	107	146
Deferred income	24	37
Other liabilities	105	75
Total other liabilities	245	267
Current portion	211	253
Non-current portion	34	14

1. Includes accrued interest payable.

26. Called-up share capital

Accounting policy

On issue of new shares, incremental directly attributable costs are shown in equity as a deduction from the proceeds.

As at 31 December 2024, we had 673.0 million ordinary shares of 0.0001p (31 December 2023: 672.7 million) authorised and in issue.

Called-up ordinary share capital, issued and fully paid

The called-up share capital reserve is used to record our nominal share capital. At 31 December 2024, our called-up share capital was £672.98 (31 December 2023: £672.68).

	2024 £'million	2023 £'million
1 January	–	–
Bonus issuance	–	965
Capital reduction	–	(965)
31 December	–	–

Share premium

The share premium reserve is used to record the excess consideration of any shares we have issued over the nominal share value.

	2024 £'million	2023 £'million
1 January	144	1,964
Cancellation of Metro Bank PLC share premium	–	(1,964)
Share issuance	–	150
Cost of share issuance	–	(6)
31 December	144	144

Redeemable preference shares

As at 31 December 2024, in addition to the share capital set out above, Metro Bank Holdings PLC has £50,000 of redeemable preference shares which were issued to Robert Sharpe (Chair) and Daniel Frumkin (Chief Executive Officer) upon the initial incorporation of the legal entity on 29 September 2022. As at 31 December 2024, these shares have not yet been redeemed.

26. Called-up share capital continued

Insertion of Metro Bank Holdings Plc

As set out in note 1, on 19th May 2023, Metro Bank Holdings PLC became the listed entity and new holding company of Metro Bank PLC. As part of the insertion of Metro Bank Holdings PLC, the existing listed share capital and share premium of Metro Bank PLC was cancelled and the share capital and share premium amounts transferred to retained earnings. Metro Bank PLC subsequently issued the same number of new unlisted 0.0001p ordinary shares from retained earnings to Metro Bank Holdings PLC. Each existing holder of Metro Bank PLC share was issued with an equivalent number of new shares in Metro Bank Holdings PLC, with the nominal value of 0.0001p, as part of a share for share exchange.

The difference between the new nominal share capital in Metro Bank Holdings PLC and the net assets of Metro Bank PLC was recognised in a merger reserve. This merger reserve was capitalised through the allotment of 964,505,616 million special shares of 0.0001p each, which were then subsequently reduced to provide the Metro Bank Holdings PLC with distributable reserves.

In November 2023, we issued 500.0 million of ordinary shares for consideration of £150 million. Associated costs of £6 million have been offset against the amount raised.

27. Retained earnings

Retained earnings records our cumulative earnings since our formation, including the accumulated earnings of our subsidiaries since they were acquired.

	2024 £'million	2023 £'million
1 January	978	(1,015)
Profit for the year	43	29
Cancellation of Metro Bank PLC share capital and share premium	–	1,964
Issuance of Metro Bank Holdings PLC share capital	–	965
Capital reduction of Metro Bank Holdings PLC share capital	–	(965)
Transfer of b/f share option reserve	1	–
31 December	1,022	978

No dividends were paid or declared during the year (2023: none).

28. Other reserves

Merger reserve

	2024 £'million	2023 £'million
1 January	–	–
Issuance of Metro Bank Holdings PLC share capital	–	965
Bonus issuance	–	(965)
31 December	–	–

Share option reserve

The share option reserve is used to record movements in relation to share options awarded under our Deferred Variable Reward and LTIP.

	2024 £'million	2023 £'million
1 January	23	20
Equity-settled share-based payment charges (note 7)	2	3
Transfer of b/f share option reserve	(1)	–
31 December	24	23

Fair value though other comprehensive income reserve

The FVOCI reserve is used to record changes in the fair value of investment securities designated at FVOCI. When investment securities held at FVOCI are sold, any accumulated gains or losses are transferred to the income statement.

	2024 £'million	2023 £'million
1 January	(11)	(13)
Changes in fair value	5	3
Deferred tax movements	(1)	(1)
31 December	(7)	(11)

Treasury shares

We have a small number of shares held in treasury relating to awards originally granted to key members of management in 2016 in recognition of their significant contribution to the successful listing on the London Stock Exchange. The final tranche of these awards vested in April 2021 and the remaining balance represents awards that did not vest owing to the original conditions of the grant not being fulfilled. These are held by an employee benefit trust, which is consolidated within the Bank's financial statements. The balance on the reserve is less than £1 million (31 December 2023: less than £1 million) and therefore has not been separately disclosed as a component of reserves due to its immaterial size.

Notes to the consolidated financial statements continued

29. Share-based payments

Accounting policy

The grant date fair value of options awarded to colleagues is recognised as an expense over the period in which colleagues become unconditionally entitled to the options. The expense (representing the value of the services received by us) is measured by reference to the fair value of the awards granted on the date of the grant. The cost of the colleague services received in respect of the awards granted is recognised in the consolidated income statement over the period that the services are received, which is the vesting period. Graded vesting is applied where relevant.

Vesting conditions are limited to service and performance conditions. For performance-based schemes, the relevant performance measures are projected to the end of the performance period in order to determine the number of options expected to vest. This estimate of the performance measures is used to determine the option fair value, discounted to present value. The Group revises the number of options that are expected to vest, including an estimate of lapses at each reporting date based on forecast performance measures. The impact of the revision to original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity.

The fair value of colleague awards plans is calculated at the grant date using Black-Scholes and Monte Carlo models. The resulting cost is charged to the income statement over the vesting period. The value of the charge is adjusted to reflect expected and actual levels of vesting.

We provide share award schemes to colleagues as part of their remuneration packages, and we operate a number of share-based compensation schemes, namely the DVRP and LTIP. The granting of awards is designed to provide incentives to colleagues to deliver long-term returns. No individual has a contractual right to participate in the plans or to receive any guaranteed benefits and the granting of awards remains at the discretion of the People and Remuneration Committee. Standard share options are granted for no consideration, are not pensionable and carry no voting rights.

Long Term Incentive Plan

The LTIP is the primary long-term incentive scheme for the members of our ExCo. It was approved by shareholders at the 2021 AGM. Under the plan, annual awards, based on a percentage of salary, may be offered. The extent to which an award vests is measured over a three-year period (four years for the initial awards granted in 2021) against financial targets, which consist of return on tangible equity and relative total shareholder return, as well as continued employment within the Group.

Deferred Variable Reward Plan

The DVRP was first introduced in 2010 and the latest plan was approved by shareholders at the 2021 AGM. Although originally designed for all colleagues, the plan is now operated for senior managers, primarily consisting of members of the our ExCo and other Material Risk Takers. Under the current rules participants are required to defer a proportion of any bonus paid into nominal price awards, a proportion of which vest immediately and the remainder of which vest over seven years. There are no further performance conditions on these shares, other than continued employment. All awards under the DVRP are subject to a one-year holding period; once exercised and all awards have a life of 10 years from the date of grant.

More information in relation to both the DVRP and LTIP is available within the Remuneration Report.

Awards outstanding

The table below summarises the movements in the number of options outstanding and their weighted average exercise price:

	2024		2023	
	Number of options '000	Weighted average exercise price £	Number of options '000	Weighted average exercise price £
Outstanding at 1 January	16,235	5.24	13,326	6.61
Granted	613	0.00	3,429	0.00[1]
Exercised	(559)	0.00	(259)	0.03
Lapsed	(1,278)	7.54	(261)	10.46
Outstanding at 31 December	15,011	5.03	16,235	5.26
Exercisable at 31 December	7,608	9.92	7,931	10.54

1. Nominal price awards with exercise price of 0.0001p.

The average share price during 2024 was 52p (2023: 94p). For share options exercised during the financial year, the weighted average share price at the date of exercise was 67p (2023: 118p).

All our options are equity settled and we have no legal or constructive obligation to repurchase the shares or settle the options in cash. Exercises of awards granted are satisfied via the issuance of new shares.

Total share-based compensation charges totalled £2.0 million in the year ended 31 December 2024 (2023: £3.2 million).

Notes to the consolidated financial statements continued

29. Share-based payments continued

Fair value of options granted

The number of options outstanding at year end was as follows:

	2024		2023	
Exercise price	Number of options '000	Weighted average remaining contractual life years	Number of options '000	Weighted average remaining contractual life years
£0.00[1]	9,174	7.7	10,255	8.7
£0.00[2]	570	9.6	–	–
£0.93	1,972	5.3	2,011	6.3
£7.94	651	4.2	654	5.2
£12.00	–	0.0	–	0.0
£13.00	–	0.0	60	0.2
£13.50	–	0.0	616	0.8
£14.00	194	n/a	194	n/a
£16.00	615	n/a	611	n/a
£20.00	445	1.2	444	2.2
£32.73	633	2.2	633	3.2
£35.36	757	3.2	757	4.2
Total	15,011	6.2	16,235	7.3

1. Nominal price awards with exercise price of 0.0001p.
2. Nominal price awards with exercise price of 0.001p.

The total fair value of options granted in 2024 was £0.4 million (2023: £3.4 million), based on the following assumptions:

	2024 awards
Risk-free interest rate	4.19% to 4.77%
Expected life	1 to 7 years
Volatility	176%
Expected dividend yield	nil
Share price at grant date	£0.31
Exercise price	£0.00

Volatility has been estimated by taking our share price volatility since we listed in 2016.

An assumption is also made in respect of how many shares will lapse due to the vesting criteria not being met. For the awards granted post 2023, as these were only made to members of the ExCo and other Material Risk Takers, the lapse assumption has been set at 0%. The fair value charges recognised in the income statement for these scheme are adjusted annually to reflect actual lapses. For all other schemes the lapse assumption is updated annually.

Notes to the consolidated financial statements continued

30. Expected credit losses

Accounting policy

We assess on a forward-looking basis the ECL associated with the assets carried at amortised cost and FVOCI and recognise a loss allowance for such losses at each reporting date.

Impairment provisions are driven by changes in the credit risk of loans and securities, with a provision for lifetime ECL recognised where the risk of default of an instrument has increased significantly. Risk of default and ECL must incorporate forward-looking and macroeconomic information.

Loans and advances
Impairment models have been developed for our retail and commercial loan portfolios, with three core models: revolving products; fixed term loans; and mortgages. Expected credit losses are calculated for drawn loans, and for committed lending.

The same broad calculation approach is applied for each core model. ECL are calculated by multiplying three main components, being the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD), discounted at the original effective interest rate.

Key model inputs, judgements and estimates include:

- consideration of when a SICR occurs
- PD, LGD and EAD as well as their modelled impact
- macroeconomic scenarios and weightings applied.

Significant increase in credit risk
IFRS 9 requires a higher level of ECL to be recognised for underperforming loans. This is considered based on a staging approach:

Stage	Description	ECL recognised
Stage 1	Financial assets that have had **no significant increase in credit risk** since initial recognition or that have low credit risk (high quality investment securities only) at the reporting date.	**12-month ECL** Total losses expected on defaults which may occur within the next 12 months. Losses are adjusted for probability-weighted macroeconomic scenarios.
Stage 2	Financial assets that have had a **significant increase in credit risk** since initial recognition but that do not have objective evidence of impairment.	**Lifetime ECL** Losses expected on defaults which may occur at any point in a loan's lifetime. Losses are adjusted for probability-weighted macroeconomic scenarios.
Stage 3	Financial assets that are credit impaired at the reporting date. A financial asset is credit impaired when it has met the definition of default. We define default to have occurred when a loan is greater than 90 days past due or where the borrower is considered unlikely to pay.	**Lifetime ECL** Losses expected on defaults which may occur at any point in a loan's lifetime. Losses are adjusted for probability-weighted macroeconomic scenarios. Interest income is calculated on the carrying amount of the loan net of credit allowance.
POCI	Financial assets that have been purchased and had objective evidence of being non-performing or credit impaired at the point of purchase.	**Lifetime ECL** At initial recognition, POCI assets do not carry an impairment allowance. Lifetime ECL are incorporated into the calculation of the asset's effective interest rate. Subsequent changes to the estimate of lifetime ECL are recognised as a loss allowance.

30. Expected credit losses continued

Accounting policy continued

A SICR may be identified in a number of ways:

- Quantitative criteria — where the numerically calculated PD on a loan has increased significantly since initial recognition. This is assessed using detailed models which assess whether the lifetime PD at observation is greater than the lifetime PD at origination by a portfolio specific threshold. Given the different nature of the products and the dissimilar level of lifetime PDs at origination, we implement different thresholds by sub-products within each portfolio (term loans, revolving loan facilities and mortgages). The threshold is set at three times the median PD of the portfolio at origination.
- Qualitative criteria — instruments that are 30 days past due or more are allocated to Stage 2, regardless of the results of the quantitative analysis. In addition, instruments classified on the Early Warning List as higher risk are allocated to Stage 2, regardless of the results of the quantitative analysis.

A loan will be considered to be 'non-performing' or 'credit impaired' when it meets our definition of default — that is to say, the loan is 90 days past due, or the borrower is considered unlikely to pay without realisation of collateral. Unlikeliness to pay is assessed through the presence of triggers including the loan being in repossession, the customer having been declared bankrupt, or evidence of financial distress leading to forbearance.

A loan may also be considered to be non-performing when it is subject to forbearance measures, consisting of concessions in relation to either:

- a modification of the previous terms and conditions of the loan which the borrower is not considered able to comply with
- a total or partial refinancing of a troubled debt contract that would not have been granted had the borrower not been in financial difficulties.

It may not be possible to identify a single discrete event which defines an asset as 'non-performing' or 'credit impaired'. Instead, the combined effect of several events may cause financial assets to become credit impaired.

Where an asset which has been classified as Stage 3 is showing improving trends and is no longer considered non-performing or credit impaired, a probation period of at least three consecutive months during which the instrument should meet the criteria for exiting default must elapse before it is transferred to Stage 2.

Probability of default
PD represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (for Stage 1 accounts), or over the remaining lifetime of the loan (for Stage 2 and 3 accounts).
A PD is calculated for all loans based on historical data and incorporates:

- credit quality scores
- life cycle trends depending on a loan's vintage
- factors indicating the quality of the vintage
- characteristics of the current and future economic environment.

Notes to the consolidated financial statements continued

30. Expected credit losses continued

Accounting policy continued

Loss given default
LGD represents our expectation of the extent of a loss on a defaulted exposure and is expressed as a percentage considering expected recoveries on defaulted accounts. LGD rates have been modelled considering a range of inputs, including:

- value of collateral on secured portfolios — a key driver of the expected recovery in the event of default
- expected haircut applied to the collateral value to reflect a forced sale discount
- price index forecasts applied to project collateral values into the future
- stress factors based on macroeconomic scenarios.

Exposure at default
This is the amount that we expect to be owed at the point of default. This is subject to judgement since a balance will not necessarily remain static between the balance sheet date and the point of expected default. For example:

- interest should be accrued
- repayments may be received
- for a revolving product, further drawings may be taken between the current point in time and the point of default
- estimations of these factors will be incorporated into our estimate of EAD.

Retail PD, LGD and EAD are calculated and applied at an individual account level for secured lending. For unsecured lending, PD and EAD are calculated and applied at an individual account level, whilst LGD is assessed at a portfolio level and applied to accounts on an individual basis.

Commercial PD and LGD for secured lending are calculated at a counterparty level, then applied at an account level. For commercial unsecured lending, LGD is assessed at a portfolio level and applied to accounts on an individual basis. Commercial EAD is calculated and applied at account level.

Macroeconomic scenarios
The ECL recognised in the financial statements reflects the effect on ECL of a range of possible outcomes, calculated on a probability-weighted basis, based on a number of economic scenarios and including management overlays where required. These scenarios are representative of our view of forecast economic conditions, sufficient to calculate unbiased ECL, and are designed to capture material 'non-linearities' (i.e. where the increase in credit losses if conditions deteriorate exceeds the decrease in credit losses if conditions improve).

In the normal course of business, we use four scenarios. These represent a 'most likely outcome', the 'Baseline' scenario, and three, less likely, 'Outer' scenarios, referred to as an 'Upside', a 'Downside' and a 'Severe Downside' scenario respectively. The Baseline scenario captures the most likely economic future; the Downside and Severe Downside scenarios reflect adverse economic conditions; and the Upside scenario presents more favourable economic conditions.

30. Expected credit losses continued

Accounting policy continued

Key scenario assumptions are set using data sourced from independent external economists. This helps ensure that the IFRS 9 scenarios are unbiased and maximise the use of independent information.

The following assumptions, considered to be the key drivers of ECL, have been used for the scenarios applied as at 31 December 2024 and 31 December 2023:

- UK interest rates (Bank of England base rate and five-year mortgage rate)
- UK unemployment rates
- UK HPI changes, year on year
- UK GDP changes, year on year
- UK commercial real estate index, year on year.

Macroeconomic scenarios impact the ECL calculation through varying PDs and LGDs. We use UK HPI to index mortgage collateral which has a direct impact on LGDs. Other metrics are considered to have a direct impact on PDs and were selected following a search and data calibration exercise of possible drivers. A list of around fifteen potential drivers were initially considered, representing drivers which capture trends in the economy at large, and may indicate economic trends which will impact UK borrowers. The list included variables which impact economic output, interest rates, inflation, share prices, borrower income and the UK housing market. An algorithm was then used to choose the subset of drivers which had the greatest significance and predictive fit to our data.

Each scenario was determined by flexing the Baseline scenario, taking into account a number of factors in the global and UK economy such as commodity prices, global interest rates, UK investment spend and exchange rates, as well as the possible impact of recessionary conditions or financial shocks. A simulation process was designed to determine the weighting to apply to each scenario based on its severity and the range of possible scenarios for which that scenario was representative. A summary of each scenario and weighting used at 31 December 2024 is as follows:

- Baseline scenario: Reflects the projection of the median, or '50%' scenario, meaning that in the assessment there is an equal probability that the economy might perform better or worse than the baseline forecast
- Upside scenario: This above-baseline scenario is designed so there is a 10% probability the economy will perform better than in this scenario, and a 90% probability it will perform worse
- Downside scenario: In this recession scenario, in which a deep downturn develops, there is a 90% probability the economy will perform better, and a 10% probability it will perform worse
- Severe Downside scenario: In this recession scenario, in which a deep downturn develops, there is a 96% probability the economy will perform better, and a 4% probability it will perform worse.

These assumptions are considered sufficient to capture any material non-linearities.

The weightings applied to each scenario at 31 December 2024 were Baseline – 50%, Upside – 20%, Downside – 25% and Severe Downside scenario – 5% (31 December 2023: Baseline – 50%, Upside – 20%, Downside – 25% and Severe Downside scenario – 5%).

Notes to the consolidated financial statements continued

30. Expected credit losses continued

Accounting policy continued

Economic variable assumptions

The year-end assumptions used for the ECL estimate as at 31 December 2024 and 31 December 2023 are as follows:

		31 December 2024				31 December 2023			
		2025	2026	2027	2028	2024	2025	2026	2027
Interest rates (%) – five-year mortgage rate	Baseline	4.5%	4.2%	3.9%	4.0%	5.1%	4.7%	4.3%	4.2%
	Upside	4.7%	4.3%	4.0%	4.0%	5.3%	4.7%	4.3%	4.2%
	Downside	3.5%	2.4%	2.4%	3.1%	3.7%	2.7%	2.6%	2.6%
	Severe downside	2.8%	2.1%	2.0%	2.4%	3.3%	2.2%	2.2%	2.2%
UK unemployment (%)	Baseline	4.4%	4.5%	4.6%	4.7%	4.6%	4.7%	4.7%	4.8%
	Upside	3.8%	3.6%	3.8%	4.1%	4.1%	3.8%	3.9%	4.2%
	Downside	6.3%	7.2%	7.3%	6.9%	6.5%	7.4%	7.4%	7.0%
	Severe downside	7.5%	8.3%	8.2%	8.0%	7.7%	8.5%	8.4%	8.1%
UK HPI – % change year-on-year	Baseline	2.2%	3.9%	2.6%	1.5%	(6.2%)	3.1%	4.7%	2.6%
	Upside	16.6%	7.0%	0.1%	(2.6%)	7.0%	6.3%	2.1%	(1.5%)
	Downside	(9.0%)	(5.6%)	1.9%	4.2%	(16.5%)	(6.3%)	4.0%	5.4%
	Severe downside	(15.2%)	(9.6%)	2.3%	2.9%	(22.2%)	(10.3%)	4.4%	4.1%
UK GDP – % change year-on-year	Baseline	2.1%	1.2%	2.1%	1.4%	0.4%	1.0%	1.3%	1.4%
	Upside	5.6%	1.4%	2.0%	1.5%	3.9%	1.2%	1.3%	1.4%
	Downside	(3.5%)	1.5%	3.3%	1.4%	(5.6%)	1.3%	2.6%	1.4%
	Severe downside	(4.6%)	0.1%	4.6%	2.3%	(7.1%)	(0.2%)	4.2%	2.4%
UK commercial real estate index, year-on-year – % change	Baseline	(0.9%)	0.4%	(0.3%)	(1.3%)	(4.2%)	0.8%	1.7%	(0.4%)
	Upside	14.4%	2.3%	(3.3%)	(5.2%)	10.1%	3.3%	(1.3%)	(4.3%)
	Downside	(16.0%)	(5.6%)	0.8%	2.0%	(18.7%)	(5.3%)	3.0%	3.4%
	Severe downside	(25.1%)	(8.5%)	2.6%	1.2%	(26.9%)	(7.4%)	4.9%	2.6%
BoE Interest Rate (%)	Baseline	4.1%	2.8%	2.5%	2.5%	4.6%	2.7%	2.3%	2.3%
	Upside	4.3%	3.0%	2.6%	2.5%	4.8%	2.7%	2.3%	2.3%
	Downside	2.7%	1.1%	1.4%	1.7%	3.2%	1.0%	1.2%	1.5%
	Severe downside	2.1%	0.8%	0.8%	0.9%	2.6%	0.7%	0.5%	0.7%

Following the initial four-year projection period, the Upside, Downside and Severe Downside scenarios converge to the Baseline scenario. The rate of convergence varies based on the macroeconomic factor, but at a minimum convergence takes place three years from the initial four-year projection period. We recognise that applying the above scenarios will not always be sufficient to determine an appropriate ECL in all economic environments. The scenarios applied comprise our best estimate of economic impacts on the ECL, and the actual outcome may be significantly different.

Investment securities and other financial assets

Impairment provisions have been calculated based on our best estimate of ECL on other assets classified and measured at amortised cost and fair value through other comprehensive income. These include investment securities, cash held at banks and other financial assets. These impairment provisions are not material.

30. Expected credit losses continued

Critical accounting judgement

Measurement of the expected credit loss allowance
The measurement of ECL is complex and involves the use of significant judgements. We consider that the following represent key judgements in respect of the measurement of the ECL.

Significant increase in credit risk
IFRS 9 requires a higher level of ECL to be recognised for under-performing loans as a lifetime ECL is recognised compared to a 12-month ECL for performing loans. This is considered based on a staging approach. Financial assets that have had no SICR since initial recognition, or that have low credit risk at the reporting date, are considered to be performing loans and are classified as 'Stage 1'. Losses are calculated based on our expectation of defaults which may occur within the next 12 months. Assets which are considered to have experienced a SICR since initial recognition, but that do not have objective evidence of impairment, are classified as 'Stage 2'. Losses are calculated based on defaults which may occur at any point in the asset's lifetime.

Judgement is required to determine when a SICR has occurred. An assessment of whether credit risk has increased significantly since initial recognition, resulting in transfer to Stage 2, is performed at each reporting period by considering the change in the PD expected over the remaining life of the financial instrument. The assessment explicitly or implicitly compares the PD occurring at the reporting date compared to that at initial recognition, taking into account reasonable and supportable information, including information about past events, current conditions and future economic conditions.

Use of Post Model Adjustments and Overlays
We have applied expert judgement to the measurement of the ECL in the form of Post Model Adjustments (PMAs) and Management Overlays (MOs).

Post Model Adjustments
PMAs refer to increases/decreases in ECL to address known model limitations, either in model methodology or model inputs. These rely on analysis of model inputs and parameters to determine the change required to improve model accuracy. These may be applied at an aggregated level, however they will usually be applied at account level.

Model Overlays
MOs reflect management judgement. These rely more heavily on expert judgement and will usually be applied at an aggregated level. For example, where recent changes in market and economic conditions have not yet been captured in the macroeconomic factor inputs to models (e.g., industry – specific stress event).

The appropriateness of PMAs and MOs is subject to rigorous review and challenge, including review by the Audit Committee (see page 66).

ECL assessment
We have applied PMAs in the assessment of ECL. PMAs supplement the models to account for where there are limitations in model methodology or data inputs and/or to mitigate downsides risks which are not fully captured through the economic scenarios. The appropriateness of PMAs has been subject to rigorous review and challenge, including review by our Model Governance Committee, Impairment Committee and Audit Committee.

The level of PMAs has reduced in 2024 with the total percentage of ECL stock standing at 10% as at 31 December 2024 (31 December 2023: 12%). There are no MOs being used as at 31 December 2024.

PMAs have been reassessed during the financial year to ensure an appropriate level of ECL to account for the high level of macroeconomic uncertainty, following the cost of living pressures, higher interest rates, and potential property price falls.

Notes to the consolidated financial statements continued

30. Expected credit losses continued

Critical accounting judgement continued

PMAs make up £18.7 million of the ECL stock as at 31 December 2024 (31 December 2023: £23.4 million) and comprise:

- Macroeconomic correlation uncertainty — This PMA was raised in Q4 2024 to reflect the uncertainty risk and the potential adverse effects of significant government support that was in place during and following the Covid period and the subsequent growth in SME debt which may not be fully reflected in model outputs (31 December 2024: £11.5 million; 31 December 2023: nil).
- Significant increase in credit risk (SICR) adjustment overlay — The SICR model for the RateSetter portfolio is resulting in an overstatement of Stage 2 assets and a negative PMA is in place to account for this. These overlays will be removed once the IFRS9 PD Annual Model Review is validated and implemented into production. The value of the PMA has reduced significantly during 2024 as a result of the rundown of the portfolio (31 December 2024: £2.2 million; 31 December 2023: £7.4 million).
- CRE adjustment — Reflects potential downside risk in property price indices beyond the latest scenarios for the commercial property portfolios (31 December 2024: £0.7 million; 31 December 2023: £3.4 million).
- Climate change impact — This adjustment was originally raised in 2021 has been revised for FY 2024 and reflects the impact of climate change on property values for the mortgage and commercial portfolios (31 December 2024: £2.8 million; 31 December 2023: £3.2 million). The slight reduction in the overlay since December 2023 is due to the updated balance movements for all portfolios across the year.
- Mortgage model enhancements — A PMA reflects the new IFRS9 Mortgage PD and Staging models. This overlay will be removed once the IFRS9 PD Annual Model Reviews are validated and implemented into production (31 December 2024: £2.9 million; 31 December 2023: £4.7 million).
- Commercial model enhancements — An overlay is held in anticipation of remaining model adjustments for the commercial portfolio (31 December 2024: £4.6 million; 31 December 2023: £3.5 million). The increase in the overlay over the period is to reflect the impact from the Business Overdrafts portfolio growth which utilises the IFRS9 commercial models as a proxy for ECL assessment.
- Government guaranteed loans LGD adjustment — a £1.6m negative PMA was raised for December 2024 month end (31 December 2023: Nil) in anticipation of changes to the LGD model.

30. Expected credit losses continued

Expected credit loss expense

	2024 £'million	2023 £'million
Retail mortgages[1]	(4)	(1)
Consumer lending[1]	–	33
Commercial lending[1]	(4)	(20)
Investment securities	–	1
Write-offs and other movements	15	20
Total expected credit loss expense	7	33

1. Represents the movement in ECL allowance during the year and therefore excludes write-offs which are shown separately.

Investment securities

All investment securities held at FVOCI are deemed to be in Stage 1. Any credit loss allowance is, however, included as part of the revaluation amount in the FVOCI reserve. At 31 December 2024, the loss allowance included within the FVOCI reserve is £0.1 million (31 December 2023: £0.1 million).

All investment securities held at amortised cost are deemed to be in Stage 1. The total ECL expense recognised for these assets at 31 December 2024 is £0.6 million (31 December 2023: £0.9 million).

Collateral

Collateral is usually held in the form of real estate, guarantees, debentures and other loans that we can call upon in the event of the borrower defaulting. At 31 December 2024, 80% (31 December 2023: 80%) of our loans consisted of retail mortgages and commercial term loans secured on collateral, with average debt-to-value of 59% (31 December 2023: 58%) and 56% (31 December 2023: 55%) respectively. A further 4% (31 December 2023: 4%) of our lending portfolio consists of BBLS, which although they do not have any collateral are 100% guaranteed by the Government. Further details on the collateral of our loans can be found in the Risk report.

Write-off policy

We write off financial assets (either partially or fully) when there is no realistic expectation of receiving further payment from the customer. Indicators that there is no reasonable expectation of recovery include debt sale to a third party and ceasing enforcement activity. We may write off financial assets that are still subject to enforcement activity.

Modification of financial assets

We sometimes renegotiate the terms of loans provided to customers with a view to maximising recovery. The modifications have not led to any material modification gains or losses being recognised.

Notes to the consolidated financial statements continued

30. Expected credit losses continued

The following tables explain the changes in both the gross carrying amount and loss allowances of our loans and advances during the year.

	Gross carrying amount					Loss allowance					Net carrying amount				
£'million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2024	10,596	1,511	389	–	12,496	(63)	(43)	(93)	–	(199)	10,533	1,468	296	–	12,297
Transfers to/(from) Stage 1[1]	385	(368)	(17)	–	–	(11)	10	1	–	–	374	(358)	(16)	–	–
Transfers to/(from) Stage 2	(409)	416	(7)	–	–	2	(2)	–	–	–	(407)	414	(7)	–	–
Transfers to/(from) Stage 3	(192)	(100)	292	–	–	4	7	(11)	–	–	(188)	(93)	281	–	–
Net remeasurement due to transfers[2]	–	–	–	–	–	9	(14)	(40)	–	(45)	9	(14)	(40)	–	(45)
New lending[3]	1,716	147	1	–	1,864	(11)	(3)	(1)	–	(15)	1,705	144	–	–	1,849
Repayments, additional drawdowns and interest accrued	(618)	(121)	(33)	(1)	(773)	–	–	–	–	–	(618)	(121)	(33)	(1)	(773)
Derecognitions[4]	(3,755)	(507)	(121)	–	(4,383)	11	11	20	–	42	(3,744)	(496)	(101)	–	(4,341)
Changes to model assumptions[5]	–	–	–	–	–	20	5	–	1	26	20	5	–	1	26
31 December 2024	7,723	978	504	(1)	9,204	(39)	(29)	(124)	1	(191)	7,684	949	380	–	9,013
Off-balance sheet items															
Commitments and guarantees[6]					718					–					718

	Gross carrying amount					Loss allowance					Net carrying amount				
£'million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2023	10,849	2,088	352	–	13,289	(66)	(51)	(70)	–	(187)	10,783	2,037	282	–	13,102
Transfers to/(from) Stage 1[1]	872	(857)	(15)	–	–	(15)	15	–	–	–	857	(842)	(15)	–	–
Transfers to/(from) Stage 2	(581)	589	(8)	–	–	4	(6)	2	–	–	(577)	583	(6)	–	–
Transfers to/(from) Stage 3	(170)	(71)	241	–	–	3	4	(7)	–	–	(167)	(67)	234	–	–
Net remeasurement due to transfers[2]	–	–	–	–	–	12	(13)	(38)	–	(39)	12	(13)	(38)	–	(39)
New lending[3]	2,060	239	16	–	2,315	(18)	(6)	(6)	–	(30)	2,042	233	10	–	2,285
Repayments, additional drawdowns and interest accrued	(685)	(172)	(40)	–	(897)	–	–	–	–	–	(685)	(172)	(40)	–	(897)
Derecognitions[4]	(1,749)	(305)	(157)	–	(2,211)	13	10	26	–	49	(1,736)	(295)	(131)	–	(2,162)
Changes to model assumptions[5]	–	–	–	–	–	4	4	–	–	8	4	4	–	–	8
31 December 2023	10,596	1,511	389	–	12,496	(63)	(43)	(93)	–	(199)	10,533	1,468	296	–	12,297
Off-balance sheet items															
Commitments and guarantees[6]					718					–					718

1. Represents stage transfers prior to any ECL remeasurements.
2. Represents the remeasurement between the 12-month and lifetime ECL due to stage transfer. In addition it includes any ECL change resulting from model assumptions and forward-looking information on these loans.
3. Represents the increase in balances resulting from loans and advances that have been newly originated, purchased or renewed as well as any ECL that has been recognised in relation to these loans during the year.
4. Represents the decrease in balances resulting from loans and advances that have been fully repaid, sold or written off.
5. Represents the change in ECL to those loans that remain within the same stage through the year.
6. Represents undrawn lending facilities. Further details can be found in note 31.

Notes to the consolidated financial statements continued

30. Expected credit losses continued

Retail mortgages

£'million	Gross carrying amount					Loss allowance					Net carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2024	6,887	784	146	–	7,817	(7)	(6)	(6)	–	(19)	6,880	778	140	–	7,798
Transfers to/(from) Stage 1	146	(138)	(8)	–	–	(1)	1	–	–	–	145	(137)	(8)	–	–
Transfers to/(from) Stage 2	(171)	173	(2)	–	–	–	–	–	–	–	(171)	173	(2)	–	–
Transfers to/(from) Stage 3	(53)	(46)	99	–	–	–	1	(1)	–	–	(53)	(45)	98	–	–
Net remeasurement due to transfers	–	–	–	–	–	1	(1)	(2)	–	(2)	1	(1)	(2)	–	(2)
New lending	728	126	–	–	854	(1)	(2)	–	–	(3)	727	124	–	–	851
Repayments, additional drawdowns and interest accrued	(113)	(12)	1	–	(124)	–	–	–	–	–	(113)	(12)	1	–	(124)
Derecognitions	(3,066)	(303)	(33)	–	(3,402)	3	2	2	–	7	(3,063)	(301)	(31)	–	(3,395)
Changes to model assumptions	–	–	–	–	–	1	1	–	–	2	1	1	–	–	2
31 December 2024	4,358	584	203	–	5,145	(4)	(4)	(7)	–	(15)	4,354	580	196	–	5,130

£'million	Gross carrying amount					Loss allowance					Net carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2023	6,195	1,343	111	–	7,649	(6)	(11)	(3)	–	(20)	6,189	1,332	108	–	7,629
Transfers to/(from) Stage 1	745	(737)	(8)	–	–	(6)	6	–	–	–	739	(731)	(8)	–	–
Transfers to/(from) Stage 2	(193)	199	(6)	–	–	–	–	–	–	–	(193)	199	(6)	–	–
Transfers to/(from) Stage 3	(38)	(29)	67	–	–	–	–	–	–	–	(38)	(29)	67	–	–
Net remeasurement due to transfers	–	–	–	–	–	5	(2)	(2)	–	1	5	(2)	(2)	–	1
New lending	1,195	147	1	–	1,343	(1)	(1)	–	–	(2)	1,194	146	1	–	1,341
Repayments, additional drawdowns and interest accrued	(177)	(18)	–	–	(195)	–	–	–	–	–	(177)	(18)	–	–	(195)
Derecognitions	(840)	(121)	(19)	–	(980)	1	1	–	–	2	(839)	(120)	(19)	–	(978)
Changes to model assumptions	–	–	–	–	–	–	1	(1)	–	–	–	1	(1)	–	–
31 December 2023	6,887	784	146	–	7,817	(7)	(6)	(6)	–	(19)	6,880	778	140	–	7,798

Notes to the consolidated financial statements continued

30. Expected credit losses continued

Consumer lending

	Gross carrying amount					Loss allowance					Net carrying amount				
£'million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2024	906	314	77	–	1,297	(26)	(16)	(66)	–	(108)	880	298	11	–	1,189
Transfers to/(from) Stage 1	80	(79)	(1)	–	–	(3)	3	–	–	–	77	(76)	(1)	–	–
Transfers to/(from) Stage 2	(74)	74	–	–	–	1	(1)	–	–	–	(73)	73	–	–	–
Transfers to/(from) Stage 3	(27)	(14)	41	–	–	1	4	(5)	–	–	(26)	(10)	36	–	–
Net remeasurement due to transfers	–	–	–	–	–	2	(4)	(25)	–	(27)	2	(4)	(25)	–	(27)
New lending	4	–	–	–	4	–	–	–	–	–	4	–	–	–	4
Repayments, additional drawdowns and interest accrued	(226)	(83)	(10)	(1)	(320)	–	–	–	–	–	(226)	(83)	(10)	(1)	(320)
Derecognitions	(167)	(59)	(10)	–	(236)	4	2	9	–	15	(163)	(57)	(1)	–	(221)
Changes to model assumptions	–	–	–	–	–	9	3	(1)	1	12	9	3	(1)	1	12
31 December 2024	496	153	97	(1)	745	(12)	(9)	(88)	1	(108)	484	144	9	–	637

	Gross carrying amount					Loss allowance					Net carrying amount				
£'million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2023	1,180	250	50	–	1,480	(21)	(12)	(42)	–	(75)	1,159	238	8	–	1,405
Transfers to/(from) Stage 1	34	(34)	–	–	–	(2)	2	–	–	–	32	(32)	–	–	–
Transfers to/(from) Stage 2	(182)	182	–	–	–	2	(2)	–	–	–	(180)	180	–	–	–
Transfers to/(from) Stage 3	(35)	(9)	44	–	–	1	2	(3)	–	–	(34)	(7)	41	–	–
Net remeasurement due to transfers	–	–	–	–	–	2	(6)	(28)	–	(32)	2	(6)	(28)	–	(32)
New lending	311	78	7	–	396	(9)	(4)	(6)	–	(19)	302	74	1	–	377
Repayments, additional drawdowns and interest accrued	(217)	(111)	(10)	–	(338)	–	–	–	–	–	(217)	(111)	(10)	–	(338)
Derecognitions	(185)	(42)	(14)	–	(241)	3	2	12	–	17	(182)	(40)	(2)	–	(224)
Changes to model assumptions	–	–	–	–	–	(2)	2	1	–	1	(2)	2	1	–	1
31 December 2023	906	314	77	–	1,297	(26)	(16)	(66)	–	(108)	880	298	11	–	1,189

30. Expected credit losses continued

Commercial lending

	Gross carrying amount					Loss allowance					Net carrying amount				
£'million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2024	2,803	413	166	–	3,382	(30)	(21)	(21)	–	(72)	2,773	392	145	–	3,310
Transfers to/(from) Stage 1	159	(151)	(8)	–	–	(7)	6	1	–	–	152	(145)	(7)	–	–
Transfers to/(from) Stage 2	(164)	169	(5)	–	–	1	(1)	–	–	–	(163)	168	(5)	–	–
Transfers to/(from) Stage 3	(112)	(40)	152	–	–	3	2	(5)	–	–	(109)	(38)	147	–	–
Net remeasurement due to transfers	–	–	–	–	–	6	(9)	(13)	–	(16)	6	(9)	(13)	–	(16)
New lending	984	21	1	–	1,006	(10)	(1)	(1)	–	(12)	974	20	–	–	994
Repayments, additional drawdowns and interest accrued	(279)	(26)	(24)	–	(329)	–	–	–	–	–	(279)	(26)	(24)	–	(329)
Derecognitions	(522)	(145)	(78)	–	(745)	4	7	9	–	20	(518)	(138)	(69)	–	(725)
Changes to model assumptions	–	–	–	–	–	10	1	1	–	12	10	1	1	–	12
31 December 2024	2,869	241	204	–	3,314	(23)	(16)	(29)	–	(68)	2,846	225	175	–	3,246

	Gross carrying amount					Loss allowance					Net carrying amount				
£'million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2023	3,474	495	191	–	4,160	(39)	(28)	(25)	–	(92)	3,435	467	166	–	4,068
Transfers to/(from) Stage 1	93	(86)	(7)	–	–	(7)	7	–	–	–	86	(79)	(7)	–	–
Transfers to/(from) Stage 2	(206)	208	(2)	–	–	2	(4)	2	–	–	(204)	204	–	–	–
Transfers to/(from) Stage 3	(97)	(33)	130	–	–	2	2	(4)	–	–	(95)	(31)	126	–	–
Net remeasurement due to transfers	–	–	–	–	–	5	(5)	(8)	–	(8)	5	(5)	(8)	–	(8)
New lending	554	14	8	–	576	(8)	(1)	–	–	(9)	546	13	8	–	567
Repayments, additional drawdowns and interest accrued	(291)	(43)	(30)	–	(364)	–	–	–	–	–	(291)	(43)	(30)	–	(364)
Derecognitions	(724)	(142)	(124)	–	(990)	9	7	14	–	30	(715)	(135)	(110)	–	(960)
Changes to model assumptions	–	–	–	–	–	6	1	–	–	7	6	1	–	–	7
31 December 2023	2,803	413	166	–	3,382	(30)	(21)	(21)	–	(72)	2,773	392	145	–	3,310

Notes to the consolidated financial statements continued

30. Expected credit losses continued

Credit risk exposures

Total lending

	31 December 2024					31 December 2023			
£'million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	Total
Up to date	7,694	849	145	(1)	8,687	10,553	1,342	123	12,018
1 to 29 days past due	29	39	14	–	82	43	54	15	112
30 to 89 days past due	–	90	86	–	176	–	115	43	158
90+ days past due	–	–	259	–	259	–	–	208	208
Gross carrying amount	7,723	978	504	(1)	9,204	10,596	1,511	389	12,496

Retail mortgages

	31 December 2024					31 December 2023			
£'million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	Total
Up to date	4,356	504	57	–	4,917	6,885	695	37	7,617
1 to 29 days past due	2	21	11	–	34	2	28	10	40
30 to 89 days past due	–	59	21	–	80	–	61	16	77
90+ days past due	–	–	114	–	114	–	–	83	83
Gross carrying amount	4,358	584	203	–	5,145	6,887	784	146	7,817

Consumer lending

	31 December 2024					31 December 2023			
£'million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	Total
Up to date	496	141	2	(1)	638	900	297	3	1,200
1 to 29 days past due	–	2	1	–	3	6	2	–	8
30 to 89 days past due	–	10	5	–	15	–	15	7	22
90+ days past due	–	–	89	–	89	–	–	67	67
Gross carrying amount	496	153	97	(1)	745	906	314	77	1,297

Commercial lending

	31 December 2024					31 December 2023			
£'million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	Total
Up to date	2,842	204	86	–	3,132	2,768	350	83	3,201
1 to 29 days past due	27	16	2	–	45	35	24	5	64
30 to 89 days past due	–	21	60	–	81	–	39	20	59
90+ days past due	–	–	56	–	56	–	–	58	58
Gross carrying amount	2,869	241	204	–	3,314	2,803	413	166	3,382

31. Financial commitments

Accounting policy

To meet the financial needs of our customers, we enter into various irrevocable commitments. These generally consist of financial guarantees, letters of credit and other undrawn commitments to lend.

Even though these obligations are not recognised on the balance sheet, they do contain credit risk and an ECL is calculated and recognised for them (see note 30).

When these commitments are drawn down or called upon, and meet the recognition criteria as detailed in note 12, these are recognised within our loans and advances to customers.

At 31 December 2024, we had undrawn facilities granted to retail and commercial customers of £881 million (31 December 2023: £718 million).

As part of our retail and commercial operations, this includes commitments of £241 million (31 December 2023: £327 million) for credit card and overdraft facilities. These commitments represent agreements to lend in the future, subject to certain conditions. Such commitments are cancellable, subject to notice requirements, and given their nature are not expected to be drawn down to the full level of exposure.

32. Contingent Liabilities

As part of the normal course of business we are subject to legal, taxation and regulatory matters.
The matters outlined below represent material contingent liabilities and as such at the reporting date no provision has been made for any of these cases within the financial statements. This is because, based on the facts currently known, it is not practicable to predict the outcome, if any, of these matters or reliably estimate any financial impact. Their inclusion does not constitute any admission of wrongdoing or legal liability.

Magic Money Machine litigation
In 2022 Arkeyo LLC, a software company based in the United States, filed a civil suit with a stated value of over £24 million against us in the English High Court alleging, among other matters, that we infringed their copyright and misappropriated their trade secrets relating to money counting machines (i.e. our Magic Money Machines).

We believe Arkeyo LLC's claims are without merit and are vigorously defending the claim.

Notes to the consolidated financial statements continued

33. Offsetting of financial assets and liabilities

Accounting policy

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

	31 December 2024			31 December 2023		
	Effects of offsetting on the balance sheet			Effects of offsetting on the balance sheet		
Assets	Gross amount £'million	Gross amounts offset in the balance sheet £'million	Net amounts presented in the balance sheet £'million	Gross amount £'million	Gross amounts offset in the balance sheet £'million	Net amounts presented in the balance sheet £'million
Loans and advances to customers	9,013	–	9,013	12,297	–	12,297
Investment securities[1]	4,490	–	4,490	4,879	–	4,879
Derivative financial assets	23	(7)	16	67	(31)	36
Deferred tax assets	271	(31)	240	17	(17)	–
Other assets[2]	82	–	82	108	–	108
Liabilities						
Derivative financial liabilities	8	(7)	1	31	(31)	–
Repurchase agreements[1]	391	–	391	1,191	–	1,191
Deposits from central banks[1]	400	–	400	3,050	–	3,050
Deferred tax liabilities	31	(31)	–	30	(17)	13

1. We have pledged £1,034 million (2023: £6,110 million) against repos, deposits from central banks and other assets as encumbered collateral which can be called upon in the event of default.
2. Includes £53 million (2023: £50 million) pledged as cash collateral. None of the cash collateral has been offset in the balance sheet.

34. Fair value of financial instruments

Accounting policy

Determination of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which we have access at that date. The fair value of a liability reflects its non-performance risk.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that we have access to at the measurement date. We consider markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** – Those where the inputs that are used for valuation are significant, and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices, such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, we will classify the instruments as Level 3.
- **Level 3 financial instruments** – Those that include one or more unobservable inputs that are significant to the measurement as whole.

	31 December 2024					31 December 2023				
	Carrying value £'million	Quoted market price Level 1 £'million	Using observable inputs Level 2 £'million	With significant unobservable inputs Level 3 £'million	Total fair value £'million	Carrying value £'million	Quoted market price Level 1 £'million	Using observable inputs Level 2 £'million	With significant unobservable inputs Level 3 £'million	Total fair value £'million
Assets										
Loans and advances to customers	9,013	–	–	8,981	8,981	12,297	–	–	12,156	12,156
Investment securities held at fair value through other comprehensive income	377	377	–	–	377	476	476	–	–	476
Investment securities held at amortised cost	4,113	2,857	1,122	–	3,979	4,403	3,143	1,072	–	4,215
Derivative financial assets	16	–	16	–	16	36	–	36	–	36
Liabilities										
Deposits from customers	14,458	–	–	14,458	14,458	15,623	–	–	15,622	15,622
Deposits from central bank	400	–	–	400	400	3,050	–	–	3,050	3,050
Debt securities	675	–	711	–	711	694	–	585	–	585
Derivative financial liabilities	1	–	1	–	1	–	–	–	–	–
Repurchase agreements	391	–	–	391	391	1,191	–	–	1,191	1,191

Notes to the consolidated financial statements continued

34. Fair value of financial instruments continued

Cash and balances with other banks, trade and other receivables, trade and other payables and other assets and liabilities which meet the definition of financial instruments are not included in the tables. Their carrying amount is a reasonable approximation of fair value.

Information on how fair values are calculated are explained below:

Loans and advances to customers
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date, adjusted for future credit losses and prepayments, if considered material.

Investment securities
The fair value of investment securities is based on either observed market prices for those securities that have an active trading market (fair value Level 1 assets), or using observable inputs (in the case of fair value Level 2 assets).

Financial assets held at fair value through profit and loss
The financial assets at fair value through profit and loss relate to the loans and advances previously assumed by the RateSetter provision fund. They are measured at the fair value of the amounts that we expect to recover on these loans.

Deposits from customers
Fair values are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities. The fair value of a deposit repayable on demand is approximated by its carrying value.

Debt securities
Fair values are determined using the quoted market price at the balance sheet date.

Deposits from central banks/repurchase agreements
Fair values are estimated using discounted cash flows, applying current rates. Fair values approximate carrying amounts as their balances are either short-dated or are on a variable rate which aligns to the current market rate.

Derivative financial assets and liabilities
The fair values of derivatives are obtained from discounted cash flow models as appropriate.

35. Related parties

Related persons

Key management personnel
Our key management personnel, and persons connected with them, are considered to be related parties. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Directors and members of the ExCo are considered to be the key management personnel for disclosure purposes.

Controlling shareholder
Following the completion of our capital raise in November 2023, Jaime Gilinski Bacal, via Spaldy Investments Limited, a company of which he is the sole director and shareholder, became the controlling shareholder of Metro Bank Holdings PLC (see note 7 to the Company financial statements for further details). Given his control over the Group, Jaime Gilinski Bacal, Spaldy Investments Limited and persons connected to them are also considered to be related parties as at 31 December 2024. We have a relationship agreement with our controlling shareholder which may be viewed on our website (www.metrobankonline.co.uk/globalassets/documents/customer_documents/personal/relationship-agreement-metro-bank-holdings-plc-spaldy-investments-ltd-jaime-gilinski-bacal.pdf). More information on the independence of our controlling shareholder can be found on page 119.

Key management compensation

Total compensation cost for key management personnel for the year by category of benefit was as follows:

	2024 £'million	2023 £'million
Short-term benefits	5.5	5.4
Post-employment benefits	0.1	0.1
Share-based payment costs	1.1	0.9
Termination benefits	0.4	0.9
Total compensation for key management personnel	7.1	7.3

Short-term employee benefits include salary, medical insurance, bonuses and cash allowances paid to key management personnel. The share-based payment cost represents the IFRS 2 charge for the year which includes awards granted in prior years that have not yet vested.

During the year as part of the organisational restructure announced, exit agreements were agreed with certain key management personnel who subsequently left the business in January 2024.

Banking transactions with key management personnel

We provide banking services to Directors and other key management personnel and persons connected to them.

35. Related parties continued

Deposit transactions during the year and the balances outstanding as at 31 December 2024 and 31 December 2023 were as follows:

	2024 £'million	2023 £'million
Deposits held at 1 January	1.0	1.5
Deposits relating to persons and companies newly considered related parties	0.1	–
Deposits relating to persons and companies no longer considered related parties	(0.3)	(0.5)
Net amounts deposited/(withdrawn)	–	–
Deposits held as at 31 December	0.8	1.0

Loan transactions during the year and the balances outstanding as at 31 December 2024 and 31 December 2023 were as follows:

	2024 £'million	2023 £'million
Loans outstanding at 1 January	2.0	2.1
Loans relating to persons and companies newly considered related parties	0.4	–
Loans issued during the year	0.2	–
Net repayments during the year	–	–
Loans outstanding as at 31 December	2.6	2.1
Interest received on loans (£'000)	62	35

There were two (31 December 2023: two) loans outstanding at 31 December 2024 totalling £2.6 million (31 December 2023: £2.1 million). Both are residential mortgages secured on property; all loans were provided on our standard commercial terms.

In addition to the loans detailed above, we have issued credit cards and granted overdraft facilities on current accounts to Directors and key management personnel.

Credit card balances outstanding as at 31 December 2024 and 31 December 2023 were as follows:

	2024 £'000	2023 £'000
Credit cards outstanding as at 31 December	–	3

As with all of our lending we recognise an ECL on loans and credit card balances outstanding with key management personnel. As at 31 December 2024, the only ECL recognised on the balances above was our standard modelled ECL with no individual impairments recognised (31 December 2023: £nil). We have not written off any balances to key management personnel in either 2023 or 2024.

36. Earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to our ordinary equity holders by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share has been calculated by dividing the profit/(loss) attributable to our ordinary equity holders by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares that would be issued on the conversion to shares of options granted to colleagues.

In the year ended 31 December 2024, 2.5 million share options were excluded from the weighted average number of shares due to these being antidilutative.

	2024	2023
Profit attributable to ordinary equity holders (£'million)	42.5	29.5
Weighted average number of ordinary shares in issue (thousands)		–
Basic	672,784	214,297
Adjustment for share awards	2,466	6,459
Diluted	675.250	220,756
Earnings per share (pence)		
Basic	6.3	13.8
Diluted	6.3	13.4

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of loss per share.

In Q4 2023, shareholders approved a £925 million capital package that included £150 million of new equity made up of 500,000 shares. The new shares increased the weighted average number of ordinary shares in issue from 214,297 thousand in 2023 to 672,784 thousand in 2024.

Notes to the consolidated financial statements continued

37. Non-cash items

The table below sets out the non-cash items included in profit/(loss) before tax. These have been adjusted for in the cash flow statements on page 164.

	2024 £'million	2023 £'million
Interest receivable	(935)	(856)
Interest paid	558	444
Depreciation and amortisation	77	78
Impairment and write-offs of property, plant, equipment and intangible assets	44	5
Expected credit loss expense	7	33
Share option charge	2	3
Grant income recognised in the income statement	(3)	(2)
Amounts provided for (net of amounts released)	(8)	16
Haircut on Tier 2 debt	–	(100)
(Loss)/gain on sale of assets	(101)	3
Total adjustments for non-cash items	(359)	(376)

38. Post balance sheet events

On 26th February 2025, the Bank confirmed entering into an agreement to sell a portfolio of approximately £584 million of unsecured personal loans. The sale of the portfolio is in line with the Bank's strategy to reposition its balance sheet and enhance risk-adjusted returns on capital. The transaction is capital accretive and creates additional lending capacity to enable the Bank to continue its asset rotation towards higher yielding corporate, commercial and SME lending and specialist mortgages. The sale was completed on 31st March 2025.

On 26th March 2025, the Bank issued £250 million 13.875 per cent fixed rate reset perpetual subordinated contingent convertible capital securities (Additional Tier 1 securities). These securities constitute direct, unsecured, unguaranteed and subordinated obligations of the Bank and rank pari passu without preference among themselves. The issuance is in line with Metro Bank's capital management framework and strategy and is aimed at optimising the capital structure and providing further flexibility for growth.

On 31st March 2025, £50,000 of redeemable preference shares associated with the original incorporation of MB Group PLC, subsequently Metro Bank Holdings PLC, were redeemed. This transaction occurred between the period end and publication date of the Annual Report and Accounts and is therefore an immaterial yet noteworthy event.

Company balance sheet
As at 31 December 2024

	Notes	Years ended 31 December 2024 £'million	2023 £'million
Cash and balances with other banks		–	2
Financial assets held at fair value through profit and loss	2	711	585
Investment in subsidiaries	3	1,112	682
Prepayments and accrued income		15	7
Deferred tax asset		1	–
Total assets		1,839	1,276
Debt securities	4	671	670
Other liabilities		43	33
Total liabilities		714	703
Share premium	5	144	144
Retained earnings		957	406
Other reserves		24	23
Total equity		1,125	573
Total equity and liabilities		1,839	1,276

1. The Company profit for the year was £550.4 million (2023: loss of £536.5 million).

The accompanying notes on pages 215 to 218 form an integral part of these financial statements. The financial statements and accompanying notes were approved by the Board of Directors on 22 April 2025 and signed on its behalf by:

Robert Sharpe
Chair

Daniel Frumkin
Chief Executive Officer

Company statement of changes in equity

For the year ended 31 December 2024

	Company						
	Called-up share capital £'million	Share premium £'million	Retained earnings £'million	FVOCI reserve £'million	Share option reserve £'million	Merger reserve £'million	Total equity £'million
Balance as at 1 January 2024	–	144	406	–	23	–	573
Profit for the year	–	–	550	–	–	–	550
Total comprehensive income	–	–	550	–	–	–	550
Equity-settled share-based payment charges	–	–	–	–	2	–	2
Transfer of share option reserve	–	–	1	–	(1)	–	–
Balance as at 31 December 2024	–	144	957	–	24	–	1,125
Balance as at 1 January 2023	–	–	–	–	–	–	–
Loss for the year	–	–	(537)	–	–	–	(537)
Other comprehensive income (net of tax) relating to investment securities designated at fair value through other comprehensive income	–	–	–	–	–	–	–
Total comprehensive profit	–	–	(537)	–	–	–	(537)
Net share option movements					1		1
Transfer of share option reserve	–	–	(22)	–	22	–	–
Issuance of Metro Bank Holdings PLC share capital	–	–	–	–	–	965	965
Bonus issuance	965	–	–	–	–	(965)	–
Capital reduction of Metro Bank Holdings PLC share capital	(965)	–	965	–	–	–	–
Shares issued	–	150	–	–	–	–	150
Cost of shares issued	–	(6)	–	–	–	–	(6)
Balance as at 31 December 2023	–	144	406	–	23	–	573
Notes	26	26	27	28	28	28	

The accompanying notes on pages 215 to 218 form an integral part of these financial statements.

Company cash flow statement

For the year ended 31 December 2024

	Years ended 31 December	
	2024 £'million	2023 £'million
Reconciliation of loss before tax to net cash flows from operating activities:		
Profit/(loss) before tax	549	(537)
Adjustments for non-cash items		
Interest receivable	(84)	(24)
Interest paid	85	25
Fair value movements	(126)	88
Interest received	70	17
Interest paid	(70)	(16)
Impairment (loss)/gain on subsidiary	(428)	428
Changes in other operating assets	(10)	(7)
Changes in other operating liabilities	12	33
Net cash (outflows)/inflows from operating activities	(2)	7
Cash flows from investing activities		
Issuance of equity to subsidiary	–	(144)
Issuance of debt to subsidiaries	–	(175)
Net cash outflows from investing activities	–	(319)
Cash flows from financing activities		
Share issuance	–	150
Cost of share issuance	–	(6)
Debt issuance	–	175
Cost of debt issuance	–	(5)
Net cash inflows from financing activities	–	314
Net (decrease)/increase in cash and cash equivalents	(2)	2
Cash and cash equivalents at start of year	2	–
Cash and cash equivalents at end of year	–	2

The accompanying notes on pages 215 to 218 form an integral part of these financial statements.

Notes to the company financial statements

1. Basis of preparation and significant accounting policies

1.1 General information

The separate financial statements of the Company are presented as required by the Companies Act 2006. The basis of preparation and principal accounting policies adopted are the same as those set out in within the Group's consolidated financial statements, aside from the accounting policy in relation to share-based payments. For the Company, the cost of the awards are recognised on a straight-line basis to investment in subsidiaries (with a corresponding increase in the share-based payment reserve within equity) over the vesting period in which the employees become unconditionally entitled to the awards.

Incorporation of Metro Bank Holdings PLC

The Company was incorporated on 29 September 2022 as MB Group TopCo PLC with £50,000 of redeemable preference shares and £2 of ordinary shares, which were issued to Robert Sharpe (Chair) and Daniel Frumkin (Chief Executive Officer). On 12 December 2022, the Company changed its name to Metro Bank Holdings PLC. The Company remained a dormant company with no trading activities until the 19 May 2023, when it was inserted as the new ultimate holding company and listed entity of the Group. As at 31 December 2024, the redeemable shares had not yet been redeemed.

The Company's main activity consists of holding the Group's external regulatory debt and share capital which is then downstreamed to Metro Bank PLC to meet the Bank of England's resolution requirements.

The Company adopted the predecessor value method with an investment in subsidiary of Metro Bank PLC being the book value of the balance sheet in Metro Bank PLC at the date of insertion. As part of this, the share option reserve was transferred from Metro Bank PLC to the Company at its carrying amount on the same day.

1.2 Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires us to make both material judgements as well as estimates which, although based on our best assessment, by definition will seldom equal the actual results. Management believes that the underlying assumptions applied at 31 December 2024 are appropriate and that these financial statements therefore present our financial position and results fairly. The areas involving a higher degree of complexity, judgement or where estimates have a significant risk of resulting in a material adjustment to the carrying amounts within the next financial year are:

Area	Estimates	Judgements	Further details
Impairment of investments in subsidiaries	Key assumptions used for VIU calculations	n/a	Note 3

2. Financial assets held at fair value through profit and loss

The financial assets held at fair value through profit and loss consist solely of intercompany loans used for downstreaming regulatory debt issued by the Company to Metro Bank PLC.

In line with resolution requirements, these internal agreements incorporate the Bank of England's Statement of Policy giving the Bank of England power to write down the par value of the loans or convert the loans into equity. As such, the intercompany loans fail the 'solely payments of principal and interest' test under IFRS 9 and have a mandatory classification of fair value through profit and loss. Key terms of the loans are identical to the debt securities issued (see note 20 to the consolidated financial statements).

The measurement of these assets is consistent with the measurement approach used to determine the fair value of the debt securities as set out in note 34 to the Group's consolidated financial statements.

Notes to the company financial statements continued

3. Investment in subsidiaries

Accounting policy

The Company's only directly held subsidiary is that of Metro Bank PLC, which was recognised on 19 May 2023. The value of the subsidiary was recognised using the predecessor value method as set out in note 1.

At the end of each reporting period, the investment in the subsidiary is tested for impairment when there is an indication that the investment may be impaired. An impairment is recognised when the carrying amount exceeds the recoverable amount for that investment. The recoverable amount is the higher of the investment's fair value less costs of disposal and its VIU, in accordance with the requirements of IAS 36. The VIU is calculated by discounting management's cash flow projections for the investment. The cash flows represent the free cash flows based on the subsidiary's binding capital requirements.

Critical accounting estimate

Impairment of investment in subsidiary
The review identified that the VIU exceeded the carrying amount. Consequently, the impairment in the investment in Metro Bank PLC, the Company's only directly held subsidiary, of £428 million, recognised in FY 2023 was reversed. This increased the carrying value of the investment to £1,112 million including the net share option movements.

Key assumptions used for VIU calculations
The rate used to discount the cash flows is based on the cost of capital related to the investment, which is derived using a capital asset pricing model and market implied cost of equity. A pre-tax discount rate of 22.4% has been used in the VIU. In determining the discount rate, management has used judgement and applied the Group's cost of equity, as this represents a proxy for the subsidiary's cost of equity given it represents substantially all of the Group.

A 2% increase in the discount rate would lead to a reduction in the VIU by £182m and an impairment of £133m. A 2% decrease in the discount rate would lead to an increase in the VIU by £243m.

The profitability and growth rates applied are consistent with those used in the Group's impairment assessment as set out in note 15 to the Group's consolidated financial statements.

A 10% decrease in the forecast free cash flows each year would lead to reduction in the VIU by £180m and an impairment of £131m. A 10% increase in the forecast free cash flows each year would lead to increase in the VIU by £214m.

As the investment is eliminated upon consolidation within the Group's financial statements, it has no impact on the Group's capital position or regulatory ratios.

Notes to the company financial statements continued

3. Investment in subsidiaries continued

The Company had the following subsidiaries at 31 December 2024:

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by the Parent (%)	Proportion of ordinary shares directly held by the Group (%)
Metro Bank PLC[1]	UK	Retail and commercial banking services	100%	–
SME Invoice Finance Limited[1]	UK	Invoice financing	–	100%
SME Asset Finance Limited[1]	UK	Asset financing	–	100%

1. All of the Company's subsidiaries have their registered address at One Southampton Row, London, WC1B 5HA.

The proportion of the voting rights in the subsidiary undertakings held directly by the Company do not differ from the proportion of ordinary shares held.

In May 2023, Metro Bank Holdings PLC was inserted as the new ultimate holding company and listed entity of the Group. In June 2023, Metro Bank PLC issued £964.6 million shares to Metro Bank Holdings PLC. Prior to this date Metro Bank PLC was both a banking entity and the ultimate parent company of the Group, but has subsequently become a 100% subsidiary of Metro Bank Holdings PLC.

In November 2023, the Company issued 500.0 million ordinary shares for consideration of £150 million, with associated costs of £6 million having been offset against the amount raised. In line with the resolution requirements, Metro Bank PLC issued 500.0 million new shares for consideration of £144 million to the Company to allow the proceeds of the capital raised to be downstreamed. An impairment of £428 million was recognised at year end.

	Company 2024 £'million	Company 2023 £'million
1 January	682	–
Net book value of Metro Bank PLC on 19 May 2023	–	965
Deemed capital contribution	2	1
Capital injections into subsidiaries	–	144
Reversal/(Impairment) of subsidiaries	428	(428)
31 December	1,112	682

The investment in subsidiary gain has been recognised in Total comprehensive income.

Transactions between the Company and Group subsidiaries

In addition to the intercompany loans used for downstreaming regulatory debt set out in note 2, Metro Bank PLC provides the Company with a small amount of operational funding. The amounts outstanding as at 31 December 2024, primarily relate to the costs of the capital raise in November 2023 which were paid by Metro Bank PLC on the Company's behalf.

As at 31 December 2024, Metro Bank PLC had £14 million of accrued interest payable to the Company on the internal debt instruments used for downstreaming the regulatory debt. The timing of interest payments on these internal instruments is aligned to the interest payment dates on the external debt securities (see note 4).

	2024 £'million	2023 £'million
Amounts owed by Metro Bank PLC	14	7
Amounts owed to Metro Bank PLC	29	24

The transactions above are eliminated upon consolidation within the Group's financial statements.

4. Debt securities

Details of the Company's debt securities in issue can be found in note 20 to the Group's consolidated financial statements.

Hedge accounting is not applicable to the debt securities in issue at the Company level.

5. Called-up share capital

As set out in note 1 the Company was incorporated on 29 September 2022 with £50,000 of redeemable preference shares and £2 of ordinary shares. As at 31 December 2024, the redeemable preference shares had not yet been redeemed.

As at 31 December 2024, the Company had 673.0 million ordinary shares of 0.0001p authorised and in issue. Further details on the Company's called-up share capital can be found in note 26 to the Group's consolidated financial statements.

6. Directors and employees

The Company has no employees. Metro Bank PLC provides the Company with employee services and bears the costs, associated with the Directors of the Company. These costs are not recharged to the Company.

7. Controlling party

As at 31 December 2024, the controlling party of Metro Bank Holdings PLC was Jaime Gilinski Bacal, through Spaldy Investments Limited, a company registered in the British Virgin Islands and of which he is the sole director and shareholder.

The registered office of Spaldy Investments Limited is at the offices of Aleman, Cordero, Galindo & Lee Trust (BVI) Limited, 3rd Floor, Yamraj Building, Market Square, P.O. Box 3175, Road Town, Tortola, British Virgin Islands.

Additional information

In this section

Country-by-Country report

The reporting obligations set out in the Capital Requirements Directive IV (CRD IV) have been implemented in the UK by the Capital Requirements (Country-by-Country Reporting) Regulations. The purpose of the regulations is to provide clarity on the source of the Group's income and the locations of its operations.

The Group is a credit institution for the purposes of CRD IV and is therefore within the scope of Country-by-Country Reporting. Our activities are disclosed within note 1 to the financial statements.

For the purposes of Country-by-Country Reporting, the appropriate disclosures required are summarised below:

	UK
Number of employees (average full-time equivalent)	3,455
Turnover (£'million)	405
Loss before tax (£'million)	(212)
Tax credit (£'million)	255
Corporation tax paid (£'million)	–

No public subsidies were received during the year.

Basis of preparation

Country

Metro Bank Holdings PLC and its subsidiaries only operate within the UK and are all UK registered entities.

Full-time equivalent employees

FTE employees are allocated to the country in which they are primarily based for the performance of their employment duties. The figures disclosed represent the average number of FTE employee, all of which were employed in the UK.

Turnover and loss before tax

Turnover and loss before tax are compiled from the Metro Bank Holdings PLC consolidated financial statements for the year ended 31 December 2024, which are prepared in accordance with IFRS. Turnover represents the sum of the Group's net interest income, net fee and commission income, net gains on sale of assets and other income.

Tax credit and corporation tax paid

Corporation tax paid represents the net cash taxes paid to the tax authority, HMRC, during 2024. Corporation tax paid is reported on a cash basis and will normally differ from the tax expense recorded for accounting purposes due to:

- timing differences in the accrual of the tax charge
- brought forward losses from previous years that were used to extinguish a portion of the Company's taxable profits
- other differences between when income and expenses are accounted for under IFRS and when they become taxable.

Independent auditors' report to the directors of Metro Bank Holdings PLC

Report on the audit of the country-by-country information

Opinion

In our opinion, Metro Bank Holdings plc's country-by-country information for the year ended 31 December 2024 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2024 in the Country-by-Country Report.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter – Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to note 1 of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the Directors' going concern assessment process, including the preparation and approval of the budget. We obtained management's Board approved forecast covering the going concern period of assessment of 15 months from the date of these financial statements. We evaluated the forecasting method adopted by the Directors in assessing going concern;
- Evaluation of management's financial and regulatory capital forecasts. We checked the mathematical accuracy of the model and evaluated the key assumptions using our understanding of the Group and external evidence where appropriate. We used our Prudential Regulatory experts to review the Bank's risk weighted assets and forecast capital requirement assumptions. We also performed a comparison of the 2024 budget and the actual results to assess the accuracy of the budgeting process;
- Evaluation of the appropriateness of management's severe but plausible scenarios using our understanding of the group and the external environment. We considered the mitigating actions that management identified, including the reduction of costs and slowing down the origination of new loans and advances, and assessed whether these were in the control of management and possible in the going concern period of assessment;
- Reviewing management's stress testing of liquidity and evaluation of the impact on liquidity of past stress events. We substantiated the liquid resources held, and liquidity facilities available to the group, for example, with the Bank of England;
- Reviewing correspondence between the Bank and its regulators and we met with the PRA during the audit and understood the PRA's perspectives on the Bank's risks and its capital and liquidity position; and
- Assessing the adequacy of disclosures in the Going Concern statement in note 1 of the Consolidated and Company Financial Statements and within the within the Viability statement and going concern section on pages 46 and 47 and found these appropriately reflect the key areas of uncertainty identified.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report

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Independent auditors' report to the directors of Metro Bank Holdings PLC continued

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation in note 1 of the Country-by-Country Report and the accounting policies in the Consolidated and Company financial statements, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

In preparing the country-by-country information, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this country-by-country information.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the rules of the Financial Conduct Authority (FCA) and Prudential Regulatory Authority (PRA) and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as UK tax legislation and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance and management bias in accounting estimates. Audit procedures performed included:

- Enquiries of the Audit Committee, management, internal audit and the group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation of the design and implementation of controls designed to prevent and detect irregularities relevant to financial reporting;
- Reviewing key correspondence and holding discussions with regulators, such as the FCA and the PRA, in relation to the group's compliance with banking regulations;
- Incorporating unpredictability into the nature, timing and/or extent of our testing;
- Challenging assumptions and judgements made by management in respect of the determination of allowance for expected credit losses on loans and advances to customers, the carrying value of non-financial assets, the carrying value of the investment in subsidiary and the recognition of a deferred tax asset in relation to past trading losses;
- Identifying and testing journal entries including those posted by infrequent or unexpected users, posted to certain account combinations and those posted late in the financial reporting process; and
- Identifying and testing significant and unusual transactions and material non-recurring items such as impairments and write-offs.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the country-by-country information. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the country-by-country information is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for and only for the Group's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

The engagement partner responsible for this audit is Jonathan Holloway.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 April 2025

Other disclosures (unaudited)

Reconciliation of statutory balance sheet to risk-weighted asset

	31 December 2024			31 December 2023		
	Financial statements £'million	Average risk density %	Risk-weighted assets £'million	Financial statements £'million	Average risk density %	Risk-weighted assets £'million
Cash and balances with the Bank of England	2,811	1%	18	3,903	1%	44
Loans and advances to customers	9,013	50%	4,529	12,286	46%	5,597
Investment securities held at FVOCI	377	2%	8	476	2%	11
Investment securities held at amortised cost	4,113	4%	171	4,403	4%	187
Financial assets held at fair value through profit and loss	–	–	–	–	–	–
Derivative financial assets	16	–	–	36	–	–
Property, plant and equipment	711	100%	711	723	100%	723
Intangible assets	126	0%	–	193	–	–
Prepayments and accrued income	93	45%	42	118	43%	51
Deferred tax assets[1]	240	n/a	7	3	267%	8
Other assets	82	104%	85	108	96%	104
Total assets	17,582	32%	5,571	22,248	30%	6,725
Off-balance sheet assets			132			79
Credit risk (excluding counterparty credit risk)			5,703			6,804
Counterparty credit risk			19			26
Market risk			–			–
Operational risk			720			703
Total risk-weighted assets			6,442			7,533

1. In the consolidated balance sheet per the financial statements, deferred tax is shown as a net figure with the deferred tax liability, however, from a regulatory perspective the deferred tax asset and liability are treated separately.

Alternative performance measures (unaudited)

In the reporting of financial information, we use certain measures that are not required under IFRS, the Generally Accepted Accounting Principles under which we report. These measures are consistent with those used by management to assess performance.

These alternative performance measures have been defined below:

Metric	KPI	Scorecard measure	LTIP	Definition
Cost of deposits	Yes	No	No	Interest expense on customer deposits divided by the average deposits from customers for the year.

	2024 £'million	2023 £'million
Interest on customer deposits (note 2)	303.6	147.8
Average deposits from customer	15,530	15,237
Cost of deposits	1.95%	0.97%

Metric	KPI	Scorecard measure	LTIP	Definition
Cost of risk	Yes	Yes	No	Expected credit loss expense divided by average gross loans.

	2024 £'million	2023 £'million
Expected credit loss expense (note 30)	7.1	33.2
Average gross lending	11,223	12,778
Cost of risk	0.06%	0.26%

Metric	KPI	Scorecard measure	LTIP	Definition
Coverage ratio[1]	No	No	No	Expected credit losses as a percentage of gross loans.

	2024 £'million	2023 £'million
Expected credit losses (note 12)	191	199
Gross loans and advances to customers (note 12)	9,204	12,496
Coverage ratio	2.07%	1.59%

Retail mortgages	2024 £'million	2023 £'million
Expected credit losses – retail mortgages (note 12)	15	19
Gross retail mortgage lending (note 12)	5,145	7,817
Coverage ratio	0.29%	0.24%

Consumer	2024 £'million	2023 £'million
Expected credit losses – consumer (note 12)	108	108
Gross consumer lending (note 12)	745	1,297
Coverage ratio	14.43%	8.33%

Commercial	2024 £'million	2023 £'million
Expected credit losses – commercial (note 12)	68	72
Gross commercial lending (note 12)	3,314	3,382
Coverage ratio	2.05%	2.13%

1. Coverage ratio calculated using underlying figures.

Alternative performance measures (unaudited) continued

Metric	KPI	Scorecard measure	LTIP	Definition
Loan-to-deposit ratio	Yes	No	No	Net loans and advances to customers expressed as a percentage of total deposits as at the year end. It is a commonly used ratio within the banking industry to assess liquidity.
Net interest margin	No	No	No	Net interest income as a percentage of average interest-earning assets.
Non-performing loan ratio	No	No	No	Gross balance of loans in stage 3 (non-performing loans) as a percentage of gross loans as at year end.

Loan-to-deposit ratio

	2024 £'million	2023 £'million
Net loans and advances to customers (note 12)	9,013	12,297
Deposits from customers (note 18)	14,458	15,623
Loan-to-deposit ratio	62%	79%

Net interest margin

	2024 £'million	2023 £'million
Net interest income (note 2)	377.9	411.9
Average interest-earning assets	19,800	20,786
Net interest margin	1.91%	1.98%

Non-performing loan ratio

Total book	2024 £'million	2023 £'million
Stage 3 loans (note 30)	504	389
Loans and advances to customers (note 12)	9,200	12,496
Non-performing loan ratio	5.48%	3.11%

Retail mortgages	2024 £'million	2023 £'million
Stage 3 loans – retail mortgages (note 30)	203	146
Gross retail mortgage lending (note 12)	5.145	7.817
Non-performing loan ratio – retail mortgages	3.95%	1.87%

Consumer	2024 £'million	2023 £'million
Stage 3 loans – consumer (note 30)	97	77
Gross consumer lending (note 12)	745	1,297
Non-performing loan ratio – consumer	13.02%	5.94%

Commercial	2024 £'million	2023 £'million
Stage 3 loans – commercial (note 30)	204	166
Gross commercial lending (note 12)	3,314	3,382
Non-performing loan ratio – commercial	6.16%	4.91%

Alternative performance measures (unaudited) continued

Metric	KPI	Scorecard measure	LTIP	Definition
Return on tangible equity	Yes	No	Yes	Statutory profit after tax as a percentage of average tangible equity (average total equity less intangible assets).

	2024 £'million	2023 £'million
Statutory profit after tax (Consolidated statement of comprehensive income)	(211)	29.5
Average tangible equity	901	795
Return on tangible equity	(23%)	4%

Metric	KPI	Scorecard measure	LTIP	Definition
Statutory cost:income ratio	Yes	Yes	No	Statutory total operating expenses as a percentage of statutory total income.

	2024 £'million	2023 £'million
Total operating expenses (Consolidated statement of comprehensive income)	610.3	585.2
Total income (Consolidated statement of comprehensive income)	405.3	648.9
Statutory cost:income ratio	151%	90%

Metric	KPI	Scorecard measure	LTIP	Definition
Total shareholder return	Yes	No	Yes	Total capital gains and dividends returned to investors over a one-year period.

	2024	2023
Share price at the start of the period	37p	126p
Share price at the end of the period	94p	37p
Total shareholder return	155%	(71%)

1. No dividends were paid in either period

Metric	KPI	Scorecard measure	LTIP	Definition
Underlying cost:income ratio	No	No	No	Underlying total operating expenses as a percentage of underlying total income.

	2024 £'million	2023 £'million
Total underlying operating expenses (page 228)	510.4	530.2
Total underlying income (page 228)	503.5	546.5
Underlying cost:income ratio	101%	97%

Metric	KPI	Scorecard measure	LTIP	Definition
Underlying loss	Yes	Yes	No	Underlying loss represents an adjusted measure, excluding the effect of certain items that are considered to distort year-on-year comparisons, in order to provide readers with a better and more relevant understanding of the underlying trends in the business. Details of the calculation of underlying loss can be found on page 228.

We also disclose a number of capital and liquidity metrics which are required by the PRA and FCA. The basis of calculation of those metrics is defined within the relevant legislation.

Alternative performance measures (unaudited) continued

Non-underlying item	Description	Reason for exclusion
Impairment and write-offs of property, plant, equipment and intangible assets	The costs associated with non-current assets that are either no longer being used by or are no longer generating future economic benefit for the business.	The impairments and write-offs relating to property, plant, equipment and intangible assets are removed as they distort comparison between years. This is on the basis that the write-offs and impairments relate to specific events and triggers which are not consistent between years.
Net C&I costs	These costs and income relate to the delivering the commitments associated with the Capability and Innovation Fund. Further details on this grant can be found in note 23.	The commitments under the Capability and Innovation Fund continue through to 2025. The costs associated with fulfilling the commitments and associated income are felt to distort year-on-year comparison. Given the offsetting nature of the income and expenditure, there is no net impact on our profitability from this adjustment.
Remediation costs	Remediation costs consists of money spent including the conclusion of the FCA enquiry into legacy issues relating to transaction monitoring systems and controls as well as work undertaken in relation to financial crime.	The remediation costs are felt to be time limited and will disappear once the investigations have concluded, as such these are removed to allow greater comparability between periods.
Transformation costs	Transformation costs primarily consist of the costs associated with redundancy programmes during the year as part of our approach to right-sizing teams as well as the costs of work undertaken to establish our cost reduction programme.	The transformation costs are seen as a nonrecurring cost stream aimed at addressing the challenges the business faces. These are therefore removed in order to prevent year-on-year distortion.
Mortgage portfolio sale (2024 only)	On 30 September 2024, we sold a portfolio of approximately £2.5 billion of prime residential mortgages to NatWest Group plc. We recognised a loss on the sale of £101.6 million.	During 2024, we took proactive steps to strengthen the balance sheet and enable positive asset rotation. The sale of this portfolio was one of those proactive steps. The sale of loan portfolios is generally not considered in line with our business model. Given the infrequency of sales and the quantum of the gain it has been removed in order to prevent year-on-year distortion.
Cost of capital raise	In November 2023, shareholders approved a £925 million capital package which consisted of £150 million of new equity, £175 million of new MREL-eligible debt and £600 million of debt refinancing. Costs associated with the refinancing were expensed to the income statement, including the impact of discontinuing the previous hedge relationships. Alongside this a £100 million gain was recognised on the haircut agreed by Tier 2 bondholders.	The nature of the capital package meant it was both significant and one-off. The expense recognised in 2024 was near zero and as such item is expected to be removed in 2025.

Alternative performance measures (unaudited) continued

A reconciliation from statutory profit/(loss) before tax to underlying loss before tax is set out below.

Year ended 31 December 2024	**Statutory basis £'million**	Impairment and write-off of property, plant, equipment and intangible assets £'million	Net C&I costs £'million	Transformation costs £'million	Remediation costs £'million	Mortgage portfolio sale £'million	Cost associated with capital raise[1] £'million	**Underlying basis £'million**
Net interest income	377.9	–	–	–	–	–	–	377.9
Net fee and commission income	93.2	–	–	–	–	–	–	93.2
Net gains on sale of assets	(101.4)	–	–	–	–	101.4	–	–
Other income	35.6	–	(3.4)	–	–	0.2	–	32.4
Total income	405.3	–	(3.4)	–	–	101.6	–	503.5
General operating expenses	(489.0)	–	3.4	31.1	21.3	–	0.1	(433.1)
Depreciation and amortisation	(77.3)	–	–	–	–	–	–	(77.3)
Impairment and write-offs of property, plant, equipment and intangible assets	(44.0)	44.0	–	–	–	–	–	–
Total operating expenses	(610.3)	44.0	3.4	31.1	21.3	–	0.1	(510.4)
Expected credit loss expense	(7.1)	–	–	–	–	–	–	(7.1)
Loss before tax	(212.1)	44.0	–	31.1	21.3	101.6	0.1	(14.0)

Year ended 31 December 2023	**Statutory basis £'million**	Impairment and write-off of property, plant, equipment and intangible assets £'million	Net C&I costs £'million	Transformation costs £'million	Remediation costs £'million	Holding company insertion costs £'million	Capital raise and refinancing £'million	**Underlying basis £'million**
Net interest income	411.9	–	–	–	–	–	–	411.9
Net fee and commission income	90.4	–	–	–	–	–	–	90.4
Net gains on sale of assets	2.7	–	–	–	–	–	–	2.7
Other income	143.9	–	(2.4)	–	–	–	(100.0)	41.5
Total income	648.9	–	(2.4)	–	–	–	(100.0)	546.5
General operating expenses	(502.9)	–	2.4	20.2	–	1.8	26.0	(452.5)
Depreciation and amortisation	(77.7)	–	–	–	–	–	–	(77.7)
Impairment and write-offs of property, plant, equipment and intangible assets	(4.6)	4.6	–	–	–	–	–	–
Total operating expenses	(585.2)	4.6	2.4	20.2	–	1.8	26.0	(530.2)
Expected credit loss expense	(33.2)	–	–	–	–	–	–	(33.2)
Profit/(loss) before tax	30.5	4.6	–	20.2	–	1.8	(74.0)	(16.9)

1. Relates to the capital raise in Q4 2023.

Abbreviations

AGM	Annual General Meeting
ALCO	Asset and Liability Committee
ATM	Automated teller machine
BAME	Black, Asian and Minority Ethnic
BBLS	Bounce Back Loan Scheme
BEIS	Department of Business, Energy and Industrial Strategy
bps	Basis points
C&I	Capability and Innovation Fund
CEO	Chief Executive Officer
CET1	Common Equity Tier 1 Capital
CFO	Chief Financial Officer
CMA	Competition and Markets Authority
CoF	Cost of Funds
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
D&I	Diversity and inclusion
DNED	Designated Non-Executive Director for Colleague Engagement
DTR	Disclosure Guidance and Transparency Rules
DTV	Debt-to-value
DVRP	Deferred Variable Reward Plan
EAD	Exposure at default
ECL	Expected credit losses
EPC	Energy Performance Certificate
ERC	Executive Risk Committee
ESG	Environmental, social, and governance
ExCo	Executive Committee
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FSQS	Financial Services Qualification System
FTE	Full time equivalent
FVOCI	Fair value through other comprehensive income
GDP	Gross domestic product
GHG	Greenhouse gases
HMO	House in multiple occupation
HMRC	His Majesty's Revenue and Customs
HPI	House price index
IAS	International Accounting Standards Board
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IRB	Internal ratings-based
KPI	Key performance indicator
LGBTQ+	Lesbian, gay, bisexual, transgender, queer plus
LGD	Loss given default
LIBOR	London Inter-Bank Offered Rate
LTI	Loan-to-income
LTIP	Long-Term Incentive Plan
LTV	Loan-to-value
MOs	Model Overlays
MPs	Members of Parliament
MREL	Minimum requirement for own funds and eligible liabilities
MSc	Master of Science
NED	Non-Executive Director
NICs	National insurance contributions
NIM	Net Interest Margin
NPL	Non-performing loan
OFAC	Office of Foreign Assets Control
PAYE	Pay as you earn
PCAF	Partnership for Carbon Accounting Financials
PD	Probability of default
PMA	Post model adjustments
POCI	Purchased or originated credit impaired
PRA	Prudential Regulation Authority
PwC	PricewaterhouseCoopers LLP
REGO	Renewable Energy Guarantee of Origin
RLS	Recovery Loan Scheme
ROC	Risk Oversight Committee
RoTE	Return on Tangible Equity
RWAs	Risk-weighted assets
SBTi	Science-Based Targets Initiative
SICR	Significant increase in credit risk
SME	Small or medium-sized enterprise
SONIA.	Sterling Overnight Index Average.
SVAP	Shareholder Value Alignment Plan
TCFD	Task Force on Climate-related Financial Disclosures
TFSME	Term Funding Scheme with additional incentives for SMEs
UK	United Kingdom
VAT	Value added tax
VIU	Value in use

Shareholder information

Registrars

We have appointed Equiniti Limited to maintain our register of members. Shareholders should contact Equiniti using the details below in relation to all general enquiries concerning their shareholding:

Equiniti Limited[1,2]
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone: 0371 384 2311
International callers: +44 (0) 371 384 2311

1. Equiniti Limited and Equiniti Financial Services Limited are part of the Equiniti group of companies. Company share registration, employee scheme and pension administration services are provided through Equiniti Limited, which is registered in England and Wales with No. 6226088. Investment and general insurance services are provided through Equiniti Financial Services Limited, which is registered in England and Wales with No. 6208699 and is authorised and regulated by the UK Financial Conduct Authority.
2 Lines are open from 8.30am to 5.30pm (UK time) Monday to Friday, excluding public holidays in England and Wales.

Registered and other offices

Our registered office and head office is:

One Southampton Row
London
WC1B 5HA

Telephone: 0345 08 08 500/0345 08 08 508
Website: metrobankonline.co.uk

Unsolicited mail

We are required by law to make our share register available on request to unconnected organisations. As a consequence, shareholders may receive unsolicited mail, including mail from unauthorised investment firms. If you wish to limit the amount of unsolicited mail received, please contact the Mailing Preference Service, an independent organisation whose services are free for consumers.

Further details can be obtained from:

Mailing Preference Service
MPS Freepost LON 20771
London
W1E 0ZT

Website: mpsonline.org.uk

Annual General Meeting

Our 2025 AGM will be held on 20 May 2025. Full details for the arrangements for the AGM and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM to be published on our website.

Shareholder profile

Shareholder profile by size of holding as at 31 December 2024

Range	Total number of holdings	Percentage of holders	Total number of shares held at 31 December 2024	Percentage of total
0 – 100	222	25.58%	8,638	0.00%
101 – 500	135	15.55%	35,536	0.01%
501 – 5,000	235	27.07%	439,509	0.07%
5,001 – 100,000	157	18.09%	4,477,925	0.67%
100,001 – 500,000	59	6.80%	14,890,682	2.21%
500,000+	60	6.91%	653,127,333	97.05%
Total	868	100.00%	672,979,623	100.00%

Shareholder profile by category as at 31 December 2024

Category	Number of holders	Percentage of holders within type	Shares held at 31 December 2024	Percentage of issued share capital
Private shareholders	569	65.55%	1,208,491	0.18%
Banks	2	0.23%	44,929	0.01%
Nominees and other institutional investors	297	34.22%	671,726,203	99.81%
Total	868	100%	672,979,623	100.00%

Forward-looking statements

This Annual Report and Accounts contains statements that are, or may be deemed to be, forward-looking statements. Forward-looking statements typically use terms such as ‘believes’, ‘projects’, ‘anticipates’, ‘expects’, ‘intends’, ‘plans’, ‘may’, ‘will’, ‘would’, ‘could’ or ‘should’ or similar terminology. Any forward-looking statements in this Annual Report and Accounts are based on our current expectations and, by their nature, forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, that could cause our actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements. As a result, you are cautioned not to place undue reliance on such forward-looking statements. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance. No assurances can be given that the forward-looking statements in this Annual Report and Accounts will be realised. We undertake no obligation to release the results of any revisions to any forward-looking statements in this Annual Report and Accounts that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement and we disclaim any such obligation.

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