



A year of growth and delivery

Annual Report and Accounts 2025

This is
Relationship Banking



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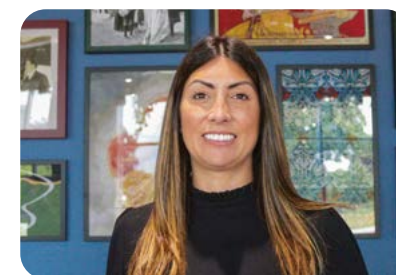
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2025 was a year of strong growth and successful delivery for Metro Bank. Through focused execution of our strategy and our pivot to higher margin business, we delivered the highest underlying profits in our 15-year history, the highest revenues and the highest net interest margin – all while reducing costs. Our resilient business model positions us strongly for the future as we continue to support businesses and individuals across the UK.



Scan and click to view our case study on Fortem Financial Management Ltd online at:
<https://www.metrobankonline.co.uk/business/customer-stories/a-shared-culture-of-giving-back/>



Scan and click to view our case study on Castlebridge online at:
www.metrobankonline.co.uk/business/customer-stories/a-suite-partnership/



Summary of the year

A year of growth and delivery

The successful delivery of our strategy has resulted in strong financial performance for this year. We delivered a significant increase in profitability for FY 2025 on both an underlying and statutory basis.

Our positive momentum has continued in 2025, with record growth lending in our key target areas of corporate, commercial and SME lending, and specialist mortgages – areas where our established relationship banking model positions us to win and create new FANS. We remain focused on delivering for our colleagues, customers, shareholders and supporting UK growth, leveraging our relationship-focused banking model and diverse market offering.

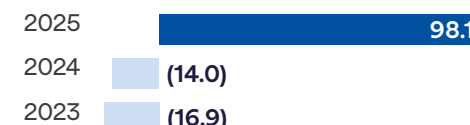
Statutory profit/(loss) before tax (£m)

£87.2m



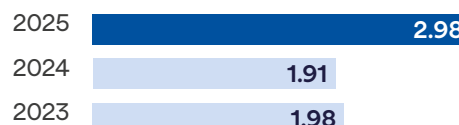
Underlying profit/(loss) before tax (£m)

£98.1m



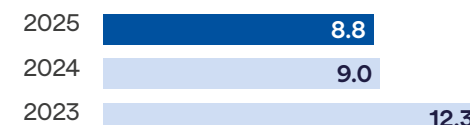
Net interest margin (%)

2.98%



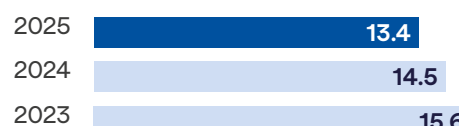
Loans and advances (£b)

£8.8b



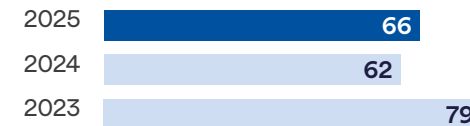
Deposits (£b)

£13.4b



Loan-to-deposit ratio (%)

66%



Scan and click to view our case study on Twycross Zoo online at: www.metrobankonline.co.uk/business/customer-stories/twycross-zoo-case-study/



Scan and click to view our case study on The Bridewell Pub online at: www.metrobankonline.co.uk/business/customer-stories/metro-bank-is-boss-for-women-in-business/



At a glance

The bank behind the progress

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'.

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 78 stores, on the phone through our UK-based contact centres, or online through our internet banking or mobile app, we offer our FANS a real choice. Our established relationship banking model and focus on our local presence informs everything we do and the decisions we make.

Our purpose

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.



At a glance continued

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.



Balance sheet optimisation

Continued focus on risk-adjusted returns.



Cost

Cost discipline to support profitable growth and reinvestment.



Infrastructure

Protect value through safe, scalable infrastructure.



Communication

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

Read more about our business model on **pages 10 to 12**.

Our 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 brand principles



People

We believe the best banking experiences come from genuine people who truly care, all delivered with empathy, compassion and understanding.



Relationship

We believe in creating authentic and longstanding relationships with all our customers, so that we can be there through it all – challenges, celebrations, ups and downs. We're here when our customers need us, every step of the way.



Simplicity

We're here to make our customers' lives easier, taking the stress out of banking by providing exceptional products and service, all delivered in a clear concise manner – every time.



Locality

Our growing network of stores across England and Wales engage local customers with their day-to-day banking needs – business or retail – whilst contributing to regional economic initiatives. Our colleagues combine friendly and engaging face-to-face communication with local know-how.

Chair's statement

A year of growth



Robert Sharpe
Chair

Dear shareholder

I am pleased to present the Chair's Statement for our 2025 Annual Report. This has been a pivotal year for the Bank, one defined by disciplined execution, strengthened financial performance and growing confidence in our long-term strategy. The leadership team has delivered with focus and resilience, ensuring the Bank continues to serve our customers well while building a stronger and more sustainable organisation.

Financially, we delivered another year of solid progress. We exercised tight cost discipline, strengthened our balance sheet and enhanced the quality of our deposit mix. We saw record growth in corporate and commercial lending and continued to diversify our specialist lending offering.

Our relationship-led model, specialist lending expertise and expanding store network enables us to continue supporting customers, communities and the wider UK economy.

We also continued to build a simpler, more efficient and more focused bank. We made meaningful progress against our multi-year reorganisation plan, with teams collaborating closely to streamline processes, modernise platforms and improve operational effectiveness. These changes are creating greater capacity for growth and enabling us to serve more customers in more ways.

Strong leadership and management action have been central to our progress this year. Under CEO Daniel Frumkin's continued direction, the Executive team maintained clear focus on delivering the strategy and ensuring the Bank remained disciplined, efficient and resilient. Catherine Doran joined the Board on 1 January 2026, further strengthening the Board's capabilities. In October, we welcomed Rachel Duncan as Chief People Officer. Nicholas Winsor will step down on 31 May 2026. On behalf of the Board, I would like to thank Nicholas for his significant contribution.

2025 also marked our 15-year anniversary, reinforcing our commitment to the communities we serve. We remain rooted in our local communities, supporting both business and retail customers, and opened new stores in Chester, Salford and Gateshead. Through our partnership

This has been a pivotal year for the Bank, defined by disciplined execution, strengthened financial performance and growing confidence in our long-term strategy.

with the England and Wales Cricket Board, we continue to support Women and Girls Cricket across the UK.

Our colleagues continue to be at the heart of our relationship-led approach and are the driving force behind our success. Their professionalism, resilience and belief in our purpose have been instrumental in delivering the financial and operational improvements achieved this year. We continued to invest in colleague capability, wellbeing and inclusion, reinforcing our culture and supporting long-term performance.

We delivered this despite a challenging external backdrop. The economic environment and geopolitical background remained complex, requiring agility, resilience and disciplined risk management, but also presented opportunities for innovation and growth while remaining focused on supporting customers and communities.

Looking ahead, we expect the broader operating environment to continue evolving, shaped by geopolitical developments, current hostilities and resulting macroeconomic environment. We enter 2026 having delivered strong progress over the past two years. This has created a strong financial platform, improved operational effectiveness and clearer strategic focus. Metro Bank is resilient and has a proven business model which means we are confident about our future plans and prospects. Our priorities remain the same – deepening our customer relationships, driving efficiency, expanding our service proposition and further enhancing our digital capabilities to meet the evolving needs of our customers.

On behalf of the Board, I want to express my gratitude to our dedicated colleagues and leadership team whose efforts have been instrumental in our achievements this year. I would also like to thank our shareholders for their continued support. We look forward to building on our momentum, striving to create value for all of our stakeholders and strengthening our contribution to the UK economy.

Robert Sharpe
Chair
15 April 2026

Operating environment

Unlocking growth

Economic and political outlook



How we see it

The macroeconomic position has been stable but subdued in 2025. Real GDP growth has been muted, and consumer confidence remains subdued, whilst the unemployment rate has risen to its highest in more than four years. The tax hikes announced in November's Budget were not as large as feared, although they built on increases at the end of 2024 and overall fiscal policy has tightened. Against this, inflation appears to have peaked, and this has allowed monetary policy to ease, albeit at a cautious rate. Customer performance has remained resilient, with arrears and losses stable overall after some increases in the mortgage portfolio over prior years driven by increased interest rates.

How we are responding

Expected credit losses (ECL) have remained at an adequate level with a range of macroeconomic scenarios (including downside events) incorporated into the Moody's macroeconomic outlook and post model adjustments being held to reflect risks beyond these.

Looking ahead, we expect the broader operating environment to continue evolving, shaped by geopolitical developments and macroeconomic environment. We enter 2026 having delivered strong progress over the past two years. This has created a strong financial platform, improved operational effectiveness and clearer strategic focus. Metro Bank is resilient and has a proven business model which means we are confident about our future plans and prospects. Our priorities remain the same – deepening our customer relationships, driving efficiency, expanding our service proposition and further enhancing our digital capabilities to meet the evolving needs of our customers.

Competition



How we see it

The UK banking market remains highly competitive in respect of both deposits and lending. With ongoing cost of living challenges, pressure continues to persist on current account balances. At the same time, despite ongoing Base Rate reductions, the 'higher for longer' Base Rate environment encourages customers switching to and retention in interest-bearing deposits.

In the lending market, we are seeing larger incumbents seek to grow net interest margin (NIM) through entry into higher-yielding sub-markets/increased risk appetite, whilst specialists are investing into customer experience as a means of protecting yield. Across the market, there has been a greater emphasis on customer retention as a means of managing balance sheets, whilst we have continued to see consolidation within the market, as lenders seek to benefit from economies of scale.

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 us from our peers. We continue to win new SME, corporate and commercial current accounts and have doubled our share of the Business switcher market over the last 12 months.

In the lending space, we are focused 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 cost of funds relative to leading specialist provides a competitive advantage as opposed to continuing to compete within the vanilla and 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 2025 has been marked by the steady ongoing decline in Base Rate and continuing inflationary and cost-of-living pressures. This has seen customers stabilise the balances they hold in the current accounts relative to saving. The higher Base Rate environment, with associated higher savings rates, means the savings market remains highly competitive with ongoing switching behaviours. The market has also seen customers make greater use of ISAs as a tax shield, particularly amongst savers with high balances where interest payments exceed the personal savings allowance.

We are also continuing to witness 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 2025, we have not been actively competing for interest-bearing deposits – instead, we have been continuing to optimise our deposit base, and associated cost, reflecting a prudent reduction in excess liquidity held as cash. We continue to focus on current accounts, and supporting capabilities, for our corporate, commercial, SME and Trustee 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 this area including investment in capabilities to enhance our customer experience and propositions as well as minimise the risk of fraud and financial crime.

We are committed to stores and maintaining a fully integrated offering – creating a truly differentiated relationship-led proposition.

Operating environment continued

Regulatory environment



How we see it

The UK regulatory environment continues to evolve, with further changes upcoming from key regulatory authorities such as the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). These include a wide range of reforms in response to the Government's ongoing growth agenda set out through the Leeds Reforms, for example in respect to the mortgage market and the Senior Managers and Certification Regime.

Key regulatory initiative updates in 2025 have, for example, included the near-final Basel 3.1 policy updates, which see changes to the industry's capital requirements, as well as the Bank of England's revised MREL Policy Statement and the FSCS threshold limit change. We also see the regulators continuing to take a firm approach to misconduct and ensuring fair outcomes for customers.

How we are responding

We continue to deliver a range of comprehensive projects to ensure we remain compliant with changes to the regulatory environment. We proactively engage with 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 approach to capital management continues to shape the banking industry. The Bank of England (BoE) recently revised the MREL Policy Statement, which particularly impacted mid-sized challenger banks like us, confirming that the Bank has been reclassified as a transfer firm, effective 1 January 2026, ending the requirement to issue bail-in eligible MREL debt. This is a positive development which affords us more capital flexibility and enhances our ability to lend into the UK economy.

With respect to funding, the continued repayment of the BoE's TFSME by banks (combined with additional quantitative tightening) has increased competition for deposits to replace this form of funding; however, an uptick in ILTR and STR usage has gathered pace over the last year or so, as firms make increasing use of the BoE's Sterling Monetary Framework facilities to meet their individual reserves needs, which has offset some pressure on deposit rates. Liquidity will remain a core focus for banks going into 2026, with firms likely to continue to hold excess liquidity over minimum requirements.

How we are responding

We have optimised our capital position for growth following the inaugural £250 million Additional Tier 1 securities issuance and the completion of the £584 million unsecured personal loan portfolio sale. Both transactions were in line with our strategy to reposition and strengthen the balance sheet, creating additional capacity for growth to enable the Bank to continue its rotation towards higher-yielding assets.

Excess liquidity has been successfully managed down, with high-cost fixed-term deposits now comprising just 5% of the book. Exit cost of deposits at December 2025 of 0.94% is the lowest of any UK High Street bank. We retain high levels of liquidity with a liquidity coverage ratio (LCR) as at 31 December 2025 of 306%.

Focus on sustainability



How we see it

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

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. We see that the financial system has a central role in acting as a catalyst for change in broader society and as such can play an outsized 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 is a key focus as part of our relationship banking approach.

Chief Executive Officer's statement

A year of strong delivery



Daniel Frumkin
Chief Executive Officer

2025 was a year of strong growth and continued momentum for Metro Bank delivered through focused execution of our strategy. As we celebrated our 15-year anniversary, our purpose and unwavering commitment to relationship-led banking remained at the heart of everything we do, supporting people, businesses and communities across the UK.

We delivered excellent financial performance, achieving an underlying profit of £98 million, the highest in Metro Bank's history, as well as impressive growth in other key metrics including a 22% increase in net interest income (NII) and a 16% increase in revenue. We met all the financial guidance that we provided to the market at the start of the year and exceeded target by lowering costs by 7%.

Our strategic shift towards corporate, commercial, SME lending and specialist mortgages continued at pace, with record new lending of £2 billion for corporate, commercial and SME lending. This reflects the expertise and experience of our teams and the benefits of our local relationship-driven model. Specialist mortgage performance remained strong as we broadened our proposition to meet more complex customer needs. Across all our lending we continue to take a disciplined underwriting approach, as evidenced by our consistently low non-performing loan ratio.

We maintained a rigorous focus on costs, delivering a 7% reduction year-on-year, ahead of guidance. Alongside this, our strategic collaboration with Infosys is enabling greater automation, enhanced digital capabilities, embedding further AI capabilities, and more scalable processes, ensuring we build a more efficient bank for the long term.

Disciplined balance sheet optimisation remained central to our strategy, and we successfully managed down excess liquidity, particularly expensive fixed-term deposits resulting in the lowest cost of deposits of any UK High Street bank. Non-Interest-Bearing Liabilities (NIBLs) remain double the market average and fixed-term deposits and cash ISAs represent only one fifth of the market average, providing an enduring structural advantage. We are also seeing increased deposit inflows

from SME clients, deepening these valued relationships beyond the loan book.

Throughout the year we maintained our focus on optimising our capital position. We successfully issued £250 million of Additional Tier 1 (AT1) notes and completed the £584 million unsecured personal loan portfolio sale in the first half of the year. In addition, our reclassification as a transfer firm under the MREL regime, effective from 1 January 2026, provides further capacity for growth in corporate, commercial and SME lending, and specialist mortgages.

We expect to deliver greater than 18% RoTE for 2028, firmly positioning us as a UK market leader.

Momentum in the underlying franchise remains strong and the significant progress achieved over 2025 gives us confidence to introduce new, more detailed guidance that extends out to 2028:

- Return on Tangible Equity (RoTE) to be greater than 13% in Q4 2026, greater than 15% for 2027 and greater than 18% for 2028, positioning us as one of the highest of any UK High Street bank
- continued net interest margin (NIM) expansion driven by asset rotation and management of cost of deposits, with exit NIMs to be between 3.40%-4.00% and 3.75%-4.50% in 2026 and 2027, respectively
- continued cost discipline, with cost to income ratios for 2026, 2027 and 2028 to be between 75%-70%, 65%-60%, and 55%-50%, respectively.

Chief Executive Officer's statement continued

Progress on strategic priorities

Revenue: record new lending

Our £2 billion of record new corporate, commercial and SME lending in 2025, combined with the credit approved pipeline of £800 million at the time of our FY results, is equal to all new originations in the last two years and illustrates the success of our strategic pivot. Our relationship managers organically generated 88% of new corporate lending, which is important in helping to manage costs while simultaneously maintain strong asset quality because we are lending to business we know and have relationships with. While we are winning market share in our target segment, our portfolio remains highly collateralised and prudently provisioned. We are focused on pricing discipline ensuring we maintained an average margin in excess of 350 bps over base rate, driving year-on-year improvements in yield.

We made strong progress in specialist mortgage originations in 2025, with the Bank now firmly established as a specialist mortgage provider of choice. We continued to enhance our specialist proposition and launched additional products (House in Multiple Occupancy 'HMOs', Multi-Unit Freehold Blocks 'MUFBs' and affordability enhancements) in 2025.

We successfully managed down excess liquidity throughout 2025, resulting in an exit cost of deposits at December 2025 of 0.94%, the lowest of any UK High Street bank.

The combined impact of increased lending yields and a lower cost of deposits resulted in an exit NIM of 3.17% in December 2025. Overall revenue increased 16% year-on-year, despite 100 bps year-on-year reduction in Bank of England base rate and a meaningfully smaller balance sheet following the asset sales in the first half of the year.

Cost: improving efficiency

We reduced underlying costs by 7% in 2025, ahead of our stated target of 4-5%. Our collaboration with Infosys continues to enhance digital capabilities, improve automation, and embed further AI capabilities, allowing the Bank to scale in an efficient manner. We expect operating costs to remain flat in 2026 as we maintain our focus in this area.

 We met all the financial guidance that we provided to the market at the start of the year and exceeded our target by lowering costs by 7%.

Infrastructure: building the future

We continue to enhance technology, data and operational resilience to support our growth momentum and deliver even better customer experiences. Significant upgrades to financial crime and fraud infrastructure in 2025 have helped protect our customers. We also launched the Metro Bank Scam Checker in April 2025, becoming the first UK bank to partner with award winning firm Ask Silver, helping customers identify scams more effectively through the use of specialist AI technology.

AI is playing an increasingly important role across the organisation. In 2025 we expanded the use of AI-enabled tools in our corporate and commercial credit processes, giving our colleagues more time to focus on deeper customer relationships. These innovations complement our relationship-led service model, supported by ongoing upgrades to our digital channels and call centre infrastructure.

Stores remain at the very heart of the Bank's service offering and strategy, as an enabler of our relationship-based approach. We opened three new stores last year in the North of England and have identified further sites for two more stores. Locations were selected to specifically support our growing corporate, commercial and SME banking offer and local communities.

Chief Executive Officer's statement continued

Balance sheet optimisation: maximising opportunities

In line with our strategy, a continued focus for the Bank in 2025 was optimising our capital position for growth and we executed two key actions at the start of the year. In March 2025, we completed the inaugural £250 million AT1 securities issuance, followed by the completion of the £584 million unsecured personal loan portfolio sale.


As we anticipated, the Bank was reclassified as a transfer firm under the MREL regime effective from 1 January 2026. As a result, MREL requirements are now set equal to minimum capital requirements. The Bank's total capital plus MREL ratio at FY 2025 was 26.1%, a 310bps improvement year-on-year (FY 2024: 23.0%), and 320bps above regulatory minimum requirements (including buffers).

Excess liquidity has been successfully managed down throughout 2025 with high-cost fixed-term deposits now comprising just 5% of the book. Our core customer deposit base continues to be predominantly Retail, with growth in SMEs in line with the Group's strategy.

Cost of deposits for FY 2025 was 1.06% with an exit cost of deposits at December 2025 of 0.94% which is the lowest of any UK High Street bank. All the actions taken to optimise the balance sheet, as well as our reclassification under MREL, create opportunity for the Bank and capacity for future growth momentum.

Communications: empowering our colleagues and communities

Our inclusive culture remains central to our success and continues to drive strong colleague engagement. Following a period of transformation over the past two years, our Voice of the Colleague survey saw a significant 7-point uplift in satisfaction, reflecting confidence in our direction. We maintained a strong focus on colleague development and mobility, with almost 300 colleagues promoted during the year.

 We have a clear plan, a strong customer proposition underpinned by deep relationships and a resilient model that supports profitable growth.

We brought our refreshed brand positioning to life in January 2025, reinforcing our relationship banking focus and highlighting the role in-person customer service plays in our model.

To support growth in corporate, commercial and SME banking, we strengthened our regional leadership with new senior appointments across the Midlands, Wales and the South West, and the North West, positioning us for the next stage of growth across the breadth of the UK.

Our ongoing commitment to communities remained strong and highly visible throughout last year. Through our partnership with the England and Wales Cricket Board and the Metro Bank Girls in Cricket Fund, we continued to remove barriers to participation and promote the visibility of women and girls in cricket through our Seeing is Believing campaign, contributing to a 32% increase in girls' teams.

Outlook: clear strategy, disciplined delivery and resilient model create strong momentum

The Bank is well positioned to continue delivering its strategy and growth trajectory. We have a clear plan, a strong customer proposition underpinned by deep relationships and a resilient model that supports profitable growth. The Bank expects to deliver greater than 18% RoTE for 2028, almost trebling 2025 RoTE and in doing so, firmly positioning us as a UK market leader.

Daniel Frumkin

Chief Executive Officer
15 April 2026

Business model

Unique customer experience

Built upon...

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 18 to 29

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.

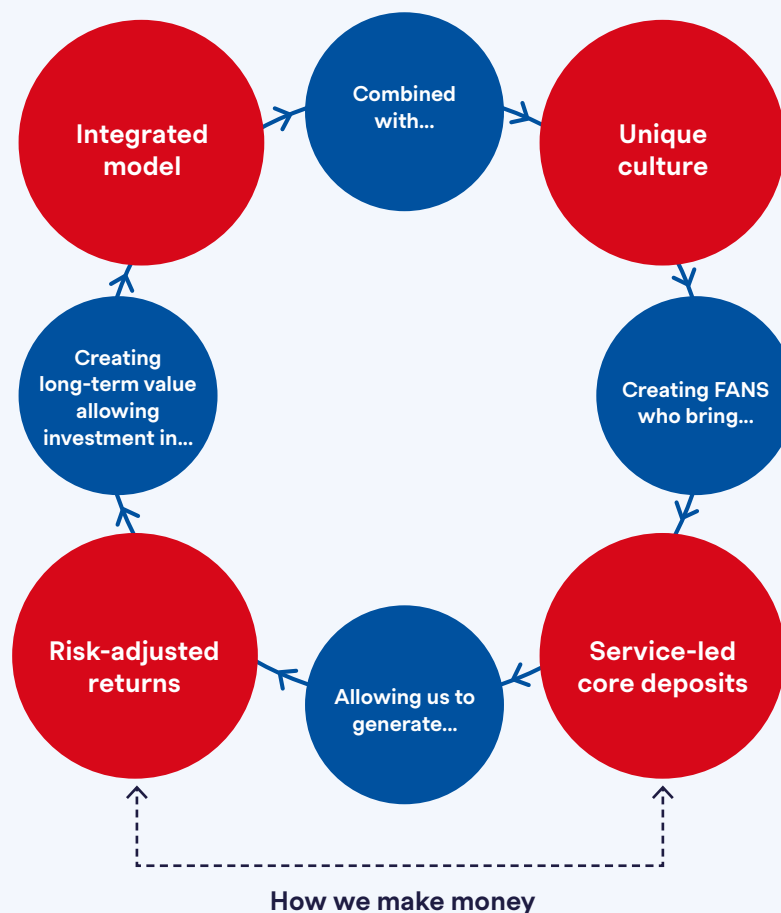
Read more on pages 104 to 138

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 47 to 103

our business 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.

...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 ensuring that we remain an attractive investment for equity and bondholders. We never take our investors for granted and work 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.

Business model continued

Progress in 2025	Operating environment	Priorities	Risks
<p>Integrated model Our integrated model aims to combine delivery through physical and digital channels.</p> <p>We are delivering stand-out service through our stores and digital presence. Our focus in 2025 has been to accelerate the pivot towards corporate, commercial and SME lending, and specialist mortgages, within our existing credit risk appetite.</p> <p>In commercial, we have enhanced our business overdraft offering via mobile application and launched SONIA-linked loan propositions and 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.</p> <p>In mortgages, we launched new specialist mortgage products, mainly limited company buy-to-let, HMOs and MUFBs.</p>	<p>Competition The UK banking market continues to be liquid and competitive with high levels of innovation. To remain relevant, we invest in our people and channels to ensure they exceed our customer needs.</p> <p>Customer behaviour Customers are continuing to value in-person service for more complex propositions, although the move to digital continues in more routine areas. This will continue to play to our strengths.</p> <p>Focus on sustainability We are seeing strong pressure from all of our key stakeholders to ensure all of our operations are sustainable and will commence sustainability training in early 2026 for all key people as we look to support our customers' transition to lower-carbon models.</p>	<p>We are committed to serving customers through our strategically positioned store network.</p> <p>We continue to explore options to further right-size our cost base by assessing all options 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 and Midlands.</p> <p>Although a physical presence remains core to our offering, our focus will be to digitalise to ensure we remain competitive against both larger High Street peers and new digital-first or digital-only entrants.</p>	<p>Our principal risks in respect of delivering our integrated model are:</p> <ul style="list-style-type: none"> • conduct risk • operational risk • strategic risk. <p>We are enhancing our processes and systems to minimise the risk of operational issues, and to continue delivering on our strategy.</p>
<p>Unique culture The Bank's unique culture is powered by expert teams united by a shared ambition: to make a difference for our customers, our communities and our business.</p>	<p>Our culture has been a key strength during a period of transformation, with teamwork, authenticity and clarity of purpose consistent characteristics. Our people are demonstrating renewed energy around our business strategy and are highly motivated by opportunities to further enhance what we deliver for our customers.</p>	<p>Competition Our people-focused culture gives us competitive advantage in the highly competitive market for talent. We offer a genuinely differentiated experience and continue to benefit from a highly diverse employee population, and see a high number of colleagues who return to the Bank because of how we work and what we stand for.</p>	<p>Our colleagues remain at the heart of what we do, and retaining our culture – including our commitment to diversity and inclusion – will be a key component of our business strategy. This includes our supplier partners, who are an important part of how we deliver efficient and cost-effective opportunities.</p> <p>Our principal risks in respect of delivering our culture:</p> <ul style="list-style-type: none"> • conduct risk • legal risk • operational risk • strategic risk. <p>Managing and eliminating risk is embedded within our culture, with colleagues feeling empowered to raise concerns and do the right thing for customers, colleagues and the business. Planned automation and strategic refocus are key to managing risk within a smaller workforce.</p>

Business model continued

	Progress in 2025	Operating environment	Priorities	Risks
<p>Service-led core deposits</p> <p>We seek to attract core deposits through our service-led relationship banking model with specific emphasis on our core retail and SME franchise.</p>	<p>Throughout 2025, our focus has been two-fold.</p> <p>Firstly, optimising the Bank's liquidity and cost of deposits in the context of balance sheet requirements. This has resulted in intentional reductions in some interest-bearing deposit balances throughout the year, whilst still offering value to FANS, attributing to the lower year-end exit cost of deposits of 0.94%.</p> <p>Secondly, we have grown our core customer deposit base, with growth in SMEs in line with the Group's strategy.</p>	<p>Competition</p> <p>Interest rates have remained elevated despite ongoing Base Rate reductions. Competition for deposits has remained robust, both from challenger banks and larger incumbents. Alongside this, newer digital-only fintechs continue to grow.</p> <p>Regulatory environment</p> <p>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 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.</p>	<p>During 2026, we will concentrate on growing our current account numbers, with priority geared towards increasing commercial, corporate and business, where balances tend to be higher and fee earning opportunities are greater.</p> <p>We will also launch new services and propositions in these markets to help meet more customer needs, deepen relationships and grow our income.</p>	<p>Our principal risks in respect to delivering service-led core deposits are:</p> <ul style="list-style-type: none"> • conduct risk • financial crime • legal risk • liquidity and funding risk • market risk • regulatory risk • pricing risk. <p>We are actively managing our balance sheet to ensure we retain high levels of liquidity and appropriately hedge our interest rate risk.</p> <p>Alongside this, we continue to enhance our controls and review our products to both protect our customers and ensure we are delivering fair outcomes.</p>
<p>Risk-adjusted returns</p> <p>We seek to balance our lending mix through a broad yet simple product offering that is priced proportionate to risk.</p>	<p>Going into the year, we focused our attention on driving strong growth in commercial and specialist mortgage lending, with a shift away from consumer lending.</p> <p>2025 saw us continue our pivot into specialist sub-markets which offer scale whilst generating attractive risk adjusted returns through our entry in to HMOs and MUFBs. This lending is already contributing c.25% of new business buy-to-let applications since launch in Q2. In addition, a refreshed Near Prime proposition has contributed to an increase in Q4 application yield volumes within our risk appetite.</p> <p>In our commercial and corporate business, we focused on specialised assets in core sectors where our expertise and agility command a higher premium, enabling us to both price for risk and ensure our guided profit margins are maintained.</p>	<p>Competition</p> <p>Competition for lending remains strong, notably in corporate, commercial and SME lending, and specialist mortgage markets, where competitors include both larger banks and smaller, specialist lenders.</p> <p>Capital and funding regime</p> <p>The UK's prudent capital regime continues to see large financial firms, including ourselves, retain access to capital markets to support evolving and improving regulatory requirements.</p> <p>Economic and political outlook</p> <p>We expect interest rates to fall towards a more normalised level in 2026, but financial pressure on households and an uncertain geo-political outlook remains.</p>	<p>We will continue to optimise our balance sheet and utilise our capital stack most efficiently to generate the best possible returns for all stakeholders.</p> <p>We continue to focus our lending towards higher margin corporate, commercial and SME lending, and specialist mortgages, where our manual underwriting capacity linked to sector specialist bankers is a competitive advantage.</p>	<p>Our principal risks in respect of delivering risk-adjusted returns are:</p> <ul style="list-style-type: none"> • conduct risk • credit risk • market risk • regulatory risk • model risk • capital risk • strategic risk. <p>We take a prudent approach to lending to minimise the risk of losses. We regularly review and update our credit models to support this.</p>

Key performance indicators

Drivers of growth

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

Our business model is set out on page 10. Our KPIs are used across the Bank to support a well-rounded and consistent business model that aims to generate long-term value and create tangible book growth.

Link to remuneration approach

Our approach to remuneration for leadership is based on a simple and clear scorecard. The scorecard measures are aligned to the four components of our business model to ensure the leadership team focuses on the longer term goals of the Bank. We also provide an LTIP and SVAP linked to our scorecard outcomes.

Alternative performance measures

Where a financial KPI is an alternative performance measure, a reconciliation to the nearest statutory measure can be found on pages 204 to 208.

KPI performance during 2025

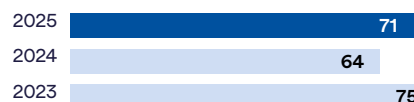
Our KPIs in 2025 reflect a year of sustained profitability and a healthy capital position that has continued to affirm the positive outlook for the Bank.

We have delivered on our strategy and seen record growth in corporate, commercial and SME lending, and specialist mortgages. Our capital ratios (CET1, total capital and total capital plus MREL) have remained consistently in excess of regulatory minima (including public buffers) and our projection of long-term profitability is supported by key underlying metrics.

As we look forwards into 2026, we are focused on building the Bank further with new services and products, and enhancing our digital capabilities.

Non-financial

Colleague engagement (pts)



How we define it

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

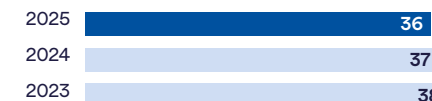
Why it is important

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

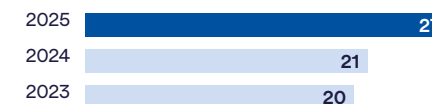
Senior leadership diversity (%)



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

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 of our stakeholders and help us deliver on our strategy.

Key:

- Scorecard measure
- LTIP measure
- Alternative performance measure

Key performance indicators continued

Financial

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

S A



How we define it

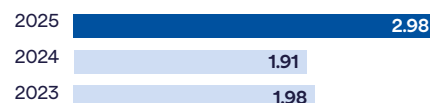
Our statutory earnings before tax adjusted for certain items that distort year-on-year comparisons.

Why it is important

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

Net interest margin (%)

S A



How we define it

Net interest income divided by the average interest-earning assets for the year.

Why it is important

It shows how effectively and efficiently we use our balance sheet to generate profit.

Return on tangible equity (%)

S L A



How we define it

Statutory profit after tax attributable to shareholders as a percentage of average tangible equity (equity excluding other equity instruments, intangible assets and deferred tax assets).

Why it is important

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

Cost of risk (%)

A



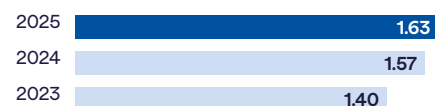
How we define it

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.

Tangible net asset value per share (£)



How we define it

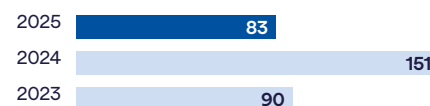
Shareholders' equity (excluding other equity instruments and intangible assets) divided by the number of issued ordinary shares.

Why it is important

It allows shareholders to assess the underlying financial strength of the business.

Statutory cost:income ratio (%)

A



How we define it

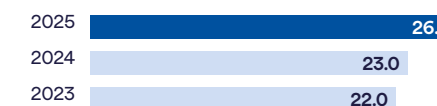
Total costs (excluding ECL expense) expressed as a proportion of total income.

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.

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.

Key:

S Scorecard measure

L LTIP measure

A Alternative performance measure

Financial review

Fuelling future growth



Marc Page
Chief Financial Officer

Summary of the year

2025 was another strong year as the Bank executed on its strategy and delivered across all aspects of market guidance.

We recognised an underlying profit before tax of £98.1 million, the highest in the Bank's history. We reduced underlying operating costs by a further 7%, actively managed down liquidity to reduce cost of deposits, and continued to strategically rotate assets to higher-yielding corporate, commercial and SME lending, and specialist mortgages.

We recorded a statutory profit before tax of £87.2 million, £299.3 million more than the £212.1 million statutory loss before tax in the prior year, driven by one-off transactions in 2024 that provided the foundation for growth in 2025.

Income statement

	2025 £m	2024 £m	Change %
Underlying net interest income	460.3	377.9	22%
Underlying net non-interest income	124.8	125.6	(1%)
Total underlying income	585.1	503.5	16%
Underlying operating costs	(472.7)	(510.4)	(7%)
Expected credit loss expense	(14.3)	(7.1)	101%
Underlying profit/(loss) before tax	98.1	(14.0)	112%
Non-underlying items	(10.9)	(198.1)	(94%)
Statutory profit/(loss) before tax	87.2	(212.1)	141%

Net interest income

Net interest income increased by 22% to £460.3 million despite a lower average Base Rate and a smaller balance sheet following the £584 million unsecured personal loan sale during the year. The increase reflects continued transition towards higher-yielding assets and a reduction in cost of deposits.

Net interest margin for the year was 2.98%, exiting at 3.17%, in line with guidance. Structural improvements to net interest margin reflect increased asset yields and lower cost of deposits.

Operating expenses

	2025	2024
Underlying cost:income ratio	81%	101%
Statutory cost:income ratio	83%	151%

Underlying operating costs reduced 7% year-on-year, to £473 million. We continue to take a disciplined approach to costs, allowing the Bank to scale in an efficient manner. We are focused on enhancing our digital capabilities, improving automation and embedding further AI capabilities across the Bank to further drive cost efficiencies. Combined with growth in underlying income, our underlying cost to income ratio reduced to 81%.

“We have delivered all market guidance, and we've outperformed on cost.”

Non-underlying items

	2025 £m	2024 £m	Change %
Impairment and write-off of property, plant, equipment and intangible assets	(0.7)	(44.0)	(98%)
Transformation costs	(14.4)	(31.1)	(54%)
Remediation costs	(1.2)	(21.3)	(95%)
Portfolio sales	5.4	(101.6)	(105%)
Cost associated with capital rise	–	(0.1)	100%
Non-underlying items	(10.9)	(198.1)	(94%)

Included in our statutory results are £10.9 million of non-underlying items (2024: £198.1 million), reflecting a steady year of strategic execution. We recognised £5.4 million net proceeds from the £584 million unsecured personal loan portfolio sale in H1 2025, and £14.4 million of transformation costs following localised restructuring activities.

Financial review continued

Expected credit loss expense

	ECL allowance £m	Coverage ratio ¹ %	NPL ratio %
31 December 2025			
Retail mortgages	16	0.32%	4.45%
Consumer	67	58.77%	64.91%
Corporate and commercial	87	2.21%	4.27%
Total lending	170	1.89%	5.14%
31 December 2024			
Retail mortgages	15	0.29%	3.95%
Consumer	108	14.43%	13.02%
Corporate and commercial	68	2.06%	6.16%
Total lending	191	2.07%	5.48%

1. Ratios are calculated using underlying figures. We recognised an expected credit loss expense of £14.3 million in 2025, with a cost of risk of 0.16% (2024: 0.06%), owing largely to the sale of the unsecured personal loan portfolio. The credit environment has remained relatively stable throughout 2025, resulting in consistent coverage across retail and commercial portfolios. As at 31 December 2025, our coverage ratio was 1.89% (31 December 2024: 2.07%), which is appropriate and proportionate to our overall lending portfolio.

Balance sheet Lending

	31 December		
	2025 £m	2024 £m	Change %
Retail mortgages	4,940	5,145	(4%)
Consumer	114	745	(85%)
Corporate and commercial	3,939	3,314	19%
Gross lending	8,993	9,204	(2%)
ECL allowance	(170)	(191)	(11%)
Net lending	8,823	9,013	(2%)

Net loans and advances to customers ended the year at £8,823 million, down 2% from the prior year (2024: £9,013 million) as the Bank continues to actively rotate assets into target segments of corporate, commercial and SME lending, and specialist mortgages. In particular, we saw a 19% increase in the gross loans and advances to corporate and commercial customers to £3,939 million at 31 December 2025 (31 December 2024: £3,314 million), driven by £2 billion gross new lending in the year.

The consumer portfolio decreased from £745 million as at 31 December 2024 to £114 million as at 31 December 2025 due to the aforementioned loan portfolio sale. The sale was in line with strategic priorities and allows us to prioritise lending in target segments.

Retail mortgages decreased from £5,145 million to £4,940 million, as we continue to actively attrite the low-yielding prime residential back-book, replaced with higher-yielding specialist mortgages.

Treasury portfolio

We have continued to optimise our Treasury portfolio in 2025 to maximise our risk-adjusted returns on regulatory capital, particularly as rates have fallen. We ended the year with £6,345 million of Treasury assets (31 December 2024: £7,301 million), comprising £4,160 million investment securities and £2,185 million cash and balances with other banks (31 December 2024: £4,490 million and £2,811 million respectively). Our investment securities remain high quality and liquid, with 75% being AAA-rated and 25% AA- to AA+ rated, the AA portion being predominantly Gilts (31 December 2024: 75% AAA, 25% AA- to AA+).

Over the next two years approximately £1.5 billion of fixed rate Treasury assets will mature at an average blended yield of just over 1%. These will be replaced by asset with yields in line with or greater than the prevailing Base Rate.

Deposits

	31 December		
	2025 £m	2024 £m	Change %
Retail customers (excluding retail partnerships)	4,765	5,968	(20%)
Retail partnership	1,832	1,785	3%
Corporate and commercial customers (excluding SMEs)	2,114	2,263	(7%)
SMEs	4,734	4,442	7%
Total customer deposits	13,445	14,458	(7%)
Of which:			
Demand: current accounts	5,862	5,791	1%
Demand: savings accounts	6,901	7,534	(8%)
Fixed term: savings accounts	682	1,133	(40%)

In 2025, our overall deposits reduced to £13,445 million, a 7% decrease from £14,458 million in 2024 as we continued to manage down excess liquidity, particularly expensive fixed-term deposits whilst focusing on target sectors like SME, where we saw an increase in deposits of 7%. We are committed to our relationship banking model, having opened three new stores in 2025, and with 44% of total deposits coming from current accounts, we have exited the year with the lowest cost of deposits of any UK High Street bank.

Financial review continued

Liquidity

Our liquidity position remains strong and in excess of regulatory minimum requirements. We ended the year with a liquidity coverage ratio of 306% (31 December 2024: 337%) and a net stable funding ratio of 161% (31 December 2024: 169%). We hold large amounts of high-quality liquid assets totalling £6,264 million (2024: £6,071 million).

Capital

	2025 £m	2024 £m	Change %
CET1 capital ¹	840	808	4%
RWAs	6,711	6,442	4%
CET1 ratio	12.5%	12.5%	0bps
Total capital ratio	18.4%	14.9%	350bps
Total capital plus MREL ratio	26.1%	23.0%	310bps
UK leverage ratio	7.8%	5.6%	220bps

The Bank maintained a strong capital position throughout 2025, ending the period with CET1, total capital and total capital plus MREL ratios of 12.5%, 18.4% and 26.1% respectively (31 December 2024: 12.5%, 14.9%, 23.0%), all comfortably above minimum regulatory requirements including applicable buffers.

Our capital position is well optimised for growth, with increases across all capital ratios driven by profit generation, the successful issuance of £250 million of Additional Tier 1 securities, and the sale of the unsecured personal loan portfolio.

RWAs increased to £6,711 million (31 December 2024: £6,442 million) reflecting the portfolio sale, offset by continued asset rotation into higher-density corporate, commercial and SME lending, and specialist mortgages.

Overall, the year-end capital and RWA profile reflects proactive management of the balance sheet to preserve resilience, optimise capital resources, and position the Group for sustainable future growth.

Looking ahead

As we look ahead to 2026, we are committed to continued delivery against market guidance and delivering sustained growth in underlying profitability.

Marc Page

Chief Financial Officer
15 April 2026



Stores

Our network of 78 stores across England and Wales helps us to deliver in-person relationship banking and specialist business support, whilst also contributing to regional economic growth. In 2025, we opened three new stores in the North, including Chester, Salford and Gateshead – our first ever location in the North East. Our store model helps us to increase brand awareness and win new retail and business customers as we expand in strategic geographies for growth. Our footprint allows us to play an active role in the communities in which we operate through our local colleagues and initiatives, financial inclusion and access to cash, and support for vulnerable customers.

Environmental, social and governance review

Environmental, social and governance review

Growing our store presence, staying true to our relationship banking ethos and helping local businesses and communities to thrive are central to our business model.

Together with our inclusive culture, these commitments reflect our approach to ESG as integral to delivering our strategy, fundamental to how we operate and critical to driving long-term success.

Our focus areas



Our customers, communities and colleagues

> Pages 20 to 23



Governance, resilience, suppliers, data privacy and security

> Pages 24 to 25



Our planet and climate-related disclosures

> Pages 26 and 31 to 40

ESG governance and structure

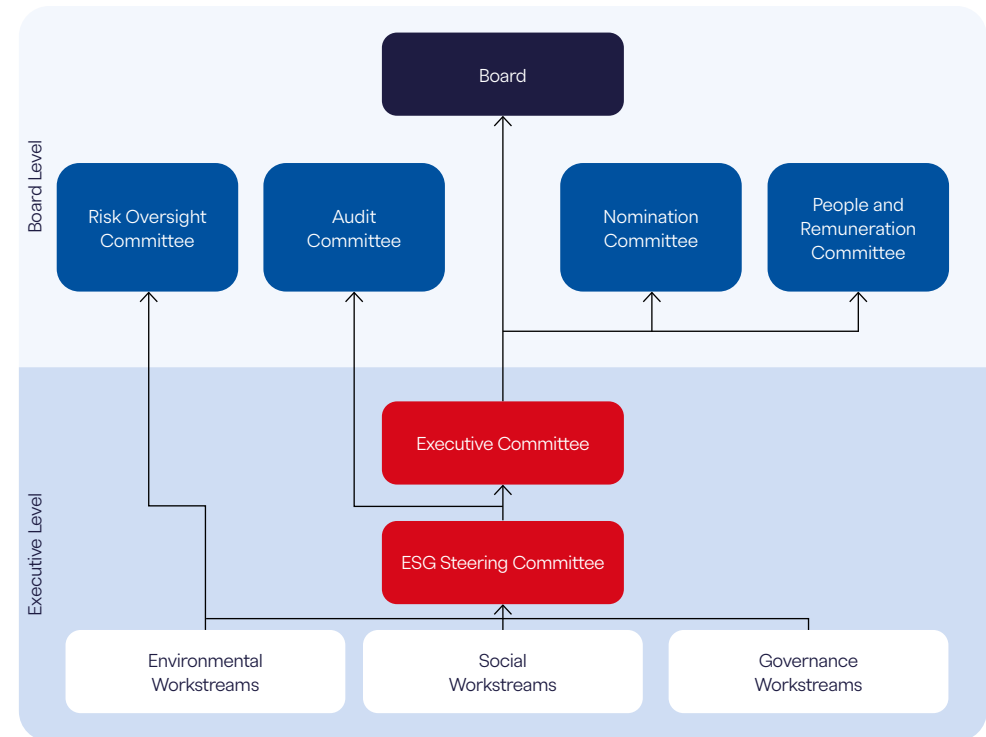
The Board maintains oversight of our ESG strategy and priorities, with ESG issues regularly considered by the Executive Committee (ExCo). An ExCo-led ESG Steering Committee ensures the Bank's approach is strategic, coordinated and aligned with the direction set by the Board. Following our organisational restructure, our ESG model was reviewed with the Social and Governance Working Groups operating as workstreams.

The Risk Oversight Committee (ROC) oversees the framework for identifying, managing and reporting climate-related risks under the Enterprise Risk Management Framework and can escalate climate-related risk matters to the Board where required.

The Audit Committee reviews our ESG update and TCFD disclosures as part of its broader responsibilities for reviewing our Annual Report and Accounts.

Non-Executive Director Nicholas Winsor provides informal Board-level ESG oversight and engagement with senior management. 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-related risk.

This governance structure strengthens disciplined execution, robust risk oversight and long-term value creation for shareholders – while supporting operational resilience and aligning our ESG activities with the wider business strategy.



Environmental, social and governance review continued

ESG materiality and priority themes

In 2022, we undertook a systematic exercise to understand the ESG topics that matter most to our internal and external stakeholders. Using the Global Reporting Initiative framework, we gathered feedback on 19 issues and mapped them against six overarching priority themes.

These themes continue to be relevant under our evolved business strategy and guide our approach to ESG issues – deepening our impact for customers and communities, supporting digital and operational progress and advancing an inclusive, values-led culture.

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.

Read more on page 20

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.

Read more on pages 21 to 23

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.

Read more on page 24

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.

Read more on pages 24 to 25

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.

Read more on pages 24 to 25

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.

Read more on pages 26 and 31 to 40

Environmental, social and governance review continued



Our customers and communities

Relationship banking has always characterised our approach and with our growth in corporate, commercial and SME customers we are helping even more places and the people we serve to thrive.

We are committed to delivering relationship banking in practice – providing the right support at the right time.

Through colleague training and improved tools and services we continue to build our support for vulnerable customers.

In 2025, we upgraded our systems so colleagues can immediately identify customers who require additional support, enabling tailored, real-time assistance. We launched a Financial Inclusion toolkit to ensure every new service and product is inclusive by design and introduced Mpathy Lab – a hands-on experience simulating visual, physical and auditory impairments. Colleagues told us this transformed their understanding of accessibility and is shaping the practical support they offer.

Growing awareness and better conversations mean we have identified more than 10,000 customers who need

additional support at some stage in their journey – an increase of over 50%.

With scams becoming increasingly prevalent we partnered with the charity Victim Support to offer free, confidential and personalised assistance to customers affected by fraud as part of our aftercare service.

We continue to champion entrepreneurs from under-represented groups. As members of the Investing in Women Code, we hosted 77 regional events for women-led businesses to celebrate International Women's Day, and ran a masterclass at the London Business Show showcasing female business owners – strengthening the Bank's profile as a thought leader in this space.

Our Mbrace race and ethnicity colleague network partnered with colleagues across the Bank to deliver a Black Business Showcase as part of Black History Month. 24 stores hosted events to promote black-owned businesses, complemented by a virtual session for colleagues to hear directly from black entrepreneurs about the opportunities and challenges they face.

We believe we have an important role to play in opening up career opportunities for young people. At our Mortgage team's annual broker event, we promoted apprenticeships to SME brokers and pledged our unspent levy funds to support ten apprenticeships in the care sector. We welcomed 43 work experience students across the business, and partnered with the Sutton Trust to host 12 students through its Pathways to Finance programme.

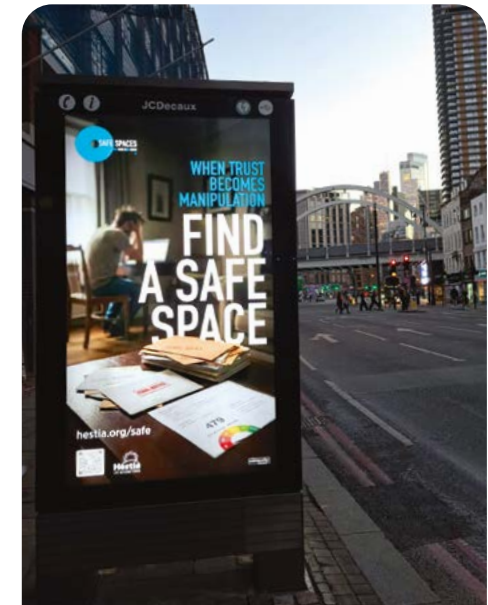
We also engaged with hundreds of RAF cadets to promote careers in financial services, and hosted Jordan Wylie MBE, star of Channel 4's BAFTA-nominated show Hunted, to promote the benefits to young people of joining the Cadet Forces.

Every colleague is entitled to a paid day to volunteer – a Day to Amaze. In 2025, 420 of our colleagues used their Day to Amaze to support a wide range of community causes, from fundraising to serving as school governors. A team of volunteers from across the bank also supported the Royal British Legion's Poppy Day appeal in London, helping raise more than £65,000 for veterans, serving personnel, and their families.

Many of our colleagues are passionate champions for their communities, and our partnership with the England and Wales Cricket Board inspired us to offer them the opportunity to bid for investment in their local community cricket clubs. Five teams were successful and are now improving coaching and facilities for young people, giving a whole new generation – especially girls – the chance to access the skills and life experience that come with playing sport.

77

regional events for women entrepreneurs



Supporting Safe Spaces

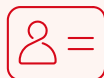
We are proud that our national store presence allows us to participate in the Safe Spaces initiative, part of the campaign run by charity Hestia to support victim-survivors of domestic abuse.

Under Safe Spaces, anyone at risk from domestic abuse can visit one of our 52 participating stores and access a private space and phone to discreetly call a helpline, support service or loved one.

We have trained 500 colleagues to manage our Safe Spaces and provide the right support.

To find your nearest Safe Space visit www.uksaysnomore.org/safespaces

Environmental, social and governance review continued



Our colleagues

We are powered by our people who work together with passion and purpose to support our customers and communities. Our culture and capability agenda remains central to creating a workplace we can all be proud of – and to building the Bank for future growth.

Developing our colleagues

When our people grow, the service we deliver to our customers grows with them.

In 2025, we launched two major programmes to strengthen our customer-facing skills. In our business and retail teams, we introduced Service Excellence Coaches to help colleagues deliver consistently brilliant experiences for our FANS. We also rolled out an innovative learning programme for 600 customer-facing colleagues focused on active listening, empathy and supporting customers with additional needs. The programme was shortlisted for a Learning Technologies Award.

We continued to build specialist capability to support our pivot to corporate and commercial banking, introducing new credit training for regional teams and enhanced training for colleagues in

our UK-based contact centres. We also supported 63 colleagues to gain an MSc in Sustainable & Digital Banking with Cranfield School of Management.

Between August and October, 880 customer-facing colleagues completed training to support vulnerable customers – the largest training initiative in our history. Colleague confidence in this area rose by over 23%. You can find out more about how we support vulnerable customers on page 20.

880

customer-facing colleagues completed training to support vulnerable customers

Leadership capability remains essential to our long-term growth. 51 colleagues participated in our Learning to Lead programme and senior leaders came together throughout the year to build skills in powerful communication and storytelling. These efforts contributed to strong 2025 Voice of the Colleague survey results, including an 11 point uplift in our scores on senior leadership. There is more information on our survey results on page 22.

For colleagues who join us as the first step in their careers, we launched a bespoke programme covering emotional intelligence, time management and problem solving to support a smooth transition into the workplace.

Apprenticeships remain a key route for future skills, with a 158% increase in colleagues on apprenticeship programmes this year. These programmes focus on capabilities essential for our growth, including leadership, AI, data analysis, and fraud.

As active promoters of apprenticeships, we were invited to attend the National Apprenticeship Show and Regional Skills Awards ceremony to promote apprenticeships in financial services.

As well as formal learning programmes, we help our colleagues build confidence through informal development opportunities such as cross-team projects and presentations to senior leaders. Our colleague inclusion networks play an important role in facilitating development, through promoting job shadowing, skill sharing and making connections across the business.

As a result of these combined efforts, nearly 300 colleagues were promoted in 2025 – demonstrating our commitment to attracting, developing and retaining the best talent.



AI learning campaign

Building colleagues' confidence and capability in using AI has been a key focus for 2025. We launched an interactive AI learning campaign to strengthen understanding of AI concepts, highlight key applications in banking and build data literacy and prompt-engineering skills.

More than 600 colleagues attended events and the content received over 17,000 unique views – our most popular learning campaign to date. Over 96% of colleagues said the learning was relevant to their role.

This programme supports our digital and automation ambitions across the Bank.

Environmental, social and governance review continued



Marking our 15th Metroversary

Our 15th anniversary gave colleagues an opportunity to come together and celebrate our journey since opening our doors in 2010. There was real pride in reflecting on growth to 76 stores (now 78) across the country and the millions of FANS we have created by bringing relationship banking to life.

Colleagues shared stories of their development, the impact they have made in their communities and the relationships that make Metro Bank such a unique place to work.

Engaging our colleagues

Our 2025 Voice of the Colleague survey highlighted a significant uplift in colleague engagement after a period of business transformation, with scores improving across all themes. More than a third of questions scored above the global benchmark, including colleagues recommending the Bank as a great place to work. Feedback highlighted a culture built on teamwork, psychological safety, inclusivity and genuine care from managers and peers. Colleagues told us they are clear on expectations and feel highly motivated to deliver for our FANS.

Survey insights inform our actions each year. In 2025, this helped build greater confidence in the Bank's direction and supported a culture where colleagues feel empowered to share ideas for improvement.

Creating a diverse, equitable and inclusive culture has always been a cornerstone of the Bank. We partnered with local Job Centres to recruit for our new stores in Chester, Salford and Gateshead, offering high-quality employment and development opportunities. New recruitment technology – including a video interviewing platform and digital testing tool – increased accessibility, reduced the possibility of bias and supported reasonable adjustments as part of the hiring process.

Our inclusive culture remains a key reason colleagues join us. As we expand our corporate and commercial teams, we have attracted experienced talent by sharing colleague success stories and showing how our relationship-led culture helps us win business. Showcasing our women leaders and commitment to diverse talent pipelines helped drive a 50% increase in the number of CVs we received from women, and a 95% offer acceptance rate – strengthening our employer brand and supporting long-term performance.

Our colleague-led inclusion networks continued to build a sense of belonging through a range of events and initiatives, including:

- cultural and religious celebrations including Eid, Rosh Hashanah and Vaisakhi
- Neurodiversity Celebration Week
- a personal-brand session for International Women's Day, attended by over 120 colleagues
- extension of our Back to Work buddy scheme to include colleagues on paternity and shared parental leave
- creation of self-service LGBTQ+ learning materials
- a workshop for colleagues on strategies to achieve balance and support wellbeing.

Inclusion in action

- Voice of the Colleague questions on inclusive leaders and equal opportunities both scored above the global benchmark
- 95% of colleagues trusted us with their ethnicity data
- 50% of hires to senior leadership roles were from ethnic minority backgrounds
- shortlisted for four consecutive years as a Top 10 Inclusive Employer or Company at the British LGBT Awards
- 11 SLT/ExCo members supported 55 colleagues in mentoring circles set up by our Women on Work inclusion network
- 20+ colleagues supported by our Back to Work buddy scheme
- 1,000+ colleagues reached by our regular inclusion network posts.

Environmental, social and governance review continued



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

Now in its third year, our six-year partnership with the England and Wales Cricket Board (ECB) continues to grow beyond traditional sponsorship. It has become a meaningful way to support the future of women's and girls' cricket, while strengthening the Bank's wider community impact.

At the heart of this partnership is the Metro Bank Girls in Cricket Fund – a grassroots programme helping to remove barriers to participation. The Fund brings more coaches and volunteers into the game, supports their development, nurtures future ECB Coach Developers, and helps clubs build confidence and opportunity for girls at every level. Its ambition is to triple the number of girls' teams by 2028, and early progress has been strong, with team numbers already up by 32% as at December 2025.

In 2025, Metro Bank launched Team Up Dream Up, a campaign celebrating the power of teamwork, confidence, and relationships in opening doors for women and girls. Research

by the Bank and Censuswide found that 68% of women and girls would try a new sport if they saw themselves represented. In response, the Seeing is Believing campaign created a new collection of high-quality imagery representing women and girls in cricket, now freely available to clubs through the ECB Resource Hub and Getty Images.

Launched across social, digital, and media channels, within two months the ECB image bank became the most-viewed collection per day and the campaign generated 2.1 million impressions, reaching an additional 1.2 million people. The Bank continues to expand the collection, inspire future players, and champion the growth of women's and girls' cricket. The importance of visibility and role models applies equally in financial services, and the Bank plans to build on this momentum with future initiatives for women in business.

Gender pay gap

We believe it is important that our colleagues reflect the diverse communities we serve. Our gender pay gaps continue to compare favourably to the wider financial services industry and we continue to make progress over a three-year period, with our mean and median pay gaps now standing at 17.8% and 14.0% respectively. The main driver for the pay gaps is the lower number of women in senior positions.

Metro Bank data as at 5 April 2025

17.8%

mean pay gap

14.0%

median pay gap

➔ Read more on our gender pay, including the actions we are taking to reduce it, at metrobankonline.co.uk

Female Directors on the Board



2025	27%
2024	27%

Female colleagues as % of the workforce



2025	44%
2024	46%
Industry	43%*

% Females in SLT (ExCo -1)



2025	36%
2024	37%
Industry	36%**

* Office for National Statistics.

** HM Treasury Women in Finance Charter.

Environmental, social and governance review continued



Governance and resilience

We have an ongoing commitment to safeguarding customers, colleagues, and human rights, protecting data, and ensuring operational resilience in an increasingly complex and evolving threat landscape.

Banking with integrity: our role in society

We recognise our responsibility to safeguard the integrity of the financial system and protect society from the harm caused by illicit activity. Through our robust approach to reporting suspicious activity, we play an active role in victim protection, disrupting the financial networks that underpin organised crime, human trafficking and modern slavery. Our strict compliance with international human rights sanctions ensures we are a barrier to the funding of those involved in genocide and state-sponsored violence, reinforcing our commitment to ethical governance and the promotion of global human rights. Strong governance supports disciplined execution, builds trust and contributes to long-term shareholder value.

The Bank's Financial Crime Framework is a cornerstone of our ESG commitment, embedding the detection and prevention of crime proceeds – including environmental crime – into our core policies. While applying a robust risk-based approach, we maintain a careful balance to ensure full regulatory compliance without the disproportionate de-risking of vulnerable sectors, thereby promoting financial inclusion alongside security. Our culture of ethical governance is anchored in our adherence to the Senior Managers and Certification Regime and the FCA Code of Conduct rules, which serve as the bedrock of our professional standards; this is further evidenced by our Whistleblowing Policy and a commitment to continuous, bank-wide training that empowers our colleagues to act with integrity.

Fraud, data privacy and security

Keeping customers safe from fraud and scams is one of our highest priorities. We have continued to invest in our technologies to detect and prevent our customers from fraud and scams, launching Scam Checker, which customers can use to check if a message, email or advertisement is genuine or not. Work continues to further develop its capability for our customers. We are active members of Stop Scams UK, which brings together banks, telecommunications providers, technology companies and law enforcement to prevent scams at source. We also offer the 159 service,

giving customers a safe route back to the bank if they have received an unexpected phone call. The 159 number cannot be impersonated or spoofed and is easy to remember.

We continue to support the industry-wide Take Five fraud awareness campaign and the BBC Scam Safe Week to help our customers stay safe.

Protecting our data and systems remains paramount. In 2025, we strengthened our threat management, monitoring and response capabilities through enhanced tooling and processes. We improved our phishing simulation campaigns and delivered mandatory information security training. We also reviewed our information and identity management approach to strengthen governance and controls. Response to data subject access requests continued throughout 2025.

Our suppliers

Now more than ever, the risks arising in supply chains are a key area of focus and it remains important to us to work with suppliers who uphold our values. This begins at onboarding and continues throughout every stage of the relationship.

In 2025, we implemented a new tool to manage supplier-related workflows allowing us to assess risks more robustly and draw on subject matter expertise across the Bank.

We are committed to using the Financial Services Supplier Qualification System (FSQS). FSQS reduces duplication for suppliers responding to due diligence requests from financial services firms and enhances our own assurance processes, including the use of pooled audits. FSQS also includes ESG-related questions which we review when selecting and onboarding new suppliers.

Our commitment to be net zero for operational, supply chain and financed emissions by 2050 will require deeper collaboration in the years ahead.

Environmental, social and governance review continued

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.

We have a zero tolerance of slavery, servitude, forced labour and human trafficking (modern slavery). We enforce appropriate systems and controls to ensure that modern slavery is not present in our business or supply chain.

The Bank screens against international and UK-specific human rights lists – including the UK's Global Human Rights Sanctions regime – enabling us to detect and block individuals and entities linked to serious abuses such as genocide and state-sponsored violence, thereby contributing to the global disruption of individuals and regimes that contravene international humanitarian law.

We continue to strengthen our risk assessment and assurance processes to identify potential modern slavery risks within our supply chain. During 2025, we worked with 1,753 active third parties. Using a combination of the 2023 Global Slavery Index Government Response measure of countries (scoring below 50) and the Unseen classification of higher risk industries, we identified 5.25% of active third parties who were either located in higher risk countries and/or more exposed to modern slavery risks due to the nature of the services they provide. In line with our Modern Slavery Policy, we conducted further investigations to confirm these suppliers have adequate controls in place to mitigate modern slavery risks.

We support our suppliers by clearly communicating our approach to modern slavery and setting out our expectations. We require all suppliers to comply with the Modern Slavery Act 2015 and ensure that modern slavery is not occurring within their own operations or supply chains.

All colleagues completed modern slavery training in 2025.

Political neutrality

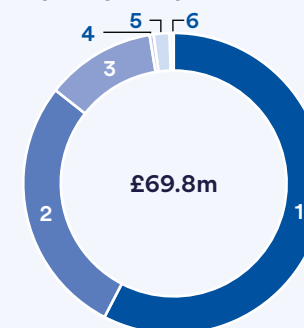
Metro Bank is and will remain politically neutral. It is not our policy to open or close an account due to the political or personal beliefs of an individual or organisation.

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 2025 of £127.0 million, which was composed of £69.8 million of taxes we paid and £57.2 million 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.

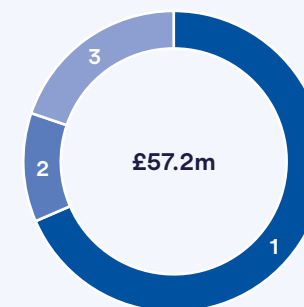
Further information can be found in our Tax Strategy available on our website at: https://www.metrobankonline.co.uk/globalassets/documents/customer_documents/personal/2024-tax-strategy.pdf

Taxes paid (2025)



	£m	%
1. Irrecoverable VAT and customs duty	40.5	58.0
2. Employer NICs	19.7	28.1
3. Business rates	8.3	11.9
4. Corporation tax	–	–
5. Land transaction taxes	1.2	1.8
6. Other tax	0.1	0.2

Taxes collected (2025)



	£m	%
1. PAYE	39.2	68.5
2. Employee NICs	6.7	11.7
3. Net VAT	11.3	19.8

Environmental, social and governance review continued



Our planet

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 92% 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.

Energy efficiency considerations are incorporated into the ongoing management of our estate and are managed via the Energy Action Plan submitted as part of the Energy Savings Opportunities Scheme (ESOS).

We continue to disclose our corporate environmental data via the Carbon Disclosure Project, having made our first full disclosure in 2023.

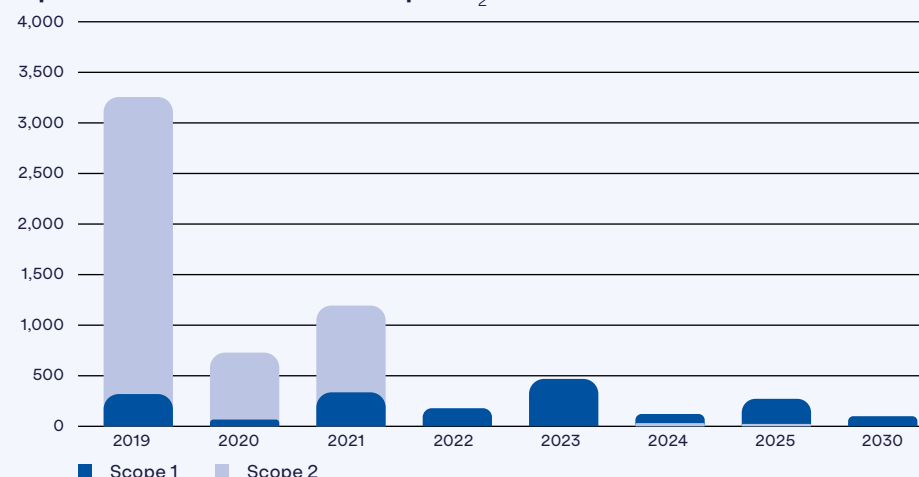
We do not lend directly to businesses that undertake:

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

The table below summarises our GHG emissions (figures in tCO₂e) – further detail is provided in our climate disclosures on pages 31 to 40.

Group	2025	2024	2023	2022	2021	2020	2019
Scope 1 emissions	272	122	469	179	336	67	319
Scope 2 emissions (location based)	2,059	2,532	2,705	2,855	3,327	3,799	4,247
Scope 2 emissions (market based)	24	32	–	–	1,194	729	3,256
Scope 3 emissions	55,898	72,670	111,205	129,363	155,182	190,333	248,979
Total GHG emissions (location based)	58,229	75,324	114,379	132,397	158,845	194,199	253,545
Total GHG emissions (market based)	56,194	72,824	111,674	129,542	156,712	n/a	n/a
Full-time equivalent colleagues (FTE)	2,891	3,449	4,281	4,040	4,184	3,850	3,555
Total emissions per FTE	19.4	21.1	26.1	32.8	38.0	50.4	71.3

Operational emissions road map tCO₂e



Environmental, social and governance review continued

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 14.

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 the policy list on pages 28–29 for a description of each policy)
Environmental matters	Page 26 – Our planet Page 31 – Task Force on Climate-related Financial Disclosures.	<ul style="list-style-type: none"> • Climate Pledges • Supplier Management • Business and Commercial Lending.
Colleagues	Page 21 – Our colleagues Page 23 – Gender pay gap Page 61 – Board oversight of culture and colleague engagement Page 84 – Annual report on remuneration.	<ul style="list-style-type: none"> • Diversity and Inclusion • Recruitment and Selection • Health and Safety • Whistleblowing • Conflicts of Interest.
Social matters	Page 20 – Our customers and communities Page 24 – Data privacy and security Page 24 – Governance and resilience Page 26 – Our planet.	<ul style="list-style-type: none"> • 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 21 – Our colleagues Page 23 – Gender pay gap Page 61 – Board oversight of culture and colleague engagement Page 84 – Annual report on remuneration.	<ul style="list-style-type: none"> • Modern Slavery • Supplier Management • Diversity and Inclusion.
Anti-bribery and corruption	Page 24 – Governance and resilience Page 129 – Financial crime risk.	<ul style="list-style-type: none"> • Anti-Bribery and Corruption • Sanctions.

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.	2 6
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 6
Anti-Tax Evasion	The policy sets out our approach, systems and controls to combat 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 principles 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 good 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.	1 2 4
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 6
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 UK General Data Protection Regulation, the UK Data Protection Act 2018 and other applicable law for cross-border data transfer, including in countries that do not yet have adequate data protection laws.	1 2 3 4 6
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
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

Environmental, social and governance review continued

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	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 5
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 2 4 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 select an external supplier for key processes and activities, we take the reasonable steps to identify, monitor and mitigate the associated supplier risks and ensure they remain within our risk appetite.	1 3 4 6
Product Governance	The policy sets the 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
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 and Proliferation Financing	The policy sets the requirements and approach to managing financial sanctions and proliferation financing 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 4 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

Listening, engaging, delivering

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

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.

Read more about the key decisions made by the Board in the year and how stakeholders were considered on **pages 57–60**.

Our six key stakeholders



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.



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.



Investors

We are committed to ensuring that we remain an attractive investment for equity and bondholders. We never take our investors for granted and work 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.

S.172 factor	Relevant disclosures	Pages
(a) the likely consequences of any decision in the long-term	• Our purpose and strategy framework	2–3
	• Business model	10–12
	• Strategic priorities	3
	• Risk report	104–138
(b) the interests of the Company's employees	• Non-financial information statement	27
	• Colleagues	21–23 and 59
	• Board activities and stakeholder engagement	57–60
	• Board oversight of culture and colleague engagement	61
(c) the need to foster the Company's business relationships with suppliers, customers, and others	• Board activities and stakeholder engagement	57–60
	• Environmental, social and governance review	18–29
	• Suppliers	24 and 60
(d) the impact of the Company's operations on the community and the environment	• Board activities and stakeholder engagement	57–60
	• Task Force on Climate-related Financial Disclosures	31–40
	• Environmental, social and governance review	18–29
(e) the desirability of the Company maintaining a reputation for high standards of business conduct	• Whistleblowing	24, 25, 29 and 64
	• Anti-bribery and corruption	19, 28 and 129
	• Group Audit Committee report	64–67
	• Modern slavery	19, 24, 25, 29, 64 and 101
(f) the need to act fairly between members of the Company	• Board activities and stakeholder engagement	57–60
	• 2025 AGM	59, 74 and 93
	• Share capital	100

Task Force on Climate-related Financial Disclosures

Disclosure-led insight

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 2025, 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 climate risk management capabilities, aligned to the supervisory expectations set out in the PRA Supervisory Statement 5/25 (SS5/25).

At present we do not assess risk arising from climate change to have had material impact on the financial statements.

Key points	Future developments	Page
Governance		
Describe the Board's oversight of climate-related risks and opportunities.		
<ul style="list-style-type: none"> The Board retains oversight for all climate-related risks and opportunities and has received half-yearly updates on our progress in this regard in 2025. 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. 	<ul style="list-style-type: none"> The Board will continue its regular oversight, engagement and challenge on climate-related strategy and activity. Ongoing review of governance framework to ensure alignment with the expectations set out in SS5/25 to ensure that an appropriate level of oversight of climate-related risks and opportunities is in place. 	18 and 34
Describe management's role in assessing and managing climate-related risks and opportunities.		
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Management will review the Bank's climate risk management approach against the expectations of SS5/25 and will deliver a gap analysis and uplift plan for review by the Board. 	18 and 34
Strategy		
Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.		
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Continue to embed climate considerations into the wider development of the Bank's 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

Task Force on Climate-related Financial Disclosures continued

Key points	Future developments	Page
Strategy		
Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.		
<ul style="list-style-type: none"> The potential impact of climate-related risks and opportunities on our strategy and financial position continues to be considered on an ongoing basis. 	<ul style="list-style-type: none"> 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
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.		
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Continued enhancement of our modelling capabilities, including reviewing opportunities to embed sensitivity analysis and more tailored scenarios to better align to our business model. 	35 to 36
Risk management		
Describe the organisation's processes for identifying and assessing climate-related risks.		
<ul style="list-style-type: none"> Climate change has been embedded as a risk cause in 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. 	<ul style="list-style-type: none"> Documentation of climate risk register and review for materiality under two-step process set out in SS5/25. Enhanced coverage and quality of climate-related data and monitoring across risk types and processes. Enhanced customer engagement model across commercial customers to support improved identification and documentation of climate-related risks and ensure consistent data capture. 	36 to 38
Describe the organisation's processes for managing climate-related risks.		
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Extend climate scenario analysis to additional portfolios. Enhance capabilities for physical and transition risk data capture to enable enhanced portfolio monitoring. Further development and embedding of climate-related controls. 	36 to 38
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.		
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Continue to keep pace with evolving industry requirements around risk management, reporting, governance and disclosures. 	36 to 38

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.		
<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. Further development of climate-related key risk indicators and intensity metrics for intra-year monitoring. 	26 and 38 to 40
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.		
<ul style="list-style-type: none"> 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 2025. 	<ul style="list-style-type: none"> 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. 	26 and 38 to 40
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.		
<ul style="list-style-type: none"> 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 92% across Scope 1 and 2 and 78% across Scope 3 from our baseline year of 2019. 	<ul style="list-style-type: none"> Continued monitoring of performance against these targets and development of interim milestones for sub-categories across all Scopes. 	26 and 38 to 40

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 2025, the Board has been engaged in the development of our approach, receiving half-yearly updates 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 is updated 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 arising 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 approves 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 2025, the Committee received half-yearly updates 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 embed climate risk into the Enterprise Risk Management Framework and support our wider climate-related goals and ambitions.

In 2025, the Environment Working Group has reviewed the expectations set out in SS5/25 and continues to assess opportunities to enhance the Bank's climate risk management approach in line with these expectations.

The delivery of the Bank's ESOS Energy Action Plan has identified the necessary actions to mitigate our residual Scope 1 and 2 emissions and close engagement with our most material suppliers has allowed us to transition to activity-based calculation of supplier emissions for this cohort, significantly improving the data quality of inputs informing our emissions numbers.

Task Force on Climate-related Financial Disclosures continued

Strategy

As the Bank continues its growth, we will further embed the assessment of climate-related risks and opportunities in the formulation of our strategic approach throughout the business, whether in our own operations, 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 supporting their customers in delivering 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 in 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 these risks and opportunities have the potential to impact our business model and strategy over short-, medium- and long-term horizons, which we define as:

- 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 climate risk is critical to our long-term strength and stability. Climate risk does, however, require us to address risks that may manifest over a significantly longer period than typically covered by more traditional approaches to risk management.

We broadly categorise climate risks into two types: transition risks and physical risks. 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 on identifying and assessing risks to the business. The assessment of climate risks is embedded into our key risk processes, with controls in place across both 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 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 requirements. For example, proposed Government changes to Minimum Energy Efficiency Standards applicable to the properties securing our lending may drive transition risks which could impact the value of these properties or the ability of borrowers to service debt.

Physical risks (primarily from changes in climate patterns impacting the physical characteristics of the property securing our mortgage portfolio) are primarily 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, as well as impacting the insurability of properties located in impacted areas.

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 corporate and commercial lending portfolio due to changes in policy, consumer preferences or technology. Our strategic pivot towards corporate and commercial lending continues to 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. We will continue to review the evolution of our portfolio to identify concentrations of exposure to higher-risk sectors as well as identifying climate-related risks and opportunities. Continued development of our customer engagement model will better enable us to understand the climate, broader sustainability risks and opportunities inherent in our customers' business models and ensure 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.

As our strategic collaboration with Infosys continues to develop and Infosys teams become more embedded in our operations, our exposure to physical risk factors in Bangalore and Chennai evolves in kind. We are collaborating closely with our Infosys colleagues to ensure that robust operational resilience measures are in place across all teams to mitigate the risk of business interruption.

Task Force on Climate-related Financial Disclosures continued

Risk management

Identification and assessment

We are exposed to both physical and transition risks arising from climate change through various channels:

- 1) the financial services and support we provide to customers who may themselves be exposed to climate change
- 2) the operation of our own infrastructure, business and premises which may be exposed to both transition and physical risks
- 3) 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 certain climate impacts, short-, medium- and long-term horizons are being applied to the consideration of impacts.

This assessment has been considered in the 2025 Internal Capital Adequacy Assessment Process (ICAAP) and identified our top three risks impacted by climate factors as: credit, capital and operational. Credit risk is the most material climate change risk due to our mortgage portfolio exposures.

In addition, a Climate Risk scenario was formally assessed as part of the 2025 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 this analysis indicate that we are considered to have sufficient capital to withstand the losses associated with the climate scenario that has been assessed.

Our Risk Appetite Statement includes a qualitative statement in relation to climate risk. In 2026, key risk indicators currently included in the Bank's climate risk dashboard will be assessed as the Bank develops a set of quantitative risk appetite metrics.

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.

In 2025, we have continued to use the analysis from the Climate Biennial Exploratory Scenario work conducted in 2021, leveraging the results of that analysis to reflect our portfolio in the corresponding period and using this to inform a post model adjustment (PMA) which is incorporated within our IFRS 9 ECL calculation.

The results of the scenario analysis will be used to support the evolution of both policy and origination strategies in line with our overarching strategic objectives and associated risk appetite. It will also inform product opportunity assessment and help to identify areas where we could best support customers' carbon transition, both in terms of improved energy efficiency across their properties or improving the resilience of their operations to physical risk factors via adaptation or mitigation solutions.

Response

Climate change has been embedded as a risk cause into the Enterprise Risk Management Framework, together with the frameworks, policies and standards for managing 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 enhance the management and monitoring of climate risk driven by our lending activity.

Task Force on Climate-related Financial Disclosures continued

Credit risk

Physical risk examples	Time horizon
Repayment challenges from obligors due to reduced profitability or asset devaluation because of climatic shifts.	Medium term to long term.

Transition risk examples

Failure to adapt to changes in policy, regulation, and technology resulting in negative impact to customers.

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 CDP, 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
<ul style="list-style-type: none"> 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 2025 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 2025 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.

Task Force on Climate-related Financial Disclosures continued

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.	

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 2025 is disclosed in the summary table, outlining year-on-year changes as well as overall progress from our 2019 baseline.

Emissions summary by Scope and category

Emission Scope	Category	2025	% change	2024	
Scope 1	Fuels (transport)	9	(61)	22	
	Gas	132	62	82	
	Fugitive	131	587	19	
	Total	272	122	122	
Scope 2	Electricity (market)	24	(25)	32	
	Total Scope 1 & 2	296	92	154	
	% change from 2019 baseline	(92)	-	(96)	
Scope 3	Cat 1: Purchased goods & services	20,259	(45)	36,737	
	Cat 2: Capital goods	1,667	47	1,131	
	Cat 3: Fuel & energy activities	820	(4)	853	
	Cat 4: Upstream transportation	172	(43)	301	
	Cat 5: Waste	15	23	12	
	Cat 6: Business travel	504	85	272	
	Cat 7: Employee commuting	5,056	39	3,641	
	Cat 8: Upstream leased assets	18	-	-	
	Cat 9: Downstream transportation	-	-	73	
	Cat 15: Investments	27,388	(8)	29,650	
	Total Scope 3	55,899	(23)	72,670	
		% change from 2019 baseline	(78)	-	(71)
	Total GHG emissions	56,195	(23)	72,824	
		% change from 2019 baseline	(78)	-	(71)

Emissions figures are quoted in tCO₂e and rounded to the nearest whole number (whilst % change is calculated on un-rounded figures).

For Scope 3 emissions, categories 9–14 are assessed not to apply to our operations at this time and are therefore excluded from our analysis.

Task Force on Climate-related Financial Disclosures continued

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 emissions data relate to one site where we are a tenant and unable to verify the energy consumption and tariff. In order to attribute market-based emissions derived from energy consumption in that store, we have utilised the mean consumption of all other stores and assumed a non-green tariff.

Overall, we have seen an increase in Scope 1 emissions this year, driven by an increase in both gas consumption across our estate and in fugitive emissions (those derived from refrigerant and coolant leaks in our HVAC systems), partially offset by a reduction in fuel consumption from our vehicle fleet. The ESOS Energy Action Plan which was submitted in 2025 sets out the necessary actions 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 still delivered a material reduction of 92% 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 52% 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 2025 as set out in the summary table. In addition to tracking the emissions for buildings, water and waste consumption are measured across our sites. Whilst we have observed a small increase in emissions, these remain materially reduced from our baseline. We continue to see reductions in paper usage covering both our direct consumption and downstream distribution of paper through customer communications.

Enhancements to data and calculation methodologies have enabled us to more accurately assess the commuting patterns of our colleagues, including those emissions derived from flexible working.

Supplier emissions

Emissions arising from the goods and services procured from third parties continue to be a significant contributor to our emissions profile, accounting for 36% of our total. Our base approach for calculating supplier emissions is a spend-based methodology, using sector-based conversion factors. In 2025, the Bank was able to successfully deliver on a commitment to report activity-based supplier emissions for our most material suppliers, covering 19 suppliers and 50% of our total spend. This ensures that for these key partners, our emissions figures fully reflect their emissions profile. Achieving this milestone was a key driver in the reduction of emissions in Category 1.

Additionally, we continue to calculate water and paper emissions using an activity-based methodology. As our engagement with suppliers on ESG evolves (as outlined in the ESG report), we will look to further expand the scope of our activity-based calculations and continue to improve the assessment of supplier emissions.

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 2025, 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 78% of our residential portfolio and 95% of our commercial portfolio (by volume), achieving a weighted PCAF Data Quality score of 3.4 and 3.1 respectively. This enables us to continue to improve the accuracy of our assessments of financed emissions from these properties.

As the Bank continues on its growth journey, ensuring we are able to extend our assessment of financed emissions to those generated outside of the mortgage portfolio will provide us with a more comprehensive insight into the impact of our lending activity. We will continue to explore the methodologies and data enhancements required to do so, utilising PCAF guidance and methodologies, where available.

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 2025, covering both residential and commercial mortgages.

Approximately 78% of mortgaged properties in the residential portfolio and 95% in the commercial portfolio have been matched to an EPC rating and the distribution of ratings was broadly aligned to the UK EPC register. Approximately 44% of the residential portfolio and 55% of the commercial portfolio are currently rated EPC C or better on an interpolated basis.

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 elevated for subsidence, reflecting our concentration in the South East 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.

EPC rating		% of properties	
		Residential	Commercial
A		<1%	<1%
B		10%	11%
C		24%	41%
D		31%	33%
<E		13%	10%
Unmatched		22%	5%

Emissions intensity (tCO ₂ e/£m)		2025		2024
Portfolio		5.36		5.46

Flood risk*		% of properties			
		Negligible	Low	Medium	High
Residential	Rivers and sea	94%	3%	2%	1%
	Surface water	87%	9%	2%	2%
Commercial	Rivers and sea	93%	4%	2%	1%
	Surface water	83%	13%	2%	2%

Subsidence risk*		Improbable		Possible		Probable	
		Metro	UK	Metro	UK	Metro	UK
Residential	Risk in 2030	64%	81%	14%	9%	22%	10%
	Risk in 2070	53%	72%	11%	8%	36%	20%
Commercial	Risk in 2030	70%	81%	12%	9%	18%	10%
	Risk in 2070	60%	72%	11%	8%	29%	20%

* Data sourced from 2025 ICAAP documents and reflects YE 2024 position.

Risk overview summary

Delivering securely

2025 has been a year of growth and delivery. We are executing on our strategy and delivering for our customers and shareholders whilst building a bank set up for sustained growth. Continued management of existing risks as well as those associated with a high pace and scale of change remain clear priorities.

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. The Board sets its appetite for risk and puts in place tools and resources to manage each of our principal risks inside this appetite.

Risk management is part of every colleague's objectives and is embedded within our scorecard, against which performance is measured. Colleagues are able and encouraged to raise concerns, we take steps to ensure all applicable legal and regulatory requirements are met, and we seek to maintain constructive and transparent relationships with 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 **pages 105 to 107**.

Risk environment in 2025

Throughout 2025, our focus remained on supporting the Bank's strategic growth while operating within our defined risk appetite.

Credit portfolio performance has remained resilient, with ECL stock, coverage ratio, and arrears reducing in the year driven by debt sales and partially offset by corporate and commercial portfolio growth. ECL stock reduced by £21 million to £170 million at 31 December 2025 (31 December 2024: £191 million) and coverage ratio reduced by 0.18% to 1.89% at 31 December 2025 (31 December 2024: 2.07%). We continue to monitor economic uncertainty and maintain prudent provisions. Our credit policy, risk appetite, and control frameworks have been updated to reflect the strategic growth areas in retail mortgages and corporate and commercial, and are accompanied by increased technical capability in underwriting, recoveries, and portfolio oversight.

Capital strength was further supported by the sale of the unsecured personal loan portfolio and the successful issuance of £250 million of AT1 instruments, keeping all key ratios above regulatory requirements. Liquidity has remained robust throughout the year.


Maintaining and enhancing operational resilience continued to be a priority in 2025. During the year, the Bank deepened its strategic collaboration with Infosys, expanding the outsourcing of business processes. This transition was supported by detailed planning and strong third-party engagement, ensuring our control environment developed in step with new operating models.

The number of high-impact cyber incidents across the UK this year has underscored the severity of potential disruption from a cyber event. Strengthening our cyber security posture remains fundamental to our overall resilience. We have continued to invest in modern, scalable

defences informed by penetration testing and external expert assessments, working closely with regulators. Embedding threat-led intelligence and resilience by design across our critical services and extended supply chain remains a core commitment.

Financial crime risk management remains a top priority for the Bank. During the year, we strengthened our control environment by recruiting highly experienced colleagues, optimising our operating model and integrating our financial crime and fraud risk management capabilities. We have invested further in our systems, completing the re-platforming of our core financial crime management solution and deploying new fraud payment profiling tools that are helping us limit losses. We also launched the Metro Bank Scam Checker in 2025, becoming the first UK bank to partner with award winning AI firm Ask Silver, helping customers stay safe by analysing suspicious messages, emails, websites or documents. We launched a Financial Crime Intelligence Unit to strengthen our response to complex investigations, and, together with other UK banks, contributed to the Data Fusion pilot organised by the National Economic Crime Centre to combat serious organised crime.

Wider adoption of AI has created opportunities for improved efficiency and customer experience, balanced by the need for strong governance over data use, fairness, and model integrity. This year, we implemented policies and enhanced governance for AI risk management and as adoption scales, we remain focused on effective model risk management, transparency, explainability, and maintaining a consistent focus on good customer outcomes.


 Further information on our operating environment can be found on **pages 5 to 6**.

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 104 to 138**.

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

 Further details on these risks are set out on **pages 42 to 43**.

Risk overview summary continued

Most material risks

Risk	Exposure	Response	Outlook
Credit risk	<p>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.</p> <p>Over the course of 2025, the macroeconomic environment has been stable but subdued, although uncertainty remains over the future path with inflation remaining above target levels and wider global political instability. Total ECL stock and coverage ratio have both decreased following the sale of the unsecured personal loan book, with underlying changes in retail mortgages and corporate and commercial reflecting the growth in strategic areas.</p>	<p>We have an appetite and credit criteria appropriate for managing lending through an economic cycle. We are delivering the Bank's strategy to grow corporate, commercial and SME lending, and specialist mortgages, through our credit risk appetite, framework, and policies, managing exposure to risk to minimise losses.</p> <p>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. Our policy and processes 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.</p>	<p>We remain in a strong position to support the Bank's strategy for growth, maintaining our risk appetite and policies as this develops, in a way that appropriately manages credit risk.</p> <p>Within the macroeconomic outlook, risks remain as central banks manage the course of interest rates in response to inflation whilst geopolitical risk continues from conflicts.</p> <p>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.</p>
Capital risk	<p>Capital risk exposures arise from the depletion of our capital resources which may result from:</p> <ul style="list-style-type: none"> • increased RWAs • losses • changes to regulatory minima or other regulatory rules. <p>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.</p> <p>In December, the Bank of England confirmed that the Bank will be treated as a transfer firm under its MREL-related resolution framework, effective 1 January 2026.</p>	<p>Our capital risk mitigation is focused on three key components:</p> <ul style="list-style-type: none"> • sustainable profitability that allows 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. <p>The Board is committed to these principles and has taken steps throughout 2025 to strengthen the capital base.</p>	<p>The focus for 2026 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. We also continue to prepare for the implementation of Basel 3.1 from 1 January 2027.</p>

Risk overview summary continued

Risk	Exposure	Response	Outlook
Financial crime risk	<p>As a participant in the interconnected global financial system, the Bank's financial crime exposure arises where customer accounts or infrastructure are leveraged to facilitate the flow of illicit funds – including money laundering, terrorist financing, proliferation financing, bribery and corruption, and tax evasion – or to process transactions and maintain relationships that would contravene applicable sanctions obligations.</p> <p>Without an adequate and proportionate financial crime framework, risks may go unaddressed and business activities may take place in contravention of financial crime law and regulatory requirements.</p> <p>In addition, an inability to conduct appropriate oversight may affect the Bank's ability to operate effectively, with potential impacts to both customer and own objectives, exposing the Bank to increased reputational risk.</p>	<p>We are committed to safeguarding both ourselves and our customers from financial crime. Our strategic response centres on continuously maturing our Financial Crime Framework, prioritising sustained investment in advanced detection technologies and regular review of our operating model's adequacy.</p> <p>We prioritise targeted recruitment of high-skilled specialists to ensure our control environment and expertise evolve with increasingly sophisticated financial criminal typologies, and proactively integrate emerging threat intelligence into our response.</p>	<p>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. We will continue to strengthen our control framework to ensure systems and controls are adequate and effective to mitigate the risks we are exposed to, and remain aligned to our legal and regulatory requirements.</p>
Fraud risk	<p>The Bank's fraud exposure primarily arises from the exploitation of our payment infrastructure and digital channels by external actors, through sophisticated social engineering, mandate fraud, and cyber-enabled account takeover, or the use of our credit facilities for fraudulent gain.</p> <p>We identify and assess fraud risk as a subset of operational risk.</p>	<p>We prioritise sustained investment in advanced detection technologies and regular review of our operating model adequacy, including targeted recruitment of high-skilled specialists to ensure our control environment and expertise evolve with increasingly sophisticated financial criminal typologies. This allows us to proactively enhance existing controls based on emerging intelligence and the shifting typologies of global fraud networks.</p>	<p>Recognising the evolving landscape of fraud risk against the backdrop of increasing regulatory focus, we invest in our control environment to prevent fraud and remain aligned to our legal and regulatory requirements.</p>
Information security and cyber risk	<p>Information security and cyber risk arises from potential compromise of critical systems and data. The external threat environment has intensified, with ransomware, service disruption and data theft activity widespread and a volatile geopolitical environment potentially increasing the threat to the UK. Attacks are becoming more sophisticated, increasingly leveraging automation and targeting operational vulnerabilities, contributing to a rise in significant incidents across the UK.</p> <p>We identify and assess information security and cyber risk as a subset of operational risk.</p>	<p>We have continued to enhance the Bank's security controls including those related to vulnerability management, identity and access management and endpoint detection.</p> <p>Informed by penetration testing and expert reviews, we are making significant investments in future-ready cyber defences, applying advanced threat intelligence throughout business and risk activities, as well as applying the principle of cyber resilience by design across all our critical services including our supply chain.</p>	<p>Cyber risk is expected to remain elevated as threat actors adopt increasingly advanced techniques and organisations increase their dependence on digital services. Broader technology trends suggest that cyber incidents will continue to be a top operational risk and will continue to evolve our security posture to ensure our controls remain proportionate and effective against emerging threats.</p>

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.

A range of methods are used to identify emerging risks, including internal working groups, scenario analysis and consulting with 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 risk

Geopolitical instability

Market volatility from trade disruptions, conflicts, supply chain shocks or energy insecurity.

Principal risks: operational, financial crime, credit and market.

Prolonged macroeconomic stagnation

Persistent low domestic productivity, constrained business investment, rising defaults.

Principal risks: credit, conduct and financial crime.

Digital disruption and technological competition

Disruption of traditional banking models by fintechs, Big Tech and peer adopters.

Principal risks: operational, strategic, regulatory and conduct.

AI enabled threats

Evolution of threats including fraud, financial crime and cryptography.

Principal risks: operational, financial crime and regulatory.

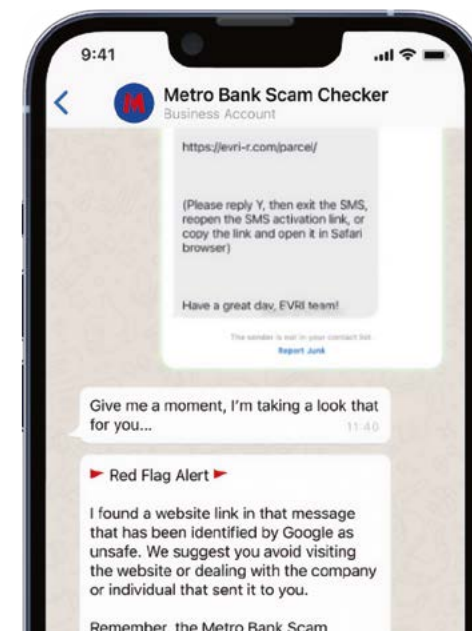
Climate-related financial risk

Financial exposure to climate events and transition to a low-carbon economy.

Principal risks: credit, operational and strategic.

Response

- ongoing investment in sanctions and AML control capabilities 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.
- flexible credit strategy with dynamic focus on profitable lending sectors
- rigorous borrower risk assessments and enhanced oversight and management of vulnerable sectors
- continued application of Consumer Duty principles to deliver good customer outcomes and proactive engagement with the FCA to align on collections strategies.
- strategic transformation including adoption of a flexible IT infrastructure, investment in the digital customer experience and new product offerings
- safe and staged introduction of AI/machine learning use cases (internal efficiencies, customer opportunities).
- strengthen fraud and cyber defences, including enhanced detection of AI-generated content, adaptive monitoring and investment in behavioural analytics
- review and enhance cryptographic resilience, including focus on asset inventory and alignment to emerging post-quantum standards across key third-party providers.
- 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.



AI scam checker tool with Ask Silver

In April, we launched the Metro Bank Scam Checker, becoming the first UK bank to partner with award winning AI firm Ask Silver

Using AI to analyse suspicious messages, emails, websites or documents, the tool empowers customers to quickly identify potential scams which continue to cause harm and loss.

As more than £1 billion is lost to fraud annually in the UK and impersonation scams continue to rise, the Metro Bank Scam Checker empowers our customers to stay safe whilst banking.

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 42 to 43** 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)
- operational failure (operational 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 42 to 43** 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 its resilience by examining sensitivity to a 'severe but plausible' downside scenario. This scenario incorporates 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 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 2029.

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

The Directors undertook a robust assessment of all the principal and emerging risks we face, to identify those posing greatest risks to our going concern and viability. They determined that only operational failure (operational risk), a lack of liquidity (liquidity and funding risk), or insufficient capital (capital risk) could directly jeopardise our continuity, although a materialisation of any other principal risks could lead to one of these events. See pages 42 to 43 for our principal risks.

Additionally, they reviewed our risk management approach and the effectiveness of our internal control systems to ensure their appropriateness and identify any other considerations for the assessment. This included evaluating 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 by the Risk Oversight Committee, Audit Committee and Board.

Central to the assessment was our Long Term Plan, which represents our best forecast estimate covering the period from 1 January 2026 to 31 December 2030, with the first year reflecting our 2026 budget. Although the plan covers five years, the Directors assessed prospects and viability over the four years to 31 December 2029, as this period offers greater forecast certainty. The fifth year still serves as a robust planning tool for strategic decisions. The assessment then focused on reviewing the plan against the principal risks identified above that could impact our viability over this four-year horizon period.

Assessment of prospects

The Directors are obligated, in accordance with provision 31 of the Code, to confirm their belief that we will be able to continue operations and meet our liabilities as they fall due. Our prospects are primarily assessed through our strategic planning process (our Long Term Plan). The Board fully participates in this annual process and is responsible for signing off the plan and ensuring it appropriately considers the external environment (see Operating environment on pages 5 to 6 for further details). The latest updates to the Long Term Plan, covering the period 2026 to 2030, were formally approved by the Board in February 2026.

Our purpose and strategy framework, which incorporates our business model and strategic priorities (see pages 2 to 3), are central to understanding 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 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, considering 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 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 2029.

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
15 April 2026

Governance

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Relationship Story – Castlebridge

Castlebridge, known for its innovative hotel developments, has been teaming up with Metro Bank since January 2021.

“We’ve got an amazing relationship with our Relationship Manager. Metro Bank supported us right from the start and really understood our needs. They’re so hands-on; the team visited our site three times before we signed the funding agreement.” - Jenna Dienn, Director at Castlebridge.



Scan and click to view our case study on Castlebridge online at: www.metrobankonline.co.uk/business/customer-stories/a-suite-partnership/

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 2025, the Board has considered shareholders, customers, colleagues and all other stakeholders to ensure its decisions are in their best interests.

The Board's commitment to the highest standards of corporate governance is reflected in the decisions we take, the transparency of the standards we set, our culture and our communication with stakeholders.

In 2025, the Board oversaw Management's exceptional delivery and execution of the Bank's strategic objectives. Details of Board activities, decisions and stakeholder engagement during the year are set out on pages 57 to 60.

I am proud of the progress made during the year and, on behalf of the Board, I would like to thank colleagues and ExCo for their hard work, dedication and support.

The Board continued to review and monitor progress against the Bank's ESG strategy and priorities. As a key enabler of our purpose, the Bank's ESG strategy will remain under close review by the Board. More information on ESG can be found on pages 18 to 29.

Leadership

As at 31 December 2025, the percentage of females on the Board was 27%, below the recommended 40%. Following Catherine Doran's appointment on 1 January 2026,

female representation on the Board has increased to 33%. The Board retained its ethnic diversity during 2025, 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 remain committed to improving the diversity of our Board over time and in line with our Board succession plan.

Having served two three-year terms, Nicholas Winsor will step down from the Board on 31 May 2026. I would like to thank Nicholas for his significant contribution as a Director and as Designated Non-Executive Director for Colleague Engagement.

ExCo members Carol Frost, Chief People Officer (CPO), and Richard Saulet, Chief Commercial Officer, left the Bank in 2025 to pursue other opportunities. On behalf of the Board, I would like to thank both Carol and Richard for their contribution and wish them the very best for the future. The appointment of Rachel Duncan as CPO reflects the Bank's continued commitment to creating a strong and diverse leadership team overseen by the Group Nomination Committee.

During 2025, the Board received regular updates on culture and diversity, including current and future initiatives to define, measure and sustain culture and its embeddedness within the Bank.

In accordance with revised FCA requirements and aligned to the Board's view that ensuring good customer outcomes is a

matter for the Board as a whole, the Board approved the retirement of the Consumer Duty Board Champion role in 2025.

Governance

The aim of this Corporate Governance Report is to provide a clear and meaningful explanation of how the Bank applies the principles of the 2024 UK Corporate Governance Code (the 'Code') and how the Board provides oversight of the Bank and discharges its governance duties.

Following last year's externally facilitated Board effectiveness review, an internally facilitated review of the Board's effectiveness was undertaken in 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 62. Drivers of the Board's effectiveness highlighted by the 2025 Board Effectiveness Review process include:

- the Board's skills and experience; and effective oversight and challenge of all key aspects of its remit, such as strategy, performance, risk management, and culture
- the effective leadership of a strong, experienced Chair with an open and inclusive style
- the effective support, advice, and guidance from the Company Secretary and her team.

I would like to thank our shareholders for their support throughout the year — all resolutions at our 8 March General Meeting

and 20 May Annual General Meeting were duly passed.

Future priorities

The Board and Management agree that offering both physical and digital services is fundamental to our success, and the value this creates for our customers and our communities.

The Bank remains committed to having store presence a key differentiator for our customers, with three new stores – Chester, Salford and Gateshead – opening during the year.

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.

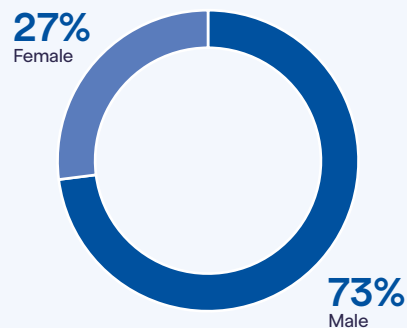
Looking forward to 2026, I remain positive about the future of the Bank. As a Board, our focus will be on continuing to provide effective oversight of management and on how the Bank can continue to deliver sustainable profitability, leveraging our market position and unique capabilities whilst continuing to navigate the uncertain economic environment and evolving geopolitical backdrop.

Robert Sharpe
Chair
15 April 2026

2025 governance at a glance

Board gender diversity

As at 31 December 2025



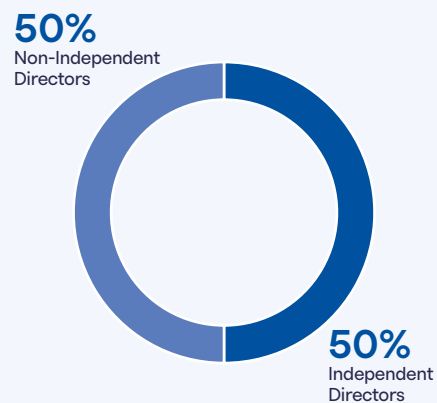
Board tenure

As at 31 December 2025



Board independence*

As at 31 December 2025



* Excluding the Chair.

2025 Board and Committee meeting attendance

	Committee Chair	Standard Board	Standard Audit Committee	Standard Risk Oversight Committee	People and Remuneration Committee	Nomination Committee
Chair						
Robert Sharpe	NomCo	7/7			6/6	4/4
Executive Directors						
Daniel Frumkin		7/7				
Marc Page		7/7				
Non-Executive Directors						
Catherine Brown	ROC	7/7	6/6	8/8	6/6	4/4
Cristina Alba Ochoa		7/7				
Dorita Gilinski		7/7				
Jaime Gilinski Bacal		7/7				
Michael Torpey	AC	7/7	6/6	8/8		
Nicholas Winsor		7/7	6/6	8/8		
Paul Coby		6/7*	6/6	8/8	5/6*	
Paul Thandi	PRemCo	6/7*		7/8*	5/6*	4/4

* Unable to attend due to prior commitments.

2025 governance at a glance continued

Highlights

Major Board decisions

Consideration of our stakeholders and promoting the long-term, sustainable success of the Bank are at the centre of our Board's decision making. A summary of the major decisions taken in 2025 is set out below:

- completion of the sale of £584 million of unsecured personal loans
- issuance of £250 million in AT1 securities
- strategic collaboration with Infosys to accelerate digital transformation
- in support of our customers and communities, opened new stores in Chester, Salford Quays and Gateshead.

Board changes

Catherine Doran joined as an independent Non-Executive Director on 1 January 2026.

Board training

Training and insight sessions held during the year included topics such as conflict of interest, macroeconomic update and the responsibilities of the Board under the latest Global Internal Audit Standards and Chartered Institute of Internal Auditors Code of Practice.

Compliance with the UK Corporate Governance Code 2024

We believe good corporate governance is essential to our ambition to become the most trusted and recommended UK bank. In 2025, the Bank was fully compliant with the requirements of the UK Corporate Governance Code ('the Code') which is publicly available at www.frc.org.uk.

Key content on compliance with the Code can be found in this report as set out on the following pages.

Board leadership and company purpose

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Business model	10 to 12

Division of responsibilities

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Composition, succession and evaluation

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Audit, risk and internal controls

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Risk report	104 to 138

Remuneration

Group People and Remuneration Committee report	74 to 76
Annual Report on Remuneration	84 to 99

Board of Directors



Robert Sharpe
Chair



Daniel Frumkin
Chief Executive Officer



Marc Page
Chief Financial Officer



Catherine Brown
Senior Independent
Non-Executive Director



Appointed to the Board

1 November 2020

Robert has over 45 years' experience in retail banking and is also Chair at Hampshire Trust Bank plc. He has had an extensive number of board appointments both in the UK and the Middle East, including Chair of Pollen Street Group Limited, Chair of Bank of Ireland UK plc, 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 January 2020

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, Dan 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

12 November 2024

Marc is responsible for planning, implementing, managing and controlling the Bank's financial-related activities, including the Bank's financial position, including allocation and maintenance of capital, funding and liquidity.

Marc has more than 20 years' experience in financial services roles in Barclays, HBOS and Lloyds Banking Group. Marc has significant cross-functional banking experience, having led distribution strategy/optimisation, customer integration programmes and global credit impairments for major banks.

Appointed to the Board

1 October 2018

Catherine holds a number of Non-Executive Director and committee chair roles, including QBE Underwriting Limited and QBE UK Limited, one of the world's leading international insurers, and FNZ Securities Limited. Catherine has previously held Non-Executive Director roles, including at the Cabinet Office and 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.

Key:

Audit Committee People and Remuneration Committee Nomination Committee Risk Oversight Committee Chair

Board of Directors continued



Paul Coby
Independent
Non-Executive Director



Paul Thandi CBE
Independent
Non-Executive Director



Michael Torpey
Independent
Non-Executive Director



Nicholas Winsor MBE
Independent Non-Executive Director
and Designated Non-Executive Director
for Colleague Engagement



Appointed to the Board

30 December 2024

Paul is an experienced FTSE 100 Chief Information Officer (CIO) 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 CIO 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. He is author of *The Digital Leader's Playbook*, published in January 2026.

Appointed to the Board

1 January 2019

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 the Vertical Group, sits on the Board of 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 September 2019

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

20 April 2020

Nicholas 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 for Bankers Without Boundaries Connect Singapore Pte Ltd; and a Non-Executive Director of iC2 Prephouse Limited, which supports visually impaired children. Nicholas has more than 35 years of international banking experience as an executive with HSBC Group. Nicholas was awarded an MBE for services to the community in the Queen's 2020 Birthday Honours List. He holds a master's in Physics from Oxford University and is a Fellow of the Institute of Directors.

Key:

Audit Committee People and Remuneration Committee Nomination Committee Risk Oversight Committee Chair

Board of Directors continued



Cristina Alba Ochoa
Shareholder-Nominated
Non-Executive Director



Dorita Gilinski
Shareholder-Nominated
Non-Executive Director



Jaime Gilinski Bacal
Shareholder-Nominated
Non-Executive Director



Catherine Doran
Independent Non-Executive Director

Appointed to the Board

10 June 2024

Cristina has worked in financial services for over 30 years, during which 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 OakNorth's 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

26 September 2022

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 significant shareholder of Metro Bank, through his Spaldy Investments Limited vehicle.

Appointed to the Board

2 September 2024

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., CEO and Director 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 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 significant shareholder of Metro Bank through his Spaldy Investments Limited vehicle.

Appointed to the Board

1 January 2026

Catherine is a seasoned IT professional with 20 years' experience at Chief Information Officer level, leading IT and business transformations in major financial services businesses and across other industry sectors. Catherine is a highly accomplished Board executive, recognised for her expertise in technology, operational delivery, risk management, and transformational change across both the public and private sectors. She has held Board and executive positions in major organisations such as Coventry Building Society, BT, Network Rail and Royal Mail Group, as well as having been a Non-Executive Director of DEFRA. Catherine is currently the Senior Independent Director at ClearBank Limited, where she has served since April 2020 and is Chair of the Board Risk Committee.



Clare Gilligan
Company Secretary

Appointed
31 July 2023

Clare joined the 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 from the University of Manchester.

Key:

A Audit Committee **P** People and Remuneration Committee **N** Nomination Committee **R** Risk Oversight Committee **●** Chair

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 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, six independent Non-Executive Directors and three shareholder-nominated Non-Executive Directors. The Board has formally documented the separate roles and responsibilities of the Chair, Senior Independent Director and CEO. More information on the composition of the Board can be found on pages 51 to 53 and information on the responsibilities of the Board can be found on page 56.

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.

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 the Board and each Board Committee discharged their duties during the year.

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.

Reports for each Committee can be found on pages:

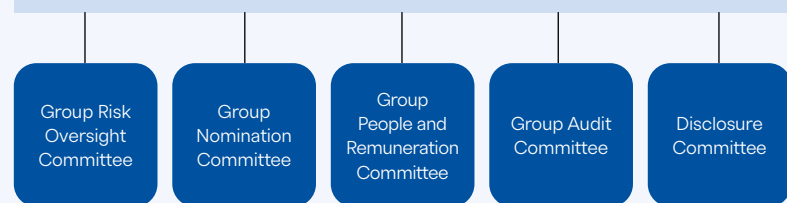
Group Audit Committee report	64
Group Risk Oversight Committee report	68
Group Nomination Committee report	70
Group People and Remuneration Committee report	74

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.



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 comprise independent Non-Executive Directors and are chaired by an independent Non-Executive Director, except the Nomination Committee, which is chaired by the Chair of the Board (who was independent on appointment).

Board leadership and company purpose continued

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.

Information on the internal evaluation of the Board's effectiveness can be found on page 62.

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 2025, five Non-Executive Directors 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 2025, the Board and Board Committees received training and/or insight sessions on topics including conflict of interest, the macroeconomic environment and responsibilities of the Board under the latest Global Internal Audit Standards and Chartered Institute of Internal Auditors Code of Practice. 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. For Non-Executive Directors wishing to take up additional external appointments, consideration is given to conflicts, regulatory requirements and the Director's ability to devote sufficient time to their Bank duties. Where there is potential for conflict of interests, Board approval for the external appointment is required. 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.

During the year ended 31 December 2025, 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 58. See pages 57 to 60 for more information regarding how the Board engages with its different stakeholders and takes them into consideration in its decision making.

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. See page 61 for more information regarding colleague engagement.

Division of responsibilities

An overview of the Board and Committee structure, along with the responsibilities of each role held by the Directors, is set out below:

The Board

The Board's core role is to promote the long-term success of the Bank for the benefit of its shareholders. The Board does this through setting the strategy, reviewing risk appetite, ensuring appropriate and effective internal controls and corporate governance, and ensuring the Bank's financial structure, resources, talent and culture support long-term growth.

Roles and Responsibilities within the Board

Board Chair

Leads the Board and is responsible for its effectiveness and governance. Oversees the development of culture and standards in relation to business conduct, and sets the Board agenda.

Responsible for ensuring strong links between the Board, ExCo and shareholders.

CEO

Responsible for the day-to-day management of the Bank's operations, implementing the strategic direction agreed by the Board and providing the Board with appropriate information and updates.

CFO

Responsible for planning, implementing, managing and controlling all financial-related activities of the Bank. This includes managing allocation and maintenance of capital, funding and liquidity, and ensuring the integrity of the Bank's regulatory reporting.

Senior Independent Director

Acts as a sounding board for the Board Chair and serves as an intermediary for Directors when necessary and conducts the Board Chair's annual performance evaluation.

Is available to shareholders to hear their views and address any concerns not resolved through normal channels.

Designated Non-Executive Director for Colleague Engagement

Responsible for bringing the views and experiences of our colleagues into the boardroom, and takes reasonable steps to evaluate the impact of Board decisions on colleagues.

Engages with management regarding colleague engagement and steps taken to address colleague concerns.

Independent Non-Executive Directors

Constructively challenge management on the strategic direction of the Bank and bring their experiences and knowledge to the Board and its committees. Provide independent views on matters of strategy, performance, risk, conduct and culture.

Shareholder-Nominated Non-Executive Directors

Assist the Board in bringing a shareholder perspective to be considered as part of the Board's decision making.

Company Secretary

Responsible for advising and supporting the Board Chair and the Board on good corporate governance and best boardroom practice.

The Board has delegated certain matters to the following Committees

Group Audit Committee

➤ See the Group Audit Committee report on **pages 64 to 67**

Group Risk Oversight Committee

➤ See the Group Risk Oversight Committee report on **pages 68 to 69**

Group Nomination Committee

➤ See the Group Nomination report on **pages 70 to 73**

Group People and Remuneration Committee

➤ See the Group People and Remuneration Committee report on **pages 74 to 76**

Executive Committee

Supports the CEO in the day-to-day management of the Bank.

Disclosure Committee

Reviews the Bank's disclosure obligations under the Market Abuse Regime and the Listing Rules.

Board activities and stakeholder engagement

Key Board activity	Stakeholders considered	Strategic priorities
<p>Unsecured personal loan book sale</p> <p>In January 2025, the Bank announced it was in preliminary discussions regarding the potential sale of its unsecured consumer loan portfolio and confirmed the sale of its £584 million unsecured personal loan book in February 2025. Successful completion of the sale was announced in March 2025.</p>		
<p>Capital framework optimisation</p> <p>To optimise the capital framework and provide further flexibility for growth, the Bank successfully issued £250 million in AT1 securities in March 2025.</p>		
<p>Supporting our customers and communities by opening new stores</p> <p>We are committed to maintaining a physical presence and ensuring that stores remain accessible and at the heart of local communities, supporting both business and retail customers. Following the Board's approval of a business case for new stores aligned to our pivot to corporate and commercial in 2024, the Bank opened new stores in Chester on 4 July 2025, Salford on 20 November 2025 and Gateshead on 5 December 2025.</p>		
<p>Strategic collaboration oversight</p> <p>In October 2025, following the first year of the Bank's strategic collaboration with Infosys, the Board considered a review of progress in 2025, noting in particular the strong alignment between Infosys and Metro Bank leadership; and successful transition of roles, processes and activities. Going forward, focus will remain on productivity; operational efficiency; transformation; and resiliency.</p>		
<p>Regulatory engagement</p> <p>In addition to regular meetings between Board directors and the PRA and FCA throughout the year, the PRA attended the Board meeting in July to present its annual Periodic Summary Meeting letter.</p>		

Key:

Stakeholders

Customers



Colleagues



Communities



Investors



Regulators



Suppliers



Strategic priorities

Revenue



Balance sheet optimisation



Cost



Infrastructure



Communication



Board activities and stakeholder engagement continued

Board activities

The annual forward plan for Board meetings includes regular updates from Management on financial, strategic, transformation, risk management, people and culture, and operational matters.

Reports from the CEO, CFO and CRO, as well as material strategic programme updates are standing Board agenda items with updates from other members of ExCo, senior management and advisors as required. 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 roles. The Chair of each Board Committee regularly reports on the proceedings of the most recent Board Committee meeting. Approved Board Committee minutes, including Disclosure Committee minutes, are included for noting in Board meeting papers.

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 prepares minutes for each meeting and is responsible for following up on any action items and ensuring feedback on Board papers is relayed to senior management.

Key announcements, decisions and Board activity

- approved the Bank's Internal Liquidity Adequacy Assessment Process (ILAAP).

- announced completion of the £584 million unsecured personal loan book sale
- welcomed shareholders to a General Meeting to vote on the granting of authority to Directors to allot shares and to dis-apply pre-emption rights in relation to contingent Convertible Securities
- approved Transaction Documents and Offering Circular for the issuance of inaugural Additional Tier 1 (AT1) securities
- published Circular relating to the issuance of inaugural (AT1) securities
- approved the Bank's Annual Operational Resilience Self-Assessment.

- Chester Store Opening – attended by Nicholas Winsor, Designated Non-Executive Director for Colleague Engagement
- approved the Modern Slavery Policy, 2024 Modern Slavery Statement and Report of the Modern Slavery Champion for publication.

- **Q3 2025 results**
- Salford Store Opening – attended by Paul Thandi, Non-Executive Director and Chair of the People and Remuneration Committee.

- approved the Bank's Internal Liquidity Adequacy Assessment Process (ILAAP)
- approval of the Bank's 2026 budget and risk appetite
- endorsed the Bank's refreshed DE&I strategy
- assessed completion of the 2024 Board Effectiveness Review Recommendations.

2025

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

Dec

2024 year-end results

- approved the Bank's Long Term Plan and risk appetite
- approved Transaction Documents for the £584 million unsecured personal loan book sale
- noted the Chief Internal Auditor's 2024 Annual Report.

2024 Annual Report and Accounts and Notice of AGM.

Q1 2025 results

- welcomed shareholders to our AGM
- annual review of the Bank's Resolvability Assessment Framework.

H1 2025 results

- Fitch upgrades Metro Bank Holdings to 'BB-'; Outlook Positive.

- approved the Bank's Internal Capital Adequacy Assessment Plan (ICAAP)

- reviewed the annual report of the Money Laundering Reporting Officer and supported management in progressing the recommended actions and priorities set out within it
- announced Catherine Doran's appointment as a Non-Executive Director from 1 January 2026

- approved the retirement of the Consumer Duty Board Champion role in line with updated FCA guidance
- considered His Majesty's Government Dear CEO/Chair letter making cyber security a Board responsibility and the Bank's position in respect of its recommendations.

Stakeholder engagement

Customers



Board engagement

- the Board takes our customers into account in every decision it makes, as people, relationships, simplicity and locality are our brand principles
- Board engagement is mostly indirect with our customers, with Directors being informed by ExCo and senior management of any matters relating to customers. Non-Executive Directors Nicholas Winsor and Paul Thandi attended new store opening events in the year
- a business performance update is a standing Board agenda item. This includes performance against key customer metrics such as Net Promoter Scores and Expressions of Dissatisfaction, which gives the Board valuable insight into how customers rate service delivery
- alongside our relationship banking approach, the Bank engages with customers through direct marketing, events, advertising, social media and external communications.

2025 outcomes

- the Board remains committed to maintaining a physical presence and ensuring that stores remain accessible and at the heart of local communities. With the opening of three new stores in 2025 and extended Saturday opening hours for 32 stores, we were able to bring relationship banking to even more customers
- the Board remains committed to strategically repositioning the Bank's balance sheet towards higher-yield corporate, commercial and SME lending, and specialist mortgages. Product offerings have been enhanced during the year to support this.

Investors



Board engagement

- 2025 General Meeting, AGM, Annual Report and Accounts and Pillar 3 disclosures
- quarterly trading updates and investor presentations at half/full year
- investor roadshows and conferences
- proxy advisor and institutional investor meetings
- regular Board updates from the Investor Relations team and the Bank's brokers regarding market consensus and market trends allow the Board to stay informed of investor views.

In line with the agreement with the majority shareholder, the Bank has three shareholder-nominated Non-Executive Directors, with the purpose of further enhancing the consideration of shareholder views as part of Board decision making.

2025 outcomes

- feedback from investors and research analysts 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 embeds its strategy
- shareholders supported all of the resolutions at the AGM, with 88% or more of the votes in favour of these. The Board continues to engage with shareholders and their representative bodies on an ongoing basis.

Colleagues



Board engagement

Across 2025, we strengthened the connection between colleagues, SLT and the Board through a consistent programme of engagement activity, including:

- regular attendance at colleague events, including virtual celebrations, store openings and our annual strategy event – Revolution Update
- Non-Executive Director participation in colleague listening forums, including 'Natter with Nick' sessions, inclusion network meetings and designated colleague engagement events across stores
- in-person SLT and Board networking, including dedicated SLT network events
- opportunities for Board attendance at milestone moments, such as the Chester and Gateshead store openings and the Bank's 15th anniversary celebrations.

2025 outcomes

- direct colleague feedback shared with the Board throughout the year, informing discussions and decisions at Board level
- strengthened visibility of the Board across the organisation, with Non-Executive Directors attending Inclusion Network meetings, colleague celebrations, store openings and bank-wide events
- enhanced SLT-Board collaboration, with SLT presenters joining Board meetings based on agenda needs and informal networking opportunities throughout the year
- continued focus on colleague engagement, supported by the twice-yearly Voice of the Colleague (VOC) survey and regular culture updates to the Board, with Designated Non-Executive Director for Colleague Engagement Nicholas Winsor relaying colleague feedback that informs Board discussions and decisions.

Regulators



Board engagement

- annual PRA presentation to the Board
- regular meetings between the regulators and members of the Board and ExCo
- early engagement with the Prudential Regulatory Authority (PRA), Financial Conduct Authority (FCA) and Bank of England on areas of regulatory interest.

2025 outcomes

- engaged constructively during the year with respect to key initiatives and areas of regulatory interest.

Stakeholder engagement continued

Suppliers



Board engagement

- following completion of the first year of the Bank's strategic collaboration with Infosys, management and Infosys presented updates and assessments to the Board
- Group Audit Committee approval of the Bank's disclosure on supplier payment practices
- Group Risk Oversight Committee consideration of an annual supplier risk and assurance update
- consideration of suppliers when making decisions at Board level
- regular updates to the Board providing oversight of key suppliers.

2025 outcomes

- direct Board engagement with key suppliers
- continued focus on improvement of supplier payment practices; from 1 July 2025 to 31 December 2025, our average invoice payment turnaround was 24 days
- continued oversight of material supplier risks and controls.

Communities



Board engagement

- when deciding on the locations for new stores, the Board took 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.

2025 outcomes

- with Board support our colleagues were encouraged to take a Day to AMAZE where colleagues support the local communities whilst representing Metro Bank
- continued to be part of the UK SAYS NO MORE campaign to end domestic violence, with 53 of our stores official 'Safe Spaces' for those in need
- reviewed the Bank's relationship with the ECB and continued to endorse the Bank's support of the Metro Bank Girls in Cricket Fund
- extended opening hours at 32 stores following increased demand for earlier opening times in a number of locations
- opened three new stores in Gateshead, Salford and Chester.



Listening and responding to our customers

The Board remains committed to maintaining a physical presence and ensuring that stores remain accessible and at the heart of local communities.

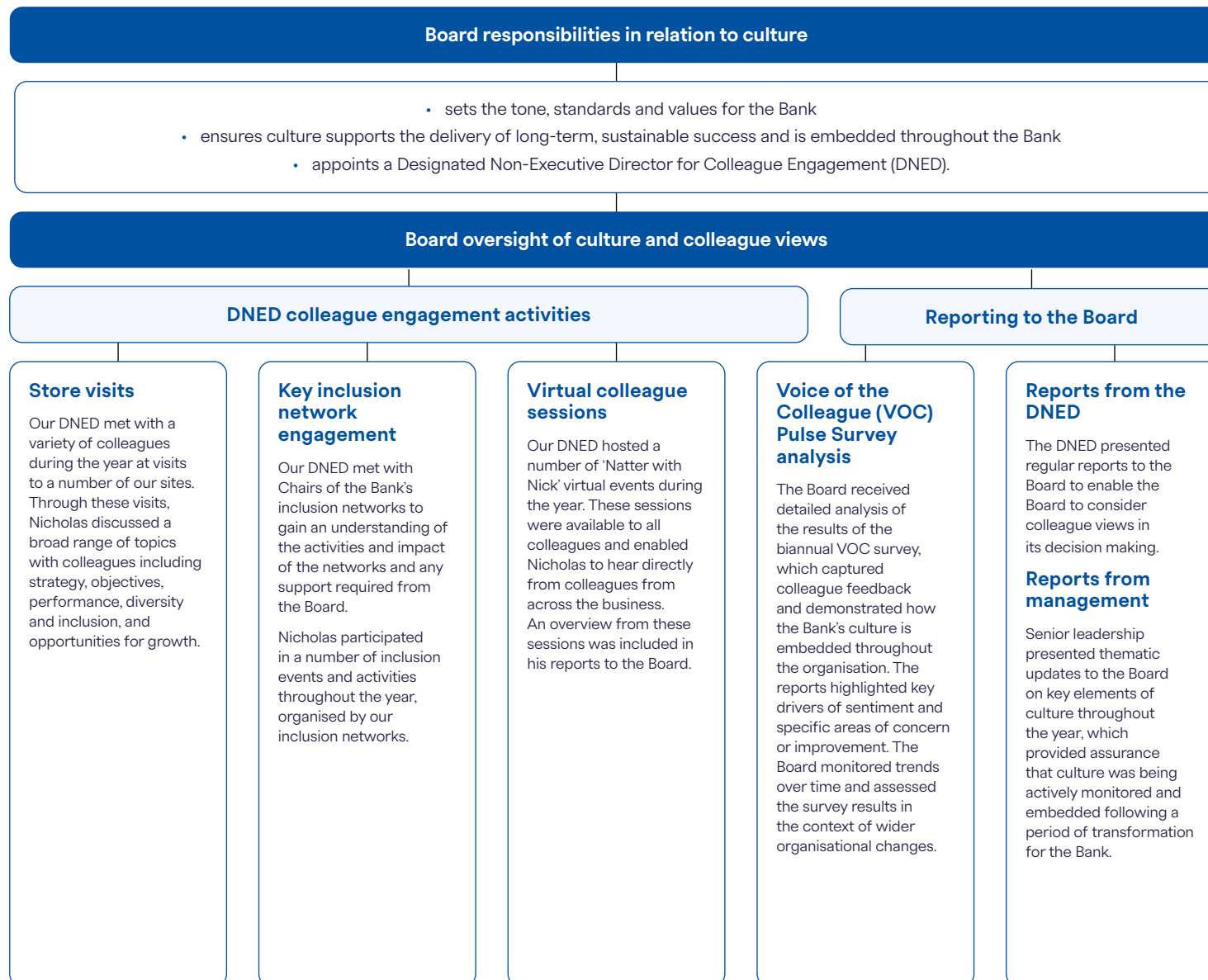
Following a revision of store opening hours in the previous year, in 2025, ongoing review of customer usage revealed a demand for extended Saturday opening hours in some locations. In response, the Bank extended Saturday opening hours from 11am–4pm to 9.30am–4pm across 32 stores.

Stores are an important part of the Bank's relationship banking service and growth strategy, and the Board supported management's proposal to extend store opening hours to support the needs of the Bank's customers and communities.

We also continue to invest in our digital capabilities so we can deliver great service to our personal and business customers outside store opening hours via the Metro Bank app, online banking and our telephone service.

Board oversight of culture and colleague engagement

Our colleagues deliver superior service and are the heart of our relationship banking approach. The Board recognises the importance of our colleagues and our unique culture, and an overview of the Board's oversight is summarised below.



Designated Non-Executive Director for Colleague Engagement (DNED)

With regard to Provision 5 of the Code, we continue 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. The DNED's role is to connect colleagues with the Board and escalate their views to support informed decision making.

A note from our DNED

It was a pleasure to continue in my role as DNED for another year and engage with colleagues as they executed our strategy and delivered strong results.

I was able to meet many colleagues during the year, from a range of business areas, and their views and experience gave valuable insights which were considered in Board decision making.

The Board is committed to ensuring our culture remains something to be proud of and it was great to see our culture in action during my visits and on Viva Engage (our internal social media channel).

As we continue to build a bank for the future, colleagues remain at the heart of our relationship banking approach, and I look forward to meeting more colleagues and hearing their views in 2026 before handing over to my successor when I step down from the Board at the end of May 2026.

Nicholas Winsor

Designated Non-Executive Director for Colleague Engagement

Board effectiveness

Progress of actions from 2024 external effectiveness evaluation

As reported in the 2024 Annual Report and Accounts, evaluation of the Board's effectiveness in 2024 was externally facilitated. Recommendations for enhancement arising from the review of 2024 Board effectiveness as reported in the 2024 Annual Report and Accounts are included below, together with an update on the actions taken in 2025 to address these areas. The Board considers that actions to address the recommendations from the 2024 Board effectiveness evaluation are complete.

Enhancement area	Action taken in 2025
Balance of Board Focus	The Board agenda has been optimised to allocate time to strategy execution, business performance, transformation and customer experience. Each Board meeting in 2025 had an in-depth discussion on a particular business area, transformation or strategy.
Board and Executive Engagement	The Board has increased its engagement with the Bank's leaders below the Executive Committee level. An engagement schedule for 2025 and into 2026 was presented to the Board in Q2 2025 and an enhanced schedule, reflecting Board feedback was presented in Q4 2025.
Board Paper Quality and Oversight of Strategy Execution	Board MI has been enhanced to support oversight of strategic and operational priorities through changes to the KPI dashboard presented with the CEO report. Revised paper template and Board pack format was implemented by the Company Secretary with the revised approach having been well received by the Board.
Streamlining Agendas	A review of the overlap of agendas between the Board and its Committees was undertaken to minimise duplication of discussion and agreed with the Board and Committee Chairs. Further refinements will be made in line with ongoing Director feedback.

2025 Board effectiveness evaluation

For 2025, an internal Board effectiveness evaluation facilitated by the Company Secretary was undertaken. The process included the Board and Committee members completing a questionnaire, with questions based on those areas reviewed in the evaluation of 2024 Board effectiveness to enable progress to be measured.

The evaluation concluded that the Board continues to demonstrate effective oversight of strategy, performance, risk management and culture; is effectively led by a strong, experienced Chair; and receives effective support, advice and guidance from the Company Secretary.

Three main areas for enhancement were identified, with actions to deliver these enhancements in 2026 detailed below.

Enhancement area	Proposed actions for 2026
Board Composition	Ensure Non-Executive Director succession planning and recruitment focuses on Board diversity and enhancing alignment of the Board's skills and experience with the Bank's strategic priorities.
Board Engagement	Building on the enhancements made in 2025 through delivery of the 2026 Board colleague engagement schedule which includes additional formal engagement with colleague cohorts; and Nomination Committee engagement with inclusion networks.
Board Papers and Information	Continue progress made to Board paper quality through more standardised reporting across the Board and Committees.

Systems of internal control and risk management

Effective risk management is crucial to the Bank's strategic objectives and long-term, sustainable success. The Board has overall responsibility for ensuring risk is effectively managed. Our approach to managing risk is further detailed on pages 104 to 138.

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 68. The Board confirms that there is an ongoing process for identifying, evaluating and managing the emerging and principal risks faced by the Bank.

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 64.

Preparatory work in readiness for the updated Provision 29 of the UK Corporate Governance Code has been progressing during 2025 via a programme established with the objectives of refining the scope of 'material controls' related to our principal risks; reviewing documentation and assurance processes for key controls, leveraging our 'Three Lines of Defence' model; and implementing pilot testing of key controls to identify potential gaps in design or operation ahead of the formal 2026 reporting requirement.

Board effectiveness continued

The Board is ultimately responsible for the Bank's internal control and risk management systems, and in discharging this duty, the Board regularly receives updates from the Chairs of both the Group ROC and Group Audit Committee, as well as updates from the Chief Risk Officer and Chief Internal Auditor. For the year under review and up to the date of approval of the Annual Report and Accounts, the Board is satisfied that the system of internal control and risk management operated effectively in core areas, with robust plans in place to address areas identified for improvement. For more details see the Risk Report on pages 104–138.

Conflicts of interest

At each meeting, the Board considers the Directors' conflicts of interest. The Bank'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 Bank.

Before a new Director is appointed, potential conflicts of interest are disclosed and assessed to ensure that there are no matters which would prevent the incoming Director from accepting the appointment and, during their tenure, Directors are asked to consult with the Company Secretary and the Board Chair before accepting external appointments. Consideration is given 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 Bank. Each Director's conflicts of interest and external appointments are considered annually by the Group Nomination Committee.

Independent professional advice

Directors are permitted to take independent professional advice, at the Bank'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 has the authority to 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 2026 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 more 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 Bank during the financial year, see page 59.

Other stakeholder engagement

For further information on how the Directors had regard for the need to foster the Bank's business relationships with our suppliers, customers and others, and the effect of this consideration, including on the principal decisions taken by the Bank during the financial year, see pages 57 to 60.

Relations with investors

The Board places great importance on regular two-way engagement with investors. 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 Board Chair, CEO and CFO, supported by the Investor Relations team. The Board Chair, Senior Independent Director and other Non-Executive Directors are available

to institutional investors to discuss any areas of concern. In addition, the Board Committee Chairs seek engagement with shareholders on significant matters related to their areas of responsibility.

The Board has three shareholder-nominated Non-Executive Directors, all nominated to the Board by the Company's majority shareholder, Spaldy Investments Limited. This reflects the strong relationships we have with our shareholders and as part of these Directors' role profiles, they are required to bring the perspectives of our shareholders 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 team section of our website and stakeholders can subscribe to receive news updates by email by registering online on our website: metrobankonline.co.uk/investor-relations/. Contact details for the Investor Relations team and Company Secretary are available on the website.

Group Audit Committee report



Michael Torpey
Group Audit
Committee Chair

Dear shareholders

I am pleased to present the Group Audit Committee (the 'Committee') report for the year ended 31 December 2025. This report aims to provide a comprehensive picture of the work undertaken by the Committee during the year.

During a year of growth and delivery, the Committee has continued to focus on management's approach to key accounting estimates and judgements, robust oversight of the Bank's financial reporting and, in conjunction with the Risk Oversight Committee, the impact of strategic changes on the Group's risk and control framework. More information on how the Committee has oversight of the Bank's control environment is set out in detail on page 66.

In line with the Code, the Committee considered whether the 2025 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 2025 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:

- robust Committee review and challenge of the draft 2025 Annual Report and Accounts, with detailed oversight of the significant reporting areas
- review of any issues raised by External Audit, in advance of final sign-off
- review of the going concern and viability statement that highlighted the profitability, capital and liquidity position of the Bank over the planning period to 2029.

As Modern Slavery Champion, I was pleased to report to the Committee and the Board on the effectiveness and integrity of the systems and controls in place to ensure compliance with the Modern Slavery Policy. The General Counsel provides regular updates to the Committee on progress against our statement and action plan, and in 2025 the Bank continued to follow and progress our processes to support our policy. The Policy is available to all colleagues via the Bank's intranet and we continue to publish our Modern Slavery Statement yearly on the website.

I am also the Bank's Whistleblowing Champion, and the Committee as a whole is responsible for review of the adequacy and security of whistleblowing systems and controls. The Committee reviews the systems and controls at least annually and these continued to operate effectively in 2025. The Bank's Whistleblowing Policy is accessible to all colleagues via the Bank's intranet and there is regular e-learning training for colleagues to ensure they feel enabled to raise concerns if required.

Committee evaluation

The Committee conducted an internally facilitated evaluation of its performance in 2025 which concluded that the Committee continues to work well and effectively discharges its duties. The evaluation re-affirmed the Committee's ongoing focus on internal controls, particularly in relation to transformation and outsourcing, and the 2026 Committee forward plan has been designed to ensure this remains high on the Committee's agenda.

Outlook for 2026

During 2026, 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 continued growth on the Group's risk and control framework.

Michael Torpey

Group Audit Committee Chair
15 April 2026

Committee composition and attendance

Details of the Committee members' attendance at Committee meetings is included on page 49.

In addition to the Committee Chair, Michael Torpey, there were three members of the Committee in 2025: Catherine Brown, Paul Coby and Nicholas Winsor. Paul Coby joined the Committee shortly after joining the Board in 2025. All are independent Non-Executive Directors 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 51 to 53.

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

Directors who were not Audit members were also permitted to attend meetings. The CEO, CFO, Chief Internal Auditor, External 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.

The Company Secretary and her team acted as Secretary to the Committee. The Committee Chair also sits on the ROC and works closely with its Chair. The ROC Chair also sits on the Committee.

Group Audit Committee report continued

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 financial control, the internal and external audit processes, and the Bank's process for monitoring compliance with laws and regulations
- 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
 - overseeing the regulatory reporting framework to ensure it is robust and effective
 - advising on whether the Annual Report and Accounts is fair, balanced and understandable
 - oversight of the relationship with the External Auditor and the effectiveness of the audit process
- The Committee is responsible for reviewing the adequacy and security of whistleblowing systems and controls
- The Committee is responsible for reviewing the effectiveness and integrity of the systems and controls in place to ensure compliance with the Modern Slavery Act 2015.

The full roles and responsibilities of the Group Audit Committee are detailed in its Terms of Reference which are available on the Bank's website.

Significant financial reporting areas	Review, challenge and conclusion by the Committee
Going concern and viability	<p>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 operational risks.</p> <p>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.</p> <p>After consideration, the Committee supported the approach adopted by management, which is set out in the Viability statement on pages 45 to 46.</p>
Impairment of non-current assets	<p>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' and the Committee considered the results of this including associated sensitivities. Management also ran an impairment assessment for investments in subsidiaries and considered the results of this, including associated sensitivities.</p> <p>The Committee concurred with management's view on impairment of intangible assets, which are set out on pages 165 to 166.</p>
Measurement of expected credit losses (ECL)	<p>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).</p> <p>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 179 to 189.</p>
Alternative performance measures	<p>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 204 to 208.</p>

Group Audit Committee report continued

Systems of internal control and risk management

The Bank's risk management framework which includes the process and approach for managing internal controls, is set out on page 105 and the Board's oversight of risk management is further explained in the Group Risk Oversight Committee report on page 68. In considering the effectiveness of internal controls, the Committee received and discussed reports from Internal Audit and the External Auditor and discussed significant issues raised with 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.

Internal Audit

The Audit Committee is responsible for overseeing the Internal Audit function. Internal Audit is a critical component of the Group's governance, risk management and control functions. The purpose of Internal Audit is to strengthen the Bank's ability to create, protect and sustain value by providing the Board and management with independent, risk-based and objective assurance, advice, insight, and foresight.

Internal Audit's authority is created by its

direct reporting relationship to the Board. The Committee Chair met regularly with the Chief Internal Auditor and made sure they had access to the Board if needed during the year.

The Audit Committee, on behalf of the Board, authorises Internal Audit to:

- have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out Internal Audit's responsibilities
- allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques and issue communications to accomplish Internal Audit's objectives
- obtain assistance from third-party providers to complete internal audit services.

During the year, the Committee:

- monitored the objectivity and competence of the Internal Audit function, and the adequacy of Internal Audit resources and skills and was satisfied that Internal Audit had adequate resources available during the year
- assessed the effectiveness of the Internal Audit function throughout the year, and was satisfied that the Internal Audit function was effective during the year. This was confirmed by the External Quality Assurance which reported in January 2026 that the function is Generally Conformant to all aspects of the IIA Global Internal Audit Standards and to the CIIA Code of Practice
- monitored the delivery of the 2025

Internal Audit Plan, through reports provided by the Chief Internal Auditor, and discussed areas of significance identified in audits with management

- approved the 2026 Internal Audit Plan.

The 2026 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 2026 Internal Audit Plan.

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 2025.

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 2025 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.

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.

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 2026 AGM.

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

Group Audit Committee report continued

change its External Auditor at least every 20 years. Our last formal competitive tender exercise took place during 2018.

Following the Bank's entry into the FTSE 250 in November 2024, the Audit Committee considered the appropriate timing for the next competitive tender of the Group's statutory audit. After careful review, the Committee has determined that the Bank will undertake a competitive audit tender process during 2028.

The Bank is currently in a period of significant operational and strategic transformation, including the embedding of its new operating model and associated systems and control enhancements. The Committee believes that maintaining audit continuity during this phase is crucial, as it supports financial reporting stability, preserves institutional knowledge, and avoids introducing additional execution risk at a critical point in the Bank's transformation programme.

The Committee will continue to monitor auditor performance, independence and effectiveness on an annual basis in line with regulatory requirements.

In line with the FRC's Revised Ethical Standard 2019, the lead audit partner for the Bank rotates every five years. In line with this

rotation, Jon Holloway stood down after the financial year ended 31 December 2024 and Daniel Brydon now leads the Bank's audit.

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 156.

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 2025.

Group Risk Oversight Committee report



Catherine Brown
Group Risk Oversight
Committee Chair

Dear shareholders

I am pleased to present the Group Risk Oversight Committee (the 'Committee') report for the year ended 31 December 2025. This report aims to demonstrate how the Committee discharged its responsibilities during 2025.

2025 has been a busy year for the Committee, providing oversight, review and challenge of the management of principal risks and emerging risks to safely support the Bank as it executes its strategy.

Throughout the year, the Committee monitored closely the Bank's capital and liquidity positions and recommended the ICAAP, ILAAP, Resolvability Assessment Framework and Recovery Plan to the Board

for approval. The Bank's capital position has been supported by the £250 million Additional Tier 1 securities issuance and the £584 million unsecured personal loan portfolio sale in 2025. These activities were in line with the Bank's strategy to reposition its balance sheet and enhance risk-adjusted returns on capital.

Oversight of financial crime and fraud continued to be priorities during 2025. The Committee received regular updates and deep dives providing insight into the Bank's risk profile and the implementation of tooling to enhance and support activities in these areas.

Reflecting the Bank's strategic shift in its lending plan, the Committee carefully considered credit risk throughout the year, closely monitoring the Bank's delivery of significant growth in corporate and commercial lending and specialist mortgages.

Conduct and customer outcomes remained a focus of the Committee, which received regular updates on customer outcomes and reviewed and endorsed the Bank's Consumer Duty Annual Report.

The Committee considered operational resilience throughout 2025, receiving regular updates and deep dives on technology currency, third-party (including material outsourcing) and cyber risks, alongside approving the Bank's annual Operational Resilience Self-Assessment.

The Committee considered and approved the refreshed Enterprise Risk Management Framework and Policy Governance Framework, supporting the Bank's effective approach to identification, management, assessment and monitoring of the risks faced by the Bank.

As we move into 2026, the Committee will maintain oversight of the Bank's risk governance and management as we continue to execute our strategy. Particular focus is planned on credit risk and the safe delivery of our lending plan, capital and liquidity management, regulatory engagement and compliance, conduct (including customer outcomes), fraud and financial crime, and the Bank's continued operational resilience, including information security and cyber risk, and third-party risk management.

Committee evaluation

The Committee conducted an internal evaluation in 2025. The evaluation concluded that the Committee continues to work well and effectively discharges its duties. Recommendations included continuing to enhance conciseness of papers and information provided to the Committee, as well as increasing emphasis on horizon scanning and early warning indicators.

Catherine Brown
Group Risk Oversight Committee Chair
15 April 2026

Committee composition and attendance

Details of the Committee members' attendance at Committee meetings is included on page 49.

In 2025, in addition to the Committee Chair, Catherine Brown, there were four members of the Group Risk Oversight Committee: Paul Coby, Paul Thandi, Michael Torpey and Nicholas Winsor. Paul Coby joined the Committee shortly after joining the Board in 2025. Non-Executive Directors 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.

Group Risk Oversight Committee report continued

The 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, Recovery Plan, 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
- promotes a customer-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
- considers the ESG framework, particularly management and reporting of the financial risks from climate change.

Oversight of the Bank's key risks

The following sections explain the role of the Committee and summarise the main areas of oversight for each 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 and an overview of operational incidents.
Credit risk	Execution of the Bank's 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	<p>The Committee receives regular updates on relevant Treasury matters, including balance sheet performance and each of the principal prudential risks, including liquidity and funding, capital and market risks. The Treasurer submits the ICAAP, ILAAP, Recovery Plan, and relevant Treasury policies for approval and notes the minutes of the Asset and Liability Committee, which is the primary executive forum for in-depth discussion on Treasury and prudential risk matters. The Committee also receives a regular update from the second line risk team on prudential risk and prudential risk appetite performance.</p> <p>During the year, ROC reviewed and recommended to the Board for approval the ICAAP, ILAAP, Recovery Plan, Resolvability Assessment Framework, Capital Management Policy and Liquidity Policy. Additionally, the Committee approved the Prudential Risk Management Framework and Pillar 3 Disclosure Policy.</p>
Operational risk	The Committee receives reports concerning risk appetite and risk assessments for overall operational risk and the underlying operational risk categories, including people, data, information security and cyber, IT systems availability, operational resilience, third-party fraud and the risk of poorly executed changes. Summaries of the material incidents which occur during the year and the related root cause analysis are presented to demonstrate how the Bank captures learnings and takes action to prevent or mitigate any potential recurrences. The Committee also receives reports from management on emerging non-financial 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, the Money Laundering Reporting Officer Report and quarterly updates are escalated through the Bank's governance to the Committee to enable effective oversight of control enhancement activity. The Committee reviewed and recommended to the Board the Anti-Bribery and Corruption Policy, Anti-Tax Evasion Policy, Sanctions and Proliferation Financing Policy, Anti-Money Laundering Policy, and Combating Terrorist Financing Policy.
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 Consumer Duty. The Committee is also updated on how the Bank manages expressions of dissatisfaction, claims and litigation, and on the ongoing compliance assurance work performed 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 ad-hoc updates on the management of risk within other key strategic initiatives.
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.

Group Nomination Committee report



Robert Sharpe
Group Nomination
Committee Chair

Dear shareholders

I am pleased to present the Nomination Committee report for the year ended 31 December 2025. The Committee's focus during the year was on optimising the Board's skills and experience to support senior leadership in delivering sustainable growth. This has included the recruitment of Catherine Doran, which we announced in October 2025, who joined the Board on 1 January 2026. Catherine brings a wealth of experience in banking IT operations which complements the Bank as we continue to enhance our digital capabilities. Upon joining, Catherine commenced a comprehensive induction plan, which included core Board documentation,

internal training and meetings with Board and Executive Committee members. Her induction also included specific sessions for those Board committees on which she sits.

After completing two three-year terms, Non-Executive Director and Designated Non-Executive Director for Colleague Engagement Nicholas Winsor will step down from the Board on 31 May 2026. On behalf of the Board, I would like to thank Nicholas for his material contribution to the Board, Risk Oversight and Audit Committees, and dedication as Designated Non Executive Director for Colleague Engagement. We will announce the Designated Non Executive Director for Colleague Engagement successor in due course.

We are proud of our inclusive culture and, this year, the Committee considered and endorsed the Bank's refreshed DE&I strategy, as well as the work of the Bank's inclusion networks. This work is important in ensuring all colleagues feel valued and respected and is a key differentiator in terms of the Bank's recruitment and retention of colleagues. I am pleased with the progress that has been made, and the Committee will continue its oversight of delivery against the DE&I strategy in 2026.

As well as diversity within the Bank, the Committee considered diversity on the Board with a review of the Board Diversity Policy. The Committee considers that the objectives within this Policy remain appropriate for the Bank and these objectives are detailed on page 72. We have made progress against our gender diversity objective with the appointment of

Catherine Doran from 1 January 2026, which has increased female representation on the Board from 27% to 33%. We acknowledge that the Board remains below the targeted 40% female representation and recognise the importance of ensuring that Board diversity remains a key consideration in the Board's recruitment through our Non-Executive Director succession planning.

An important part of the Board's Non-Executive Director succession planning process is the Board Skills Matrix. The Board Skills Matrix is reviewed regularly to ensure that the Non-Executive Director succession planning process continues to be effective. This year, the Committee approved a revised Board Skills Matrix which had been amended to ensure alignment with the Bank's strategic objectives. Both the Board Skills Matrix and the Non-Executive Director succession plans form an integral part of the Committee's recruitment process.

As part of building the Bank for future growth, the Committee considered the appointment of the Chief People Officer. Throughout the year, the Committee also considered talent and succession for colleagues below the Executive Committee, ensuring appropriate development plans and opportunities are in place for our future leaders. The recent appointments of Danielle Lee as Director of Brand & Marketing and Pedro Franco as Director of Strategy to the ExCo demonstrates the strength of the Bank's internal talent pipeline.

Committee evaluation

The Board conducted an internal evaluation in 2025, which included an evaluation of the

Committee's performance. This evaluation concluded that the Committee remains effective in discharging its duties and is led by an effective Committee Chair who facilitates constructive debate and challenge.

Priorities for 2026

Looking ahead to 2026, the Committee will continue its focus on Non-Executive Director recruitment in line with the Board's Non-Executive Director succession plan. The Committee will also continue to support work to maintain and develop the Bank's culture; and enhancing diversity amongst colleagues as well as the Board. Another key focus for 2026 will be overseeing the improved senior leader development plan methodology to ensure we retain our best talent. I look forward to reporting on our progress in these areas in my report next year.

Robert Sharpe

Group Nomination Committee Chair
15 April 2026

Group Nomination Committee report continued

Committee composition and attendance

Details of the Committee members' attendance at Committee meetings is included on page 49.

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, who is also the Board Chair, was independent on appointment. In 2025, in addition to the Board Chair, Robert Sharpe, there were two members of the Group Nomination Committee: Catherine Brown and Paul Thandi.

In 2025, the Nomination Committee met four times. The Company Secretary or a member of her team acts as Secretary to the Committee and other colleagues, such as the CEO, Chief People Officer 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 and selected papers, such as succession plans, are tabled for noting at subsequent Board meetings.

The Group Nomination Committee in brief

The Group Nomination Committee leads the process for identifying and making recommendations to the Board for new Board appointments and Board Committee memberships. Its duties include:

- reviewing the structure, size and composition (including the skills, knowledge, experience, independence and diversity) of the Board as a whole and making recommendations to the Board as required
- considering succession planning for Board members and senior leaders including the length of service of Non-Executive Directors and the need to regularly refresh Board membership, taking into account the Board's Diversity Policy, the Bank's strategic priorities and the main trends and factors affecting the long-term success and future viability of the Bank
- reviewing the Board Skills Matrix in the context of Non-Executive Director succession planning
- setting the Board's policy for diversity in relation to the Board and recommend this to the Board for approval
- conducting a formal, rigorous and transparent procedure in identifying suitable candidates for the Board
- overseeing the Bank's Diversity, Equity and Inclusion ('DEI') strategy.

The full roles and responsibilities of the Group Nomination Committee are detailed in its Terms of Reference which are available on the Bank's website.

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, Executive Committee (the 'ExCo') and senior leadership. The Committee is also responsible for ensuring that succession plans are in place for the Bank's Executive Directors and Non-Executive Directors.

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 required to produce a diverse list of candidates for Board appointments with a view to improving Board and Committee diversity over the long-term. During 2025, the Committee has worked with Korn Ferry for Non-Executive Director recruitment. Korn Ferry is also the Bank's remuneration advisor, and the Committee considered that as Korn Ferry does not advise the Bank on Non-Executive Director fees, this additional service does not constitute a conflict of interest.

Group Nomination Committee report continued

Diversity

The Board Diversity Policy (the 'Policy') sets out the Board's approach to diversity, equity 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 included in the Policy are detailed below.

Objectives	Status
Considering candidates for appointment as Directors from a wide and diverse pool, which include a combination of skills, experience, ethnicity, age, gender, social, international, educational and professional background and other relevant personal attributes such as cognitive and personal strengths to provide the range of perspectives and insights needed to fulfil the duties of their role in accordance with their role profile.	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 2025 to assist with putting together a diverse list of candidates. This process was used for the appointment of Catherine Doran as a Non-Executive Director.
Improving the proportion of Directors identifying as female on the Board to 40% as per the FCA's Policy Statement PS22/3.	The Board has not met its target of 40% female representation on the Board, which was at 27% as at 31 December 2025. On 1 January 2026, following the appointment of Catherine Doran, female representation on the Board increased to 33%. The Committee recognises that the Board has fallen short of its target for female representation; however, positive progress has been made towards reaching this target during 2025.
Ensuring that at least one of the senior Board positions (Chair, Chief Executive Officer, Chief Financial Officer, or Senior Independent Director) is held by a Director identifying as female.	Catherine Brown was the SID during 2025. 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 31 December 2025, the Board has three Directors from an ethnic minority background. 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 that the diversity of the Board 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 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 21 to 23 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 internal 2025 Board evaluation is set out on page 62.

Group Nomination Committee report continued

Director and Senior Leadership 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 as at 31 December 2025. This data has been collated through disclosures by each individual to the Bank, based on questions of how the individual identifies as for both gender and ethnicity.

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	7	70%
Mixed/multiple ethnic groups	2	18%	–	1	10%
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 CEO, CFO and Company Secretary.

Group People and Remuneration Committee report



Paul Thandi

Group People and
Remuneration Committee
Chair

Dear shareholders

I am pleased to present the Directors' Remuneration report for the year ended 31 December 2025.

I would like to thank shareholders for their support of our remuneration resolutions at the 2025 AGM, which included approval of the Directors' Remuneration Policy and the Shareholder Value Alignment Plan (SVAP), and all remuneration resolutions receiving well over 80% support. This report details how the Committee has implemented the new Directors' Remuneration Policy, including the remuneration for both Executive Directors, and our approach to remuneration across the Bank.

I am very pleased to report that 2025 was a strong performance year for the Bank, the strongest in our entire 15-year history. The business has delivered record profitability in 2025 and achieved a 7% year-on-year reduction in operating costs. The Bank also led its peer group across key financial metrics, including significant increases in NIM, PBT, RoTE, and a 16% uplift in revenue. Total Shareholder Return has increased by 206% since November 2023, substantially outperforming major market indices. All of this reflects our ability to execute the agreed strategy. It is the strength of our relationship banking, funded by our strategic management and assets and cost discipline, together with the efforts and commitment of our great colleagues, led by a strong and capable leadership team, that has achieved these results.

This report sets out how performance has been reflected in remuneration outcomes in 2025.

Executive Director salaries

The Committee considered the salaries for the Executive Directors as part of the annual Reward Review. The CEO has continued to play a critical role in advancing the Bank's strategic, financial, and cultural transformation. In parallel with the strong financial achievements and material shareholder value creation, employee engagement scores improved from 64 to 71 during the period, reflecting the strong confidence in Daniel's leadership throughout extensive organisational change. His constructive regulatory relationships have also supported

ongoing enhancements to the Bank's control environment. As a result of the performance, the Committee agreed a salary increase of 11.3% for the CEO to be implemented on 1 April 2026. The revised salary remains aligned to our key banking peers. Following completion of his first full year with the Bank, the Committee considered the CFO, Marc Page's, salary against the external benchmark and concluded that he was appropriately positioned against the external market, and as a result, awarded an increase of 3% in line with the wider colleague population.

Variable remuneration

The Bank's strong financial performance in 2025, achieving sustainable profitability, growth in net interest margin and careful management of costs, led to a score card outturn of 92.9%.

More information on the balanced scorecard outcomes and assessment of individual performance is set out on pages 85 to 86.

The Committee will maintain a close watching brief on the Bank's approach to variable remuneration to ensure that it aligns to the external market.

Share awards

In 2025, following shareholder approval of the SVAP, the Committee awarded both Executive Directors a percentage of the pool of value (capped in aggregate at 5% of the increase in market cap for all participants). The percentage for the CEO was 2.5% and for the CFO 0.5%.

Marc was appointed to the Board as CFO in 2024. His SVAP allocation was therefore limited to 0.5% in the first year, with an intention to revisit this subject to performance. Following the Bank's strong performance in 2025, the Committee approved a further 0.5% award to the CFO, increasing his total allocation to 1% of the pool.

It was pleasing to see the progress made by the Bank in delivering for our shareholders and that the Committee could approve a payout for the 2023 LTIP for the CEO and other award holders. The 2023 LTIP targets were based on Total Shareholder Return, Return on Tangible Equity, and a qualitative view of risk performance. The risk performance is assessed through advice provided to the Committee by the Chief Risk Officer, supported by the Chair of the Group Risk Oversight Committee. The Committee approved an overall vesting of 56% in line with the formulaic outcome against the performance conditions, with no discretion applied by the Committee.

Colleague remuneration and salary adjustments

The Committee's focus in 2025 has been on ensuring we attract and retain the best talent across the organisation. With this in mind, the Committee has considered several factors to determine the available budget and approach for pay increases effective 1 April 2026, including: increases to the National Minimum Wage (NMW) and Real Living Wage (RLW); levels of inflation relative to investment in pay over recent years across different grade levels; application of discretion to address internal

Group People and Remuneration Committee report continued

relativities and tackle symptoms of pay compression; and insight from an external market context. We will continue to keep all colleagues' salaries under review through the annual review process.

The Committee also reviewed the Bank's gender and ethnicity pay gaps. The Bank compares well to its peers and the median gender pay gap has improved for the third consecutive year. The Committee and senior management remain focused on ensuring continued progress is made through targeted actions and meaningful steps underpinning the Bank's DE&I Strategy (see page 22 for details), designed to ensure we have a workforce which reflects the diversity of our customers and communities.

Non-Executive Director fees

The Committee considered and recommended changes to the fee structure for Non-Executive Directors, which were approved by the Board. The changes included an increase to the base fee for Non-Executive Directors from £65,000 to £75,000; and a reduction in the overall fees paid in relation to Non-Executive Directors' service on Board committees, as well as a reduction in the Designated Non-Executive Director for Colleague Engagement fee. These changes were recommended by the Board Chair following feedback received as part of Non-Executive Director recruitment activity overseen by the Group Nomination Committee and are in line with market practice.

The Committee also recommended an inflationary increase to the fee for the Board Chair, noting that this had

not been increased since 2020 on the appointment of the current Board Chair. The recommendation was approved by the Board. The Board Chair was excluded from the decision on his remuneration.

Amendments to PRA and FCA remuneration regulations

In Q4 2025, the Committee reviewed updates regarding the finalised PRA/FCA remuneration reforms (PS21/25) and their impact on the Bank's remuneration policy framework. The Committee first considered the changes of the regulations on the variable remuneration to be paid to MRT colleagues in 2026. For awards granted in 2026, the Committee approved a change in the structure aligned to the new regulations.

The PRA and FCA remuneration regulation changes also mean that the Committee may make changes to the vesting schedule of the Bank's historic awards. The Committee carefully considered the impact of any changes to the vesting schedule, which included the interests of shareholders and colleagues. The Committee has decided to maintain the original vesting schedule of historic awards but approved removal of the 12-month retention period for each vested tranche. The Committee will continue to review the vesting schedule for historic awards during 2026.

Advice to the Committee

The Committee seeks advice from inside and outside the Bank. Internally, the Committee has been provided support by the Chief People Officer, Director of

Reward and Performance, the Company Secretary and other senior leadership as appropriate. No individual participated in discussion and/or decisions relating to their own remuneration.

The Committee also received independent external advice from Korn Ferry in 2025. The Committee completed its annual evaluation of Korn Ferry's performance and was satisfied with the support it had received and considered 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 as independent external advisors to the Committee. The fees paid for services in respect of Directors' remuneration provided by Korn Ferry in 2025 were £96,448 (2024: £47,392.50) inclusive of VAT. Fees were determined on a time and expenses basis.

Committee evaluation

The Board conducted an internal evaluation in 2025, which included an evaluation of the Committee's performance. This evaluation concluded that the Committee is effective in discharging its duties as delegated by the Board; and the Committee Chair is effective in leading the Committee and facilitating constructive challenge and debate during Committee meetings.

Priorities for 2026

The Committee will continue to evolve the Bank's remuneration structure for colleagues, to ensure it attracts, develops and retains the future skills and capabilities required. We will also continue to consider colleague remuneration and reward in the context of remuneration regulation changes and resulting emerging market trends.

Paul Thandi

Group People and Remuneration
Committee Chair
15 April 2026

Group People and Remuneration Committee report continued

Committee composition and attendance

Details of the Committee members' attendance at Committee meetings is included on page 49.

During 2025, the Group People and Remuneration Committee comprised four Non-Executive Directors, three of whom were independent, as well as the Board Chair who was independent on appointment. The members were Paul Thandi, Catherine Brown, Paul Coby and Robert Sharpe.

In 2025, the Group People and Remuneration Committee met six times. The Company Secretary or a member of her team acts as the Secretary to the Committee and other colleagues, such as the CEO, Chief People Officer, Director of Reward and Performance 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, and papers are tabled at subsequent Board meetings, for approval and/or noting as required.

The Group People and Remuneration Committee in brief

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

- determining the Directors' Remuneration Policy and recommend its approval to the Bank's Board and then the Bank's shareholders
- reviewing and having regard to the pay and employment conditions across the Company and the alignment of incentives and rewards with the Bank's culture
- approving 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
- exercising independent judgement and discretion when authorising any remuneration outcomes
- overseeing the Bank's remuneration approach to those colleagues considered Senior Management Function holders, Material Risk Takers and those in Certified Roles
- seeking advice and input 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.

The full roles and responsibilities of the Group People and Remuneration Committee are detailed in its Terms of Reference which are available on the Bank's website.

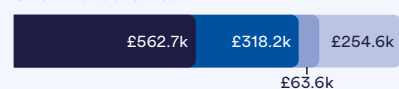
Remuneration at a glance

2025 total remuneration

Daniel Frumkin
Chief Executive Officer



Marc Page
Chief Financial Officer



- Fixed remuneration
- Annual bonus – cash
- Annual bonus – retained shares
- Annual bonus – deferred shares
- LTIP vesting

- retained shares are subject to a minimum 12-month holding period
- deferred shares vest 25% annually over four years
- the 2023 LTIP value is calculated on an average share price of £1.134 from October to December 2025.

Executive Directors' remuneration in 2025

As a result of the Company's 2025 performance (against financial, ESG and strategic measures), the balanced scorecard outcome demonstrates the strong financial performance, with increased lending in key target areas of corporate, commercial, and SME lending, and specialist mortgages. This, coupled with the lowest cost of deposits of any UK High Street bank, has led to significantly increased profits and disciplined cost management across the year has supported increased accrual of the bonus pot. On the non-financial measures, the performance saw a year-on-year increase, resulting in a formulaic outcome under the 2025 balanced scorecard which underpins the annual bonus outturn at 92.9% of maximum. The 2025 total remuneration outcome is shown below and more details on the progress against individual performance measures is shown on pages 85 to 86.

2025 variable remuneration outcomes

	Daniel Frumkin	Marc Page
2025 variable remuneration outcomes		
2025 annual bonus (% of salary)	124.8%	124.8%
LTIP vesting (as % of maximum)	56%	n/a
Total single figure of remuneration (£'000s)	£2,665,749	£1,199,131

Pay for performance at a glance

The following table shows the 2025 balanced scorecard outcomes used to inform annual bonus outcomes. The outcome was 92.9%, which the Committee felt this was a fair reflection of performance.

		Threshold	Target	Maximum	2025 outcome
Financial	Underlying profit (40%)				44%
	Net interest margin (5%)				5%
	RoTE (5%)				5%
	Cost (10%)				10%
Risk and regulatory	Relationship with regulator and risk breaches (20%)				17%
Customer	Net promoter score and expressions of dissatisfaction (10%)				5%
People and community	Includes diversity and colleague engagement (10%)				6.9%
Total					92.9%

- Actual performance
- Range from threshold to maximum

Remuneration at a glance continued

Executive Directors' remuneration in 2026

The table below summarises how it is proposed that the Remuneration Policy will apply for Executive Directors in 2026.

When remuneration is delivered

	2026	2027	2028	2029	2030	2031	2032	2033
Fixed remuneration								
Salary								
Benefits								
Pension								
Variable remuneration								
Annual bonus								

Implementation in 2026

- salary: Daniel Frumkin £1,050,000 and Marc Page £525,300
- core benefits such as 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 in the balanced scorecard are 60% financial and 40% based on ESG and/or other priorities
- There is no LTIP award for the CEO in FY26 in view of ongoing participation in SVAP
- The CFO is receiving a 0.5% additional SVAP award.

Remuneration at a glance continued

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 2026 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 pages 2 to 3, with a focus on customers and other stakeholders as an integral part of executive remuneration.

	Short term	Long term	
Focus	Balanced scorecard 2026	LTIP or SVAP	
SME/Corporate and Commercial Banking	<ul style="list-style-type: none"> FY Underlying P/(L)BT FY Return on Tangible Equity FY Net Interest Margin FY Underlying Operating Expenses 	Total Shareholder Return	
Specialist Mortgages	<p>Gateways</p> <ul style="list-style-type: none"> CET1 capital Liquidity Coverage Ratio 	<p>Share Value Alignment Plan</p> <p>Long term growth in Metro Bank Value</p>	
	<ul style="list-style-type: none"> Regulatory Compliance YTD/FY number of breaches of red limits for level 1 appetite metrics 		Return on Tangible Equity
Community Banking	<ul style="list-style-type: none"> Achievement of customer satisfaction score Achievement of good customer outcomes 		Cost Income Ratio
People Focus	<ul style="list-style-type: none"> E-sat (How happy are you working at Metro Bank) YTD/FY Diversity % ethnic minority in senior leadership roles YTD/FY Diversity % gender in senior leadership roles 		<p>Gateway</p> <p>Risk and Regulatory Performance</p>
		<p>Gateway</p> <p>Value and Risk Hurdle</p>	

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').

<p>Clarity Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.</p>	<p>The Committee is committed to providing open and transparent disclosures to shareholders and colleagues on its Executive Director remuneration arrangements.</p>
<p>Simplicity Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.</p>	<p>Colleagues are able to express their views on pay through regular surveys and feedback, as well as through our DNED.</p> <p>Our approach to remuneration for Executive Directors is simple and transparent. It is consistent with structures used widely across the Financial Services industry.</p>
<p>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.</p>	<p>In line with regulatory requirements, our remuneration practices promote sound and effective risk management while supporting our business objectives.</p> <p>For 2026, 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).</p> <p>The deferred portion of any bonus vests in line with the Regulatory requirements, the approach to which has been revised to reflect the changes to the Regulation in 2025.</p> <p>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).</p>
<p>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.</p>	<p>The potential value and composition of the Executive Directors' remuneration packages at below threshold, target and maximum scenarios are provided later in the report.</p>
<p>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.</p>	<p>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.</p> <p>The Committee has discretion to override formulaic scorecard outcomes to ensure that they are appropriate and reflective of overall performance and affordability.</p>
<p>Alignment to culture Incentive schemes should drive behaviours consistent with company purpose, values and strategy.</p>	<p>The primary objective of our remuneration framework is to support growth and our long-term success while reinforcing our unique culture.</p> <p>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.</p> <p>All colleagues are able to participate in our HMRC approved Share Incentive Plan, which supports our ethos of colleague buy-in and ownership.</p>

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 is satisfied that the Remuneration Policy operates as intended in terms of Metro Bank performance and the quantum of remuneration delivered.
Shareholder engagement	We undertook substantial engagement with our shareholders as part of the development of the Remuneration Policy for Metro Bank PLC in the run-up to the 2025 AGM. We are grateful for this feedback and subsequent input received that has shaped our thinking and decision making.
Workforce engagement	An outline of our approach to workforce engagement is set out on page 93.

Remuneration at a glance continued

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 (MRTs) under the relevant regulators' remuneration rules.

During the year, the Committee is provided with regular updates on the external market and benchmarking and as required, takes key decisions on pay, benefits, pension and incentive arrangements that cascade through the organisation.

Metro 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
<ul style="list-style-type: none"> the quantum of salary increases is primarily driven by the external market, capability, affordability and Real Living Wage 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> all colleagues can participate in the 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%. 	<ul style="list-style-type: none"> 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 MRTs: these are individuals who operate in roles deemed to have, or potentially have, a material impact on the risk profile of the Bank. Metro Bank classified 60 colleagues as MRTs in 2025 (2024: 66).

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 and aligned to the Regulatory requirements, we may deliver a portion of variable remuneration in retained shares, deferred cash, deferred shares, and where appropriate, awards under the LTIP. Further information relating to remuneration of our MRT population can be found in our 2025 Pillar 3 disclosure (pages 56 to 61).

Alignment between our approach to Directors' remuneration and other colleagues

In developing the 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 Metro Bank 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

Gender pay gap reporting

The Company's 2025 Gender Pay Gap Report, published in February 2026, shows that on a median basis, our gender pay gap is 14.0% (2024: 15.7%). This compares with a national average gender pay gap of 12.8% across all industries, calculated by the Office of National Statistics (ONS) published in October 2025: gender pay gaps tend to be higher in financial and banking organisations.

Having a workforce that reflects the diversity of our customers and communities is important to us at Metro Bank and is reflected in our improvement in the median pay gap over the last three years. The Bank remains focused on further progress with ongoing targeted actions to take meaningful steps to make a lasting difference. 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 23.

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 employ 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		
	2025 vs 2024	2024 vs 2023	2023 vs 2022	2025 vs 2024	2024 vs 2023	2023 vs 2022	2025 vs 2024	2024 vs 2023	2023 vs 2022
All colleagues ¹	3.8%	7.6%	3.3%	31.4%	8.9%	1.6%	180.6%	33.3%	(44.8%)
Daniel Frumkin ²	1.5%	20.2%	–	0.8%	(56.2%)	(87.2%)	669.6%	n/a	(100%)
Marc Page ³	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Executive Committee ⁷	4.3%	4.5%	(3.1%)	(5.6%)	(26.2%)	(56.9%)	449.2%	n/a	(100%)
Robert Sharpe ⁴	–	–	–	(40.8%)	(73.1%)	(64.1%)	n/a	n/a	n/a
Catherine Brown	–	38.0%	1.0%	n/a	n/a	–	n/a	n/a	n/a
Paul Coby	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
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 ⁵	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Paul Thandi ⁶	23.5%	13.3%	2.6%	n/a	n/a	–	n/a	n/a	n/a
Michael Torpey	–	–	0.7%	85.3%	(13.3%)	(26.5%)	n/a	n/a	n/a
Nicholas Winsor	–	–	15.5%	n/a	n/a	–	n/a	n/a	n/a

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 full-time equivalent mean basis.

2. There has been no year-in-year change in terms of Daniel's eligibility to standard benefits, but the cost of the benefits have increased.

3. Marc Page commenced employment with the Bank in September 2024; as a result salary and annual bonus will start reporting in the 2026 Annual Report.

4. As Chair of the Board Robert Sharpe is not eligible for standard benefits offered to other colleagues, the Chair is reimbursed expenses which included occasionally use of an executive car service for travelling to attend Board or other events.

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. Cristina Alba Ochoa was appointed as a shareholder-nominated Non-executive Director on 15 October 2024 and has elected not to receive a fee.

6. The fees for Paul Thandi increased year-on-year due to an underpayment from 2024 that has been corrected through the 2025 payroll.

7. The increase in annual bonus is driven by the 2025 performance against the scorecard and the implementation of the new Directors' Remuneration Policy in 2025.

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
2025	A	77:1	57:1	35:1	£938,900	£30,500	£39,900	£63,000	£2,665,700	£34,600	£46,900	£76,300
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 2025 data set if employed as at 31 December 2025. 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. 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 2024 and 2025. The reasons for this are the 2023 LTIP vesting for the CEO and the increased bonus opportunity, approved in the 2025 AGM. A full breakdown of performance against the LTIP measures can be found on page 91.

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.

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 2025.

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 2025.

	Daniel Frumkin		Marc Page	
	2025	2024	2025	2024 ¹
Salary	£938,875	£925,000	£507,500	£166,667
Taxable benefits ²	£1,594	£1,250	£292	£0
Pension benefits ³	£75,110	£74,000	£53,933	£13,333
Other ⁴	£2,339	£905	£947	£335
Total fixed remuneration	£1,017,918	£1,001,156	£562,672	£180,335
Annual bonus ⁵	£1,177,449	£153,003	£636,459	£23,014
Long-term incentive ⁶	£470,382	£0	n/a	n/a
Buyout ⁷	n/a	n/a	n/a	£338,000
Total variable remuneration	£1,647,831	£153,003	£636,459	£361,014
Total remuneration¹	£2,665,749	£1,154,159	£1,199,131	£541,349

- Fixed remuneration shown above for Marc Page in relation to 2024 includes fixed remuneration paid from 2 September (date he joined the Bank) until 12 November 2024 (day before appointment to the Board).
- Taxable benefits include the cost of private medical cover (which for Daniel Frumkin was £1,134 in 2025 and £845 in 2024 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 2025 and 2024 benefits figures for Daniel Frumkin include car service costs and taxable expenses of £461 and £406 respectively. A forecast UK tax gross up of £377 will be paid by the Bank following the end of the 2025-26 tax year: this latter amount (the forecast tax gross up) is not included in the table above under the 2025 benefits column.
- Pension benefits is the amount of cash in lieu of participating in a pension plan of 8% for the Executive Directors.
- Other includes life assurance cover premium.
- 2025 annual bonuses were delivered in a combination of cash, retained and deferred shares, aligned to the revised Regulatory requirements, of which 40% for the first £660k, and 60% on any amounts above, pro-rata over Year 1 to Year 4 have been deferred, with a minimum of 50% of variable remuneration in share instruments.
- The long-term incentive award that was granted in 2023 that had performance periods ending in financial year 2025. Details of the vesting value is shown in the commentary on page 87.
- As part of his hiring agreement, 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 was 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. The total value of shares at grant was £94,080. 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 (18 December 2024). 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.

Annual report on remuneration continued

Details of the single figure salary (audited)

	Salary as at 1 January 2025	Salary as at 1 April 2025	Total salary paid in 2025
Daniel Frumkin	£925,000	£943,500	£938,875
Marc Page	£500,000	£510,000	£507,500

2025 variable remuneration outcomes (audited)

How annual bonus is determined

For Executive Directors, annual bonus is determined by an assessment of the balanced scorecard outcome which will normally determine all or at least 80% of the bonus outcome.

For the 2025 performance year, the balanced scorecard outcome has determined all of the bonus outcome awarded to the Executive Directors.

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. For 2025 no adjustment has been made to the balanced scorecard outcome.

Understanding the annual bonus corporate balanced scorecard and calculation of the Company performance adjustment

2025 annual bonus 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	Adjustment factor	Weighted performance outcome
Total financial measures	60.0%				64%
Underlying profit	40.0%	£85m	£98m	110%	44%
Return on Tangible Equity	5.0%	6.2%	6.4%	100%	5%
Net interest margin	5.0%	2.98%	2.98%	100%	5%
Underlying operating expenses	10.0%	£470m	£470m	100%	10%
Total non-financial	40.0%				28.9%
Risk and regulatory ¹	20.0%	Includes relationship with regulators and breaches of risk appetite metrics			17%
Customer	10.0%	Includes net promoter scores and good customer outcomes			5%
People	10.0%	Includes colleague engagement and diversity in leadership			6.9%
Overall balanced scorecard	100.0%				92.9%

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.

Annual report on remuneration continued

Commentary on the 2025 balanced scorecard performance

The Bank has performed positively against the stretching 2025 balanced scorecard, delivering a strong financial performance, with increased lending in key target areas of corporate, commercial and SME lending, and specialist mortgages. This, coupled with the lowest cost of deposits of any UK High Street bank and continued discipline in cost management has supported the achievement of the Bank's objectives.

On the non-financial measures and notably the people-related targets, the Bank has made significant progress year-on-year in relation to colleague engagement, 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 for 2025, the Bank introduced 'good customer outcomes' to the scorecard and performed positively; NPS for ongoing relationships will be a continued area of focus.

Assessment of individual performance and behaviours

A discretionary adjustment can be applied to annual bonuses for all eligible colleagues, by reference to each colleague's individual behaviours and performance for the year. For Executive Directors, the 2025 balanced scorecard determined all of the bonus outcome, and set out below are details of the key achievements.

Key objectives in 2025	Key achievements in 2025
Daniel Frumkin <ul style="list-style-type: none"> Financial Customer People and communities Risk and regulatory 	<p>Daniel Frumkin has driven the strategic changes required to achieve sustainable earnings. This has been achieved in an expeditious way whilst ensuring the Bank operates within risk appetite and budgeted cost base. Financial outturn in 2025 has been outstanding with profit exceeding plan and RoTE achieving 6% – an outcome which required over-delivery on key growth and business objectives whilst consistently navigating around the macroeconomic obstacles faced by the Bank during the year.</p> <p>Despite the cost-cutting initiatives introduced in 2024, the culture of the Bank has been maintained, and staff surveys have remained positive and forward looking. Daniel has overseen the building of the relationship with Infosys which has grown considerably stronger over the course of the year. Daniel maintains a good and open relationship with both regulators and that has significantly helped the Bank demonstrate an improving control environment with sustainable capital/earnings. His relationship with the Board and the Bank's major shareholders is again open, transparent, helpful and collegial.</p> <p>Overall, the one thing that stands out for Daniel in 2025 is the speed of change in key areas he has been able to manage. This demonstrates the impact of his leadership of a talented Executive team and senior leadership team and his ability to get things done quickly and effectively. The Bank still suffers from some historical control issues, but these are recognised, and solutions have been identified and implemented. The year 2025 will be seen as a true turnaround year for the Bank and Daniel should be very proud of the pivotal role he has played in achieving this.</p>
Marc Page <ul style="list-style-type: none"> Financial Customer People and communities Risk and regulatory 	<p>Marc Page delivered a strong performance during a period of significant growth for the Bank, +16% revenue growth YoY and +800% PBT. He provided clear financial leadership, driving meaningful cost discipline across the Bank, delivering -7% cost reduction YoY. Under his stewardship, the finance function supported the execution of the Group's strategic priorities while maintaining a robust control environment and improving financial transparency. Marc played a central role in sustaining financial resilience, effectively balancing investment in growth with prudent management of the cost base and liquidity position.</p>

Annual report on remuneration continued

Finalising the 2025 variable remuneration levels for Executive Directors (audited)

Annual bonuses

In recognition of the corporate balanced scorecard outcome, the Committee determined that the following bonus would be payable in respect of 2025 performance.

Executive Director	Salary for annual bonus	Corporate scorecard outcome	Outcome after any discretionary adjustment	Maximum opportunity (as % of salary)	Annual bonus ¹
Daniel Frumkin	£938,875	92.9%	92.9%	150%	£1,177,449
Marc Page	£507,500	92.9%	92.9%	150%	£636,459

1. Annual bonus payments are modified to reflect the budget availability within the relevant pool based on an "On Target" performance, the modifier for the 2025 performance year was 89.99%.

Long-term incentive awards

For the 2024 performance year, granted in 2025, following shareholder approval of the Shareholder Value Alignment Plan (SVAP), a grant under the new SVAP was made to the CEO of 2.5% and CFO of 0.5% of the overall 5% Participant Value Pool. Full details of the Plan can be found in the 2024 Annual Report and Accounts (page 91).

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.

The plan incentivises growth over the five-year period to 31 December 2029 and there will be three 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. If an Executive Director participates in the SVAP, they would not be considered for LTIP awards on an annual basis for the current policy period. Having set the CFO's initial allocation at 0.5% recognising that he had only just joined the Bank, following the Bank's strong performance in 2025, the Committee approved a further 0.5% award to the CFO increasing his total allocation to 1% of the pool.

More detail on the indicative vesting value of the 2023 LTIP award

Daniel Frumkin's 2023 LTIP award has a 56% performance vesting outcome (see pages 94 to 95 for more detail). Based on a share price average of £1.134 for three months to 31 December 2025, the indicative value of the 2023 LTIP is £470,382 as shown in the single figure of total remuneration.

The Committee confirmed that the 56% vesting level was consistent with the business performance achieved over the three-year period.

The values in next year's Annual Report and Financial Statements will be restated to reflect the actual share price at the point of vesting.

Award	2023 LTIP
Value at award (£)	£769,600
Percentage of award lapsing	44%
Value of award lapsing	£369,586
Adjusted value of award	n/a
Share price growth	9%
Current indicative value	£470,382
Share price at grant	£1.039
Three-month share price to 31 December 2025	£1.134

Annual report on remuneration continued

Directors' Remuneration Report

Relative importance of spend on pay

The table below shows total remuneration of all colleagues for 2025 compared to 2024.

	2025 £'million	2024 £'million	% change
Employee costs	162.2	174.0	(6.8%)

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 decrease reflects the continued focus on cost discipline and process efficiency that continues to remain a priority for the Bank.

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 (£'000)	Annual bonus as a % of maximum	LTIP vesting as a % of maximum
Daniel Frumkin	2025	£2,665,749	83.6%	56%
	2024	£1,154,159	16.5%	n/a
	2023	£834,507	–	n/a
	2022	£1,276,161	59%	n/a
	2021	£1,430,076	85%	n/a
	2020	£1,297,176	35.7%	n/a
Craig Donaldson	2019	£828,565	–	n/a
	2018	£800,944	–	n/a
	2017	£1,518,893	62%	n/a
	2016	£1,304,919	52%	n/a

Payments to past Directors and payments for loss of office (audited)

No further payments were made to past Directors or for loss of office in 2025 that were not already disclosed in the 2024 Directors' Remuneration Report.

Executive Director terms of employment and entitlement to fees from external positions

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.

Annual report on remuneration continued

Dilution limits

The respective rules of the Metro Bank Holdings DVRP, LTIP and SVAP 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 ten year period.

Shareholding levels (audited)

Directors' shareholding

These are the total shareholdings as at 31 December 2025 for each Director and any related connected persons.

Director	No. of shares ¹	Percentage of share capital %
Robert Sharpe ²	100,000	0.01
Daniel Frumkin	8,183,333	1.22
Marc Page ³	649,818	0.10
Catherine Brown	100	–
Paul Coby ⁵	22,480	–
Dorita Gilinski	–	–
Jaime Gilinski Bacal ⁴	356,223,914	52.91
Cristina Alba Ochoa	218,723	0.03
Paul Thandi	30,000	–
Michael Torpey	20,000	–
Nicholas Winsor	350,000	0.05

Notes:

- 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.
- For Robert Sharpe there was a slight reduction of 99 shares on 23 January 2026 from an automatically generated sale of shares to settle share account management fees. On 19 March 2026, Robert purchased 17,599 shares.
- For Marc Page there was a slight reduction of 182 shares in 2025, which was an automatically generated sale of shares to settle share account management fees. On 4 March 2026, he acquired an aggregate number of 200,182 shares of which 101,146 were for Marc Page and the remaining 99,036 for Persons Closely Associated as outlined in the PDMR notification.
- Jaime Gilinski Bacal's interest includes his holding through his Spaldy Investments Limited vehicle. On 23 December 2025 Jaime Gilinski Bacal purchased shares to be held in the name of Spaldy Investments Ltd. On 5 March 2026 a further 534,703 were purchased also to be held in the name of Spaldy Investments Ltd.
- On 24 March 2026, Paul Coby acquired 17,350 shares.

Shareholding guidelines

Executive Directors are required to build up a holding of shares equivalent to 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 2025)	Requirement as a % of salary	Wholly owned shares	Value ¹	Shareholding requirement met?
Daniel Frumkin	£943,500	200%	8,183,333	£9,083,500	Yes
Marc Page ²	£510,000	200%	649,818	£721,298	No

- Value of beneficial shareholding based on average share price during 2025 of £11.1. The value includes vested shares which remain subject to a retention period.
- Marc Page joined Metro Bank as Chief Financial Officer on 2 September 2024 and was appointed to the Board on 12 November 2024. Shareholding requirements are 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).

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 2025 (or if earlier from 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	18,230	–	72,923	–
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	191,128	–	286,693	–
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	59,999	–	40,001	–
Total	3,961,436						1,229,827	1,504,466	1,227,143	–

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)	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	32,371	–	74,114	–
DVRP – hiring agreement (loss of opportunity)	95,076	18/12/24	£0.00	£84,000	18/12/25	18/12/29	19,015	–	76,061	–
	272,868						122,693	–	150,175	–

A grant under the SVAP was made to the CEO of 2.5% and CFO of 0.5% of the overall 5% Participant Value Pool. Full details of the Plan can be found in the 2024 Annual Report and Accounts (pages 94 to 95). 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 the first Test based on the value created as at 31 December 2027.

Notes

- 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.
- 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). The 2021 and 2022 LTIPs did not meet the performance conditions and lapsed in 2025. Awards of nominal cost options under the DVRP and Company Share Option Plan (CSOP) are not subject to performance conditions.
- The number of share options under award was determined using the relevant closing price prior to the grant date. For Daniel Frumkin's awards in 2021, 2022 and 2023, the prices were 109.5p, 89.3p and 103.90p respectively. For the awards made to Marc Page in 2024, the award price was 88.4p.
- Options under the CSOP have an exercise price that is equal to market value at the date of grant.
- No dividends or dividend equivalents are payable on any share options or on any unvested share awards held.

Annual report on remuneration 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.

The 2023 LTIP vested on 31 March 2026; vesting was based on performance against a relative TSR measure, with a performance period from 1 January 2023 to 31 December 2025 and other financial/non-financial performance, as set out below:

The Committee agreed that the level of vesting for the 2023 LTIP of 56% was a reasonable outcome against the associated performance measures, having reviewed Metro Bank's wider performance and the share price performance over the respective three-year period.

Measure	Weighting	Target		Performance vesting	
		Threshold	Maximum	Achievement	Percentage vesting
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	23.4%	12%
Statutory return on tangible equity for FY 2025	40%	5%	8%	6.4%	24%
Risk and regulatory	20%			See notes below	20%
Total					56%

Notes

- Under the risk and regulatory measure, the Committee determine 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 the 2023 LTIP the Committee concluded that overall, there was an improving risk performance with key improvements seen in a reduction in the level one breaches, a strengthened capital position, successful management actions on fraud, capital and customer actions and fraud prevention capabilities uplifted resulting in a significant reduction in fraud losses.

Annual report on remuneration continued

Approach to risk adjustment including application of malus and clawback

Individual remuneration is aligned with the Bank's long-term interests and the timeframe 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 Committee may decide at any time prior to the third anniversary of the date on which an award vests, or if later and required by applicable laws up to the seventh anniversary of the grant date (or within 10 years of the grant date where an investigation is under way for senior manager function roles) that the individual to whom the award was granted shall be subject to malus and clawback. The circumstance where malus and clawback may apply (as well as 'in-year adjustment') is summarised in the following table.

	Criteria includes	Application
Individual level	<p>Deemed to have: (i) caused in full or in part a significant loss for or reputational damage to Metro 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.</p> <p>The individual failed to meet appropriate standards of fitness and propriety.</p>	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	<p>Material restatement of the Metro Bank's financials.</p> <p>Material downturn in performance.</p> <p>Significant failure in risk management.</p> <p>Discovery of endemic problems in financial reporting.</p> <p>Entering involuntary administration or insolvency process.</p> <p>Financial losses, due to a material breach of regulatory guidelines.</p> <p>The exercise of regulatory or government action to recapitalise Metro Bank following material financial losses.</p>	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.

The Malus and Clawback provision has not been utilised within the last reporting period.

Annual report on remuneration continued

Implementation of Remuneration Policy for Executive Directors in 2026

Overview and policy development

The Directors' Remuneration Policy (the 'Policy') for our Directors was approved by shareholders at the AGM on 20 May 2025 and took effect from that date, in accordance with section 439A of the Companies Act 2006.

It is intended that approval of the Policy will be sought at three-year intervals, unless amendments to the Policy are required, in which case further shareholder approval will be sought; no changes are proposed for 2026. A copy of the Policy can be found on pages 90 – 102 in the 2024 Annual Report and Financial Statements or on our website. The Committee will consider annually how the Policy is operated to ensure it remains aligned with the business strategy and regulatory requirements.

Application of the Policy in 2026

The key elements of Executive Directors' remuneration for 2026 include salary, pension, benefits, and annual bonus. The Committee reviews the salaries of the Executive Directors on an annual basis, after considering any changes to the scope or responsibility of the role, the individual's development in the role, alignment with market-competitive levels, and consideration of the average salary increases made across the Bank. Pension may be delivered as a contribution to a defined contribution plan and/or as a cash allowance. A summary of the policy and its implementation in 2026 is set out on the next page.

Annual report on remuneration continued

Element of remuneration	Key features	Application in 2026
Salary	<p>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:</p> <ul style="list-style-type: none"> • 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. 	<p>Following a review by the Committee the following salaries will apply from April 2026</p> <p>No further increases of salary are scheduled until April 2027</p> <p>Daniel Frumkin – £1,050,000 – 11.3% increase</p> <p>Marc Page – £523,300 – 3% increase</p>
Benefits	The Executive Directors receive executive benefits including, life assurance and private medical insurance.	No change to approach
Pension	<p>Executive Directors receive a pension allowance worth 8% of salary, to align rates for the wider workforce.</p> <p>Paid as a cash allowance and/or contribution to a defined contribution plan.</p>	No change to approach
Annual bonus	<p>Determined by an assessment of the balanced scorecard outcome and personal performance.</p> <p>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.</p> <p>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.</p> <p>Minimum and maximum performance levels for each measure are defined in the balanced scorecard.</p> <p>Awards will, in conjunction with any Long Term Incentive Plan, be structured to meet the regulatory requirements on variable pay.</p>	<p>Maximum is 150% of salary</p> <p>Proposed measures are set below in the subsequent sections</p>
SVAP	<p>The participants in the SVAP will share in the growth in the value of the Company.</p> <p>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.</p> <p>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.</p> <p>The SVAP incentivises growth over the five-year period to 31 December 2029 and there will be three testing dates, on 31 December 2027, 31 December 2028 and 31 December 2029, when value can be realised in the Participant Value Pool.</p> <p>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.</p> <p>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.</p> <p>There will be no further awards under any other long-term incentive plan for the life of the current approved Directors' Remuneration Policy.</p>	<p>Having set the CFO's initial allocation at 0.5% recognising that he had only just joined the Bank, following the Bank's strong performance in 2025, the Committee approved a further 0.5% award to the CFO increasing his total allocation to 1% of the overall 5% Participant Value Pool</p>

Annual report on remuneration continued

2026 Annual Bonus balanced scorecard measures and weightings

The 2026 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
RoTE	5%	Financial	Disclosed retrospectively
Net interest margin	5%	Financial	Disclosed retrospectively
Cost	10%	Financial	Disclosed retrospectively
Sub-total (financial)	60%		
Risk and regulatory	20%	ESG	Disclosed retrospectively
– Regulatory compliance (qualitative)			
– Breaches of red limits for level 1 appetite metrics			
Customer including	10%	ESG	Disclosed retrospectively
– Customer satisfaction score			
– Good customer outcomes			
People including	10%	ESG	Disclosed retrospectively
– Colleague engagement			
– Diversity in leadership positions			
Total	100%		

Annual report on remuneration continued

Non-Executive Directors' remuneration

Non-Executive fee levels

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 2025, the Chair of the Board did not receive any additional fees for membership of Board committees. The annual fees remained unchanged during 2025 and are set out below, together with the relevant annual fees effective from 1 January 2026.

Role	Annual fee as at 1 January 2026 (£'000)		Annual fee as at 1 January 2025 (£'000)	
Chair of the Board	360.5		350	
Fee arrangements for other Non-Executive Directors				
Non-Executive Director – basic fee	75		65	
Senior Independent Director	30		30	
Designated NED for Colleague Engagement	10		17.5	
	Chair	2026 Member	Chair	2025 Member
Audit Committee	15	5	20	5
Nomination Committee	n/a	5	n/a	5
People and Remuneration Committee	10	5	15	5
Risk Committee	15	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		Taxable Benefits		Total	
	2025	2024	2025	2024	2025	2024
Robert Sharpe ¹	350,000	350,000	3,583	6,053	353,583	356,053
Catherine Brown	135,000	135,000	–	–	135,000	135,000
Paul Coby	83,327	500	–	–	83,327	500
Dorita Gilinski ²	–	–	–	–	–	–
Jaime Gilinski Bacal ²	–	–	–	–	–	–
Cristina Alba Ochoa ²	–	–	–	–	–	–
Paul Thandi ³	105,000	85,000	5,384	–	110,384	85,000
Michael Torpey ⁴	95,000	95,000	5,920	3,194	100,920	98,194
Nicholas Winsor	97,500	97,500	–	–	97,500	97,500

1. The Chair was reimbursed expenses for travelling to attend Board meetings or other events. If a tax liability arises on these including for any incidental personal use the Bank may pay for this. A forecast UK tax gross up of £2,932 will also be paid by the Bank following the end of the 2025-26 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. Paul Thandi was reimbursed expenses in respect of his NED duties 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 2025 amounted to £4,405.
4. 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 2025 amounted to £4,844.

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.

Annual report on remuneration continued

Role and focus of the People and 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 2025.

Committee activities	January	February	April	May	October	December
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						
Risk review/input and risk adjustment related activity	✓	✓				
Non-Executive Director expenses approach/fees					✓	✓
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, advisors				✓	✓	

In addition, the Committee met in January and February 2026 to consider (and, where appropriate, approve):

- the draft Directors' Remuneration Report
- Executive remuneration approach (Excluding Executive Directors)
- salary and fixed remuneration for Executive Directors and other management
- the extent to which any 2025 annual bonus performance measures had been satisfied, accompanied by the Chief Risk Officers Report and risk-adjustment process
- the extent to which 2023 LTIP performance measures had been satisfied.

Annual report on remuneration continued

Shareholder voting and consideration of shareholder views

At the Annual General Meeting on 20 May 2025, shareholders approved both the Directors' Remuneration Report published in the 2025 Metro Bank Annual Report and Financial Statements and a new Directors' Remuneration Policy, both receiving strong votes 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 2025	559,325,088	99.95	265,817	0.05	31,910
Metro Bank Holdings PLC Directors' Remuneration Policy – May 2025	524,506,788	93.73	35,082,812	6.27	31,783
Metro Bank Holdings PLC Share Value Alignment Plan	495,786,658	88.60	63,808,295	11.40	27,862

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.

We undertook engagement with shareholders as part of the development of the Remuneration Policy in 2025. We are grateful for the feedback and input received during this time.

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 the 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. In 2025, such updates were considered when setting pay for Directors. The salary for Executive Directors is limited by reference to colleague pay, and ahead of our annual reward review process, the Committee reviews 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 provide 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 per annum. People diversity in all its forms is a core element of our talent strategy and succession planning.

Directors' report

The Directors have the pleasure of presenting the Bank's Annual Report and Accounts for the year ended 31 December 2025. As set out fully in the summary of material 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 Governance Report set out on pages 47 to 103.

The Directors consider the Annual Report and Accounts for the year ended 31 December 2025, 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 2025 were the provision of banking and related services. We are a deposit-taking and lending institution with a focus on SME and commercial sectors, 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 148.

No dividend was declared or paid during 2025 (2024: £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 2025, our issued share capital was £673.29 comprising 673,292,488 ordinary shares of 0.0001p each. Further details of our called-up share capital, together with details of shares allotted and/or redeemed during the year, are shown in note 26 to the financial statements on page 174.

There are no restrictions on the transfer of our share capital and there are no shares or stock which carry specific rights with regard 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.

2026 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 51 to 53.

Directors who served on the Board during the year ended 31 December 2025 and up to the date of this report

	Appointment date	Resignation date
Robert Sharpe (Chair)	1 November 2020	—
Daniel Frumkin (CEO)	1 January 2020	—
Marc Page (CFO)	12 November 2024	—
Catherine Brown (Senior Independent Director)	1 October 2018	—
Catherine Doran (Independent Non-Executive Director)	1 January 2026	—
Cristina Alba Ochoa (Shareholder Nominated Non-Executive Director)	15 October 2024	—
Dorita Gilinski (Shareholder Nominated Non-Executive Director)	26 September 2022	—
Jaime Gilinski Bacal (Shareholder Nominated Non-Executive Director)	2 September 2024	—
Michael Torpey (Independent Non-Executive Director)	1 September 2019	—
Nicholas Winsor (Independent Non-Executive Director)	20 April 2020	31 May 2026
Paul Coby (Independent Non-Executive Director)	30 December 2024	—
Paul Thandi (Independent Non-Executive Director)	1 January 2019	—

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' interests

Details of the Directors' beneficial interests are set out in the Annual Report on Remuneration on page 89.

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 63.

Provisions on change of control

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 2025, 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.

Directors' report continued

	Ordinary shares held	% of total ordinary shares	Direct/ indirect interest
Spaldy Investments Limited	355,723,914	52.88%	Direct
Spruce House Partnership	68,000,000	10.10%	Direct
Davis Selected Advisers	9,191,516	5.33%	Indirect

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 24 March 2026, 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 above. All such shareholders have the right to vote in all circumstances at general meetings. The information provided above 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.

Greenhouse gas emissions

Our energy consumption and associated GHG emissions during 2025 are set out in the Strategic report on page 38.

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 59 and 61.

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 59 and 60.

Diversity

Our DE&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 DE&I for the Board can be found on our website at: [metrobankonline.co.uk](https://www.metrobankonline.co.uk).

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 70.

Disabled employees

We welcome applications from disabled candidates and assess people fairly, based on their skills and potential. We are committed to supporting disabled applicants and colleagues, exploring and making reasonable adjustments where needed, and ensuring fair access to development, training, and promotional opportunities so everyone has the opportunity to thrive.

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 2025 can be found on page 25. 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](https://www.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 104 to 138. Details around the processes in place in relation to financial reporting can be found in the Audit Committee report on pages 64 to 67. 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.

Directors' report continued

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 45 to 46.

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 2026 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 2025 (2024: £nil).

Research and development

During the year, we spent £45.4 million on intangible assets and a further £8.7 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 108 to 128 and in note 10 to the financial statements.

Listing Rules disclosures

For the purposes of LR 6.6.1, the information required to be disclosed by LR 6.6.1 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 Governance report is set out on pages 47 to 103 in accordance with Rule 7.2 of the DTR and Rule 6.6.6 (5) and (6) of the Listing Rules and forms part of this Directors' report.

Exercisability of rights under an employee share scheme

An Employment Benefit Trust (EBT) operates in connection with certain of the Group's Employee Share Plans (Plans). The trustees of the EBT may exercise all rights attached to the shares in accordance with their fiduciary duties, other than as specifically restricted in the documents governing the Plans. The trustees of the EBTs have informed the Company that their normal policy is to abstain from voting in respect of the Metro Bank shares held in trust. The trustees of the EBT may vote in respect of Metro Bank shares held in the EBT, but only as instructed by participants in those Plans in respect of their vested shares. The trustees will not otherwise vote in respect of shares held in trust.

The normal policy of the EBT is to waive its right to dividends for unvested shares held in trust.

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:

Directors' report continued

- 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
- 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 and the Directors' Remuneration report 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, 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.

Each of the Directors, whose names and functions are listed in the Governance report on pages 51 to 53 of the Annual Report and Accounts 2025 confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group
- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

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
- 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.

By Order of the Board.

Clare Gilligan

Company Secretary
15 April 2026

Risk report

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Relationship Story – Fortem Financial Management
Fortem, a personal-finance business, has been a Metro Bank customer since 2017.

“Metro Bank has a customer-service ethos that perfectly matches how we work as a business. It was a breath of fresh air to open a new business account and have a personal contact. The ability to speak to my Local Business Manager, Mario – by phone or in-store – is so important to me and the way that I run my business.”
- Kevin White, Director at Fortem



Scan and click to view our case study on Fortem Financial Management Ltd online at:
www.metrobankonline.co.uk/business/customer-stories/a-shared-culture-of-giving-back/

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:



Risk management process

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.

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 principles 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

Risk management framework			
	First line	Second line	Third line
	Take, own and manage risk	Set risk policy, oversee and monitor	Validate and assure
Roles and responsibilities	<ul style="list-style-type: none"> • conduct business in line with agreed strategy, risk appetite and limits • own and manage risks in line with agreed risk frameworks, policies and standards • design, implement, and maintain effective controls to mitigate risks • undertake self-testing against policies and standards to verify the effectiveness of controls • report/escalate to executive management. 	<ul style="list-style-type: none"> • establish and communicate the risk management framework, governance structure, policies, methodologies and tools • facilitate the development of risk appetite and limits with input from senior management • advise the first line on risk management practices and regulatory requirements • monitor first line adherence to policy and operation in line with risk appetite via oversight and independent testing • report/escalate to executive management and the Board. 	<ul style="list-style-type: none"> • provide independent assurance on governance, risk management, and control effectiveness • assess against regulatory developments and leading practices • report to the Board on the effectiveness of the first and second lines • evaluate risk culture and tone from the top as part of assurance activities.
Risk governance committees	<ul style="list-style-type: none"> • Executive Committee • Business Risk Committee. 	<ul style="list-style-type: none"> • Risk Oversight Committee • Executive Risk Committee • Other Executive-level risk committees. 	<ul style="list-style-type: none"> • Audit Committee.

Risk report continued

Board			
Sets risk appetite and strategy			
<ul style="list-style-type: none"> sets our strategy, corporate objectives and risk appetite. 	<ul style="list-style-type: none"> ensures an adequate framework is in place for reporting and managing risk. 	<ul style="list-style-type: none"> maintains an appropriate control environment to manage risk effectively. 	<ul style="list-style-type: none"> ensures capital, liquidity and other resources are adequate to achieve our objectives within risk appetite.
Risk Oversight Committee (ROC)			
Oversees risk governance and management			
<ul style="list-style-type: none"> recommends risk appetite statement measures to the Board. 	<ul style="list-style-type: none"> reviews risk exposures in relation to the risk appetite. 	<ul style="list-style-type: none"> reviews risk frameworks and policies, and approves or recommends to the Board for approval. 	<ul style="list-style-type: none"> monitors the effectiveness of risk management processes and procedures put in place by management.
Audit Committee			
Oversees financial reporting			
<ul style="list-style-type: none"> reviews our annual and half-year financial statements and accounting policies. 	<ul style="list-style-type: none"> reviews the effectiveness of the internal audit, audit controls, whistleblowing and fraud systems in place. 	<ul style="list-style-type: none"> advises on the appointment of external auditors. 	<ul style="list-style-type: none"> 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			
<p>Executive Risk Committee (ERC)</p> <ul style="list-style-type: none"> 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. 	<p>Asset and Liability Committee (ALCO)</p> <ul style="list-style-type: none"> 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. 	<p>Credit Approval Committee (CAC)</p> <ul style="list-style-type: none"> approves higher value lending requests. 	<p>Impairment Committee (ICOM)</p> <ul style="list-style-type: none"> 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 tolerate in pursuit of our business objectives. Our risk appetite is expressed through qualitative statements that communicate the Board's tolerance for risk and provide clarity on the activities with which the Board is comfortable. These statements set the boundaries within which we operate, promoting good customer outcomes and protecting the Bank from excessive exposures. They are reviewed at least annually and supported by quantitative metrics that inform strategies, targets, policies, procedures, and 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 assessments of the adequacy of responses. Business areas supplement this monitoring with additional indicators that remain within the overall Board-approved limits. Our overall risk appetite statement is set out below.

Overall risk appetite statement

The Bank has a clear goal: to empower colleagues and communities with a human approach to banking, 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

The risk of financial loss should our borrowers or counterparties fail to fulfil their contractual obligations in full and on time.

Risk appetite statement

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 corporate and 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 corporate and commercial.

Credit risk measurement and management

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, 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 corporate and 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 2025 has been undertaken in line with our Impairment Policy.

All models are subject to independent validation and are overseen by 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 the Executive Risk Committee (ERC). Individual impairments for defaulted corporate and 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.

Financial risks continued

IFRS 9 staging and ECL recognition

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 both corporate and commercial and retail financial instruments 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 corporate and commercial financial instrument has additional 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 179 to 189.

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. Unlikelihood 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 3 months is implemented before transferring a financial instrument from Stage 3.

Credit exposure summary

The following provides an overview of the performance of our portfolios during 2025. Total loans and advances to customers have decreased in 2025 by £211 million from £9.2 billion to £9.0 billion. The reduction reflects the sale of unsecured personal loans, partially offset by increases in corporate and commercial.

Table 1: Total expected credit losses by portfolio (audited)

Group	31 December 2025			31 December 2024		
	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million
Retail mortgages	4,940	(16)	4,924	5,145	(15)	5,130
Consumer lending	114	(67)	47	745	(108)	637
Corporate and commercial lending	3,939	(87)	3,852	3,314	(68)	3,246
Total loans and advances to customers	8,993	(170)	8,823	9,204	(191)	9,013

Table 2: Total portfolio credit performance

Group	31 December 2025	31 December 2024
Coverage ratio (including Stage 3) ¹	1.89%	2.07%
% loans in Stage 2	8%	11%
% loans in Stage 3	5%	5%
90+ days past due	3%	3%

1. Ratios are calculated using underlying figures.

During 2025, our consumer lending portfolio reduced by £631 million, driven by the sale of the unsecured personal loan book in the first half of the year. The retail mortgages portfolio reduced by £205 million and the corporate and commercial portfolio increased by £625 million. ECL and coverage ratio reduced during the year driven by the unsecured personal loan book sale and partially offset by corporate and commercial portfolio growth.

Financial risks continued

Non-performing loans

The below table provides information on Non-Performing Loans (NPLs) by portfolio.

Table 3: Non-performing loans

Group	31 December 2025		31 December 2024	
	NPLs £million	NPLs ratios ¹	NPLs £million	NPLs ratios
Retail mortgages	220	4.45%	203	3.95%
Consumer	74	64.91%	97	13.02%
Corporate and commercial	168	4.27%	204	6.16%
Total	462	5.14%	504	5.48%

1. Ratios are calculated using underlying figures.

NPLs decreased to £462 million (31 December 2024: £504 million), with the overall NPL ratio decreasing to 5.14% (31 December 2024: 5.48%). The NPL ratio for mortgages has increased to 4.45% (31 December 2024: 3.95%). This is driven by both a reduction in the overall size of the portfolio and new defaults, the majority of which is due to unlikeliness to pay indicators with some 90+ days arrears. The NPLs for consumer have decreased to £74 million (31 December 2024: £97 million) with the NPL ratio increasing to 64.91% (31 December 2024: 13.02%). The NPL ratio increase is driven by the sale of the unsecured personal loan book. NPLs have decreased for corporate and commercial to 4.27% (31 December 2024: 6.16%) due to successful BBLS claims, repayments and portfolio growth.

Expected credit loss

Expected credit loss (ECL) has reduced during the year by £21 million to £170 million at 31 December 2025 (31 December 2024: £191 million) predominantly driven by the unsecured personal loan book sale and other debt sales, which was partially offset by corporate and commercial portfolio growth, with cost of risk increasing from a low base in December 2024. The Bank holds overlays that reflect risks not fully accounted for in the models. More details of overlays held can be found on pages 179 to 184.

Cost of risk

The below table 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 4: Cost of risk¹

Group	31 December 2025	31 December 2024
Retail mortgages	0.04%	(0.03%)
Consumer ²	(2.80%)	0.71%
Corporate and commercial	0.66%	(0.01%)
Total	0.16%	0.06%

1. Percentages are calculated using underlying figures.

2. The average balance underpinning the cost of risk calculation includes the unsecured personal loan portfolio sold in H1.

The overall cost of risk (CoR) has increased driven by corporate and commercial portfolio growth partially offset by the run-off of the personal loans and credit cards portfolios in consumer. The CoR increased marginally in the second half of the year owing to the sale of the £584 million unsecured personal loan portfolio.

Financial risks continued

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 5: Credit risk exposure, by IFRS 9 12-month PD rating and stage allocation (audited)

31 December 2025												
All portfolios	IFRS 9 PD range %	Gross carrying amount £'million					Loss allowance £'million					ECL coverage ¹ %
		Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
Band 1	0.00 – 3.00	7,312	372	–	–	7,684	27	3	–	–	30	0.39%
Band 2	3.00 – 17.00	502	257	–	–	759	4	10	–	–	14	1.84%
Band 3	17.00 – 99.99	5	84	–	–	89	1	5	–	–	6	6.74%
Band 4	100	–	–	462	(1)	461	–	–	121	(1)	120	26.03%
Total	–	7,819	713	462	(1)	8,993	32	18	121	(1)	170	1.89%

31 December 2024												
All portfolios	IFRS 9 PD range %	Gross carrying amount £'million					Loss allowance £'million					ECL coverage ¹ %
		Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
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%

1. Ratios are calculated using underlying figures.

The information in the tables above have been presented at a total bank level including BBLS.

Overall, there has been an increase in Band 1 proportions which is mainly driven by new business in Band 1, as well as Band 2 and 3 reducing due to the sale of the unsecured personal loan book and some BBLS migrations from Band 3 to Band 2.

Financial risks continued

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 in note 30.

Table 6: Stage 2 balances

Group	31 December 2025 £'million		31 December 2024 £'million	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Quantitative	662	14	836	18
Qualitative	36	3	105	6
30 days past due backstop	15	1	37	5
Total Stage 2	713	18	978	29

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 2025, with the quantitative SICR criteria remaining the primary driver. The reduction mainly reflects the sale and run off of the unsecured personal loan book. As of 31 December 2025, 93% (31 December 2024: 85%) of Stage 2 balances triggered quantitative SICR criteria, 5% (31 December 2024: 11%) triggered qualitative SICR and the remaining 2% (31 December 2024: 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

Group	31 December 2025	31 December 2024
Loans and advances £'million	4,940	5,145
Loss allowance £'million	16	15
Coverage ratio	0.32%	0.29%
% loans in Stage 2	10%	11%
% loans in Stage 3	4%	4%
90+ days past due	2%	2%

Mortgage balances have reduced during 2025 to £4,940 million (31 December 2024: £5,145 million) as a result of run-off of our legacy portfolios.

Portfolio average debt to value (DTV) has increased by 1% to 60% at 31 December 2025 (31 December 2024: 59%) due to reductions in house prices.

Portfolio arrears have stabilised following the impacts of cost of living and interest rate rises seen in recent years. Early arrears cases (>1 to < 3 months in arrears) have decreased by 0.32% to 1.21% at 31 December 2025 (31 December 2024: 1.55%). Accounts that are 3 or more months in arrears have increased modestly by 0.23% from 2.22% at 31 December 2024 to 2.45% at 31 December 2025. Portfolio arrears are elevated due to the £2.5 billion asset sale of performing loans in 2024 and the impacts of the historical acquired portfolios. The acquired portfolios were not written under Metro Bank credit policy and criteria and do not represent similar credit profiles to organic lending. Overall, 62% of the portfolio is now on interest rates >4%.

Retail Mortgage new lending has continued to be of good quality during 2025. The average LTV was 70% (31 December 2024: 69%) and the proportion of lending with an LTV over 90% was only 2.7%. The proportion of new lending that is buy-to-let increased to 29% from 18% in 2024 in line with our strategy. The Limited Company buy-to-let product was launched in 2024 and now makes up 65% of buy-to-let lending. Near Prime lending has continued to make up a small proportion of new lending (2025: 2.4%) and contributes a small proportion of the portfolio (31 December 2025: 1.1%).

Impairment

The ECL allowance increased to £16 million in 2025 (31 December 2024: £15 million), with coverage rising to 0.32% (31 December 2024: 0.29%) due to the Bank's transition to a specialist mortgage provider, lower HPI, deteriorated macroeconomic forecasts, and additional defaults crystallising from customers whose interest rates have reset.

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 £2.6 billion (31 December 2024: £2.7 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. Table 8 shows the amounts of the retail mortgage portfolio that are subject to either interest only, or capital and interest payments.

Financial risks continued

Table 8: Retail mortgage lending by repayment type (audited)

Repayment type	31 December 2025 £'million			31 December 2024 £'million		
	Retail Owner Occupied	Retail BTL	Total	Retail Owner Occupied	Retail BTL	Total
Interest only	1,180	1,378	2,558	1,330	1,398	2,728
Capital and interest	2,320	62	2,382	2,362	55	2,417
Total	3,500	1,440	4,940	3,692	1,453	5,145

Geographic exposure

The geographic distribution of our retail mortgages customer balances is set out below. 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)

Region	31 December 2025 £'million			31 December 2024 £'million		
	Retail Owner Occupied	Retail BTL	Total	Retail Owner Occupied	Retail BTL	Total
Greater London	1,211	776	1,987	1,324	808	2,132
South East	919	286	1,205	975	283	1,258
South West	299	66	365	313	63	376
East of England	364	115	479	379	114	493
North West	156	47	203	155	44	199
West Midlands	147	53	200	154	47	201
Yorkshire and the Humber	117	25	142	107	25	132
East Midlands	103	42	145	104	40	144
Wales	65	12	77	67	13	80
North East	34	7	41	34	7	41
Scotland	85	11	96	80	9	89
Total	3,500	1,440	4,940	3,692	1,453	5,145

Collateral

Table 10 shows the distribution of the retail mortgage portfolio by DTV. The portfolio DTV profile has increased slightly during 2025 due to house price reductions.

Table 10: Retail mortgage lending by DTV (audited)

	31 December 2025 £'million			31 December 2024 £'million		
	Retail Owner Occupied	Retail BTL	Total	Retail Owner Occupied	Retail BTL	Total
Less than 50%	1,140	212	1,352	1,282	263	1,545
51-60%	489	182	671	601	210	811
61-70%	603	394	997	611	417	1,028
71-80%	771	628	1,399	761	543	1,304
81-90%	438	23	461	397	16	413
91-100%	58	-	58	39	3	42
More than 100%	1	1	2	1	1	2
Total	3,500	1,440	4,940	3,692	1,453	5,145

Portfolio level analysis – consumer

Table 11 summarises key credit performance metrics for the consumer lending portfolio.

Table 11: Consumer credit performance

	31 December 2025	31 December 2024
Loans and advances £'million	114	745
Loss allowance £'million	67	108
Coverage ratio ¹	58.77%	14.43%
% loans in Stage 2	3%	20%
% loans in Stage 3	65%	13%
90+ days past due	61%	12%

1. Ratios are calculated using underlying figures.

Portfolio and credit risk profile

Consumer balances have reduced to £114 million as at 31 December 2025 (31 December 2024: £745 million) as a result of the £584 million asset sale of RateSetter loans, rundown of the credit card and other legacy portfolios and modest new lending within the overdraft portfolio. Increases in arrears rates and non-performing loans rates are due to the asset sale, portfolio rundown and of very low levels of write-offs. New lending credit quality in 2025 remained strong for overdrafts with application scores remaining stable.

Financial risks continued

Impairment

The total ECL coverage position for consumer has increased to 58.77% in line with increases in the arrears and non-performing loan percentages. These are all as a result of the asset sale and run-off of the credit card and other legacy portfolios.

Portfolio level analysis – corporate and commercial

Table 12 summarises key credit performance metrics for the commercial portfolio.

Table 12: corporate and commercial credit performance

	31 December 2025	31 December 2024
Loans and advances £'million	3,939	3,314
Loss allowance £'million	87	68
Coverage ratio ¹	2.21%	2.06%
% loans in Stage 2	5%	7%
% loans in Stage 3	4%	6%
90+ days past due	2%	2%

1. Ratios are calculated using underlying figures.

Table 13: Summary of corporate and commercial lending

	31 December 2025 £'million	31 December 2024 £'million
Professional buy-to-let	177	283
Bounce back loans	185	346
Coronavirus business interruption loans	18	47
Recovery Loan Scheme	166	260
Core corporate and commercial lending	2,363	1,599
Corporate and commercial term loans	2,909	2,535
Overdrafts and revolving credit facilities	221	220
Credit cards	10	7
SME Asset Finance Ltd and SME Invoice Finance Ltd	799	552
Total corporate and commercial lending	3,939	3,314

Portfolio and credit risk profile

Our corporate and commercial portfolio remains largely composed of term loans secured against property and Government-backed lending. In addition, corporate and commercial lending includes facilities secured by other forms of collateral (such as debentures and guarantees), and SME Asset Finance Ltd and SME Invoice Finance Ltd.

Our corporate and commercial balances have increased from £3,314 million to £3,939 million during 2025 reflecting our growth strategy. The corporate and commercial lending portfolio remains predominantly term lending which is described below. We have also grown our SME Asset Finance Ltd lending in line with strategy. Our SME Asset Finance Ltd team provides lending to businesses and high net worth individuals, mainly secured against wheeled road vehicles and construction plant.

Corporate and 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 2025, which is reflected in the reduction in the proportion of lending balances in IFRS 9 Stage 2 and 3. The proportion of lending balances in Stage 2 has improved from 7% to 5% driven predominantly by accounts being repaid or moving back to good book and increased Stage 1 balances from new lending. The proportion of lending balances in Stage 3 has also decreased from 6% to 4% in 2025 driven by repayments, BBLs claims and portfolio growth. Close customer management is key to identifying issues and supporting our customers.

Impairment

The ECL allowance has increased to £87 million as at 31 December 2025 (31 December 2024: £68 million) with coverage increasing to 2.21% (31 December 2024: 2.06%). Stage 3 balances as a proportion of the total book have reduced, with the coverage ratio on residual Stage 3 assets increasing. The increase in Stage 3 ECL cover has been offset by an improved staging profile and reduction in ECL coverage required across our Stage 1 population. In addition, the mix of the book is changing as Government-backed lending and our professional buy-to-let lending reduces. The proportion of corporate and commercial lending in Stage 2 has reduced to 5.4% (31 December 2024: 7.3%) as a percentage of total balances due to a reduction in BBLs and an increased volume of new lending.

Our corporate and commercial portfolio consists predominately of SME lending which is reflected in the coverage. The operating environment continues to be challenging and corporate and commercial customers may be impacted by 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 corporate and commercial loans has remained flat at 30% of total corporate and commercial term loans in 2025 (31 December 2024: 30%).

Table 14: Corporate and commercial term lending – excluding BBLs by repayment type (audited).

	31 December 2025 £'million			31 December 2024 £'million		
	Professional buy-to-let	Other term loans	Total	Professional buy-to-let	Other term loans	Total
Interest only	172	650	822	270	393	663
Capital and interest	5	1,897	1,902	13	1,513	1,526
Total	177	2,547	2,724	283	1,906	2,189

Geographic exposure

Table 15 summarises the geographic distribution of the corporate and commercial term loans portfolio excluding BBLs. 59% of corporate and commercial term loans are to companies in London and the South East (31 December 2024: 63%), which reflects the historical concentration of our store network. We have seen some diversification away from London and the South East during 2025 due to new lending.

Table 15: Corporate and commercial term lending – excluding BBLs by geographic exposure (audited)

	31 December 2025 £'million			31 December 2024 £'million		
	Professional buy-to-let	Other term loans	Total	Professional buy-to-let	Other term loans	Total
Greater London	100	1,025	1,125	181	813	994
South East	42	442	484	48	334	382
South West	7	122	129	10	90	100
East of England	10	224	234	20	200	220
North West	4	101	105	7	115	122
West Midlands	3	273	276	3	185	188
Yorkshire and the Humber	2	56	58	2	11	13
East Midlands	5	64	69	6	55	61
Wales	2	24	26	2	4	6
North East	1	71	72	2	73	75
Northern Ireland	1	1	2	1	1	2
Scotland	–	67	67	–	3	3
National	–	77	77	1	22	23
Total	177	2,547	2,724	283	1,906	2,189

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 corporate and commercial real estate and professional buy-to-let. The following table shows the distribution of the corporate and commercial portfolio across business sectors.

Financial risks continued

Table 16: Corporate and commercial term lending – excluding BBLs by sector exposure (audited)

	31 December 2025 £'million			31 December 2024 £'million		
	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)	177	486	663	283	414	697
Hospitality	–	736	736	–	442	442
Health & social work	–	584	584	–	430	430
Legal, accountancy & consultancy	–	254	254	–	207	207
Retail	–	208	208	–	122	122
Real estate (develop)	–	14	14	–	14	14
Recreation, cultural & sport	–	74	74	–	82	82
Construction	–	24	24	–	36	36
Education	–	7	7	–	13	13
Real estate (management of)	–	4	4	–	5	5
Investment & unit trusts	–	48	48	–	6	6
Other	–	108	108	–	135	135
Total corporate and commercial term lending	177	2,547	2,724	283	1,906	2,189

Collateral

DTV is calculated for property and cash backed lending in corporate and commercial. As of 31 December 2025, 74% of 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 rather than property collateral. 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 2025 was 22% (31 December 2024: 20%). The following table shows the distribution of the corporate and commercial portfolio DTV.

Table 17: Corporate and commercial term lending – excluding BBLs by DTV (audited)

	31 December 2025 £'million			31 December 2024 £'million		
	Professional buy-to-let	Other term loans	Total commercial term loans	Professional buy-to-let	Other term loans	Total commercial term loans
Less than 50%	44	728	772	81	578	659
51 to 60%	22	353	375	39	414	453
61 to 70%	34	680	714	59	275	334
71 to 80%	43	112	155	64	65	129
81 to 90%	33	55	88	38	82	120
91 to 100%	1	10	11	1	45	46
More than 100%	–	609	609	1	447	448
Total	177	2,547	2,724	283	1,906	2,189

Government-backed lending

The table below summarises Government-backed lending.

Table 18: Government-backed lending

	31 December 2025			
	No. of loans	Drawn balance £'million	Average loan amount £'million	% of total business lending
Bounce Back Loan Scheme	16,135	£185	£0.01	6.3%
Coronavirus Business Interruption Loan Scheme	151	£18	£0.12	0.6%
Recovery Loan Scheme ¹	1,036	£166	£0.16	5.5%
Total Government-backed lending	17,322	£369	£0.02	12.5%
	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%
Recovery Loan Scheme ¹	1,174	£260	£0.22	10.0%
Total Government-backed lending	20,686	£657	£0.03	25.1%

1. Recovery loan scheme includes £28 million acquired from third parties under forward flow arrangements (31 December 2024: £45 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).

Financial risks continued

Undrawn commitments

At 31 December 2025, we had undrawn facilities granted to retail and corporate and commercial customers of £1,041 million (31 December 2024: £881 million).

As part of our retail and corporate and commercial operations, this includes commitments of £254 million (31 December 2024: £241 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.

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 2025, we held £4.2 billion (31 December 2024: £4.5 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)

Group	31 December 2025 £'million			31 December 2024 £'million		
	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	2,964	156	3,120	3,176	227	3,403
AA- to AA+	978	62	1,040	937	150	1,087
Total Assets	3,942	218	4,160	4,113	377	4,490

We have a robust securities investment policy which requires us to invest in high-quality liquid debt instruments. At 31 December 2025, 75% of our investment securities were rated as AAA (31 December 2024: 76%) with the remainder rated AA- or higher, the majority of which comprises UK gilts.

Additionally, we hold £2.2 billion (31 December 2024: £2.8 billion) in cash balances, which is either held by ourselves or at other central banks.

Response

We remain well positioned to support the Bank's growth strategy with a robust framework in place that controls 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. These limits, which are set at total portfolio and product level, 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 the risk appetite. Where appropriate for new lending types we continue to refine and enhance this framework and its supporting policies to enable sustainable growth aligned to the Bank's strategy.

The 2025 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.

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. 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 through 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 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 an automated decision engine approach. Independent oversight is provided by the Credit Risk function, and includes independent underwriting of corporate and commercial lending, monitoring of performance against limits, ongoing portfolio monitoring, and regular portfolio reviews.

We have climate change risk management capabilities in place and have policies that outline prohibited corporate and 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.

This robust framework continues to support the delivery of our strategy as we deliver growth in corporate and commercial and specialist mortgage lending.

Financial risks continued

Mitigation

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 utilise statistically robust models to assess retail credit risk, and employ specialist expert underwriters in our assessments of our corporate and commercial customers and categorise customer risk as part of our Closer Monitoring and Early Warning List as described above. 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 corporate 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 2025, 85% (31 December 2024: 80%) of our loans consisted of retail mortgages and corporate and commercial term loans, with average debt to value of 60% (31 December 2024: 59%) and 67% (31 December 2024: 56%) 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. 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 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.

Corporate and 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 and 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, Managing Director Retail and Business Banking, and Chief Customer 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 framework, 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 corporate and commercial credit proposals and renewals of loan facilities
- developing and overseeing retail arrears management strategies

Financial risks continued

- managing corporate and commercial recoveries strategy and activities
- ensuring appropriate IFRS 9 credit provisions are held
- monitoring and reporting credit risk performance.

Monitoring

The Credit Risk function monitors the risk profile using a broad range of risk metrics, reporting against risk appetite limits and 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 capital.

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 segments of the portfolio which may be susceptible to or indicative of increased levels of risk, and which are crucial to our strategy. 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 the Executive Risk Committee (ERC) and Risk Oversight Committee (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.

Corporate and commercial customers are also monitored through our Closer Monitoring and Early Warning List. The objective is to identify the potential risks at an individual level before they materialise and mature. Customers are categorised into one of four categories. The first is 'closer monitoring', followed by Early Warning List categories one to three. Closer Monitoring and Early Warning List categories support IFRS 9 stage classification.

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 overall approach to credit risk management, level of provisions and portfolio shape continues to support the Bank's strategy for growth in 2026. 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 continue to develop our product offering, we will review our credit risk policies, processes and controls to ensure that these remain appropriate for the balance sheet and support sustainable growth.

Capital risk

Risk definition

Capital risk is the risk that the Bank fails to meet minimum regulatory capital requirements. Management of capital is essential to the Bank in the prudent management of its balance sheet, ensuring its resilience under stress and maintaining the confidence of its current and potential creditors (including bondholders, 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 regulatory capital requirements as communicated by the regulator, with a buffer to include the amount of capital identified as required through the Bank's ICAAP. The Bank will utilise 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 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 focus towards corporate and commercial lending, it is not intended to resubmit to the PRA a change to the advanced internal-ratings based approach (AIRB). The Bank 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.

Financial risks continued

Table 20: Capital requirements

	31 December 2025		31 December 2024	
	CET1	Total capital	CET1	Total capital
Pillar 1	4.5%	8.0%	4.5%	8.0%
Pillar 2A	1.2%	1.2%	0.2%	0.4%
Total capital requirement	5.7%	9.2%	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)	10.2%	13.7%	9.2%	12.9%

Risk-weighted assets

Our RWAs increased in 2025 to £6,711 million (31 December 2024: £6,442 million).

Table 21: RWAs

	2025 £'million	2024 £'million
Credit risk	5,947	5,703
Operational risk	759	720
Counterparty credit risk	5	19
Total risk-weighted assets	6,711	6,442

Response

Capital risk management

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.

2025 saw the Bank strengthen its capital position with capital optimisation actions to support strategic growth. The successful AT1 debt issuance in Q1 supported a total capital position at year end of 18.4% (31 December 2024: 14.9%). CET1 levels were bolstered by the sale of loans to allow growth in commercial lending and reflects the proactive steps taken to effectively manage our capital position.

Capital is a core component of our planning and forecasting processes, which include the creation of our budget and Long Term Plan. These activities establish our projected capital position over the planning horizon and are further assessed through ICAAP scenarios which consider the full scale of risks to capital and support informed judgments on those risks, the adequacy of capital held, and the strength of our overall capital management approach.

Management actions to preserve capital are identified and applied where relevant to those scenarios. The current and forecast capital position is monitored through ALCO and ExCo and reported to ROC and the Board, supported by regular reporting of actual and updated forecast capital levels and sensitivities, which are assessed against our risk appetite for capitalisation.

Further details on this process are set out in our Viability statement on page 45 to 46.

Sustainable profit growth

The sustainable generation of additional capital through the accumulation of profits is the Bank's main long-term risk management approach. 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.

Raising of additional capital

We successfully raised capital in Q1 2025 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.

Financial risks continued

Monitoring and 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 and made enhancements to our control environment to ensure we are continuing to produce accurate and reliable capital reporting.

Our capital resources position for the holding company as at 31 December 2025 is summarised below:

Table 22: Regulatory capital (audited)

	31 December 2025 £'million	31 December 2024 £'million
Share capital and premium	146	144
Retained earnings	1,075	1,022
Other reserves	21	17
Intangible assets	(143)	(126)
Other regulatory adjustments ¹	(259)	(249)
CET1 capital	840	808
Other equity instruments	242	–
Total Tier 1 capital	1,082	808
Debt securities (Tier 2)	150	150
Total Tier 2 capital	150	150
Total regulatory capital	1,232	958

1. Other regulatory adjustments includes the adjustment relating to deferred tax assets recognised in 2024.

Table 23: Key regulatory metrics and ratios

	31 December 2025	31 December 2024
CET1 ratio	12.5%	12.5%
Tier 1 ratio	16.1%	12.5%
Total capital ratio	18.4%	14.9%
Total capital plus MREL ratio	26.1%	23.0%
Leverage ratio	7.8%	5.6%

Future focus

Capital landscape

As set out in our operating environment on pages 5 to 6, the regulatory environment in which we operate continues to evolve. Consequently a core component of our capital risk thinking involves horizon scanning for prudential developments, to ensure we continue to monitor potential future capital impacts and anticipate appropriate capital resources.

Strategic focus

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 is managed at a commensurate speed to allow for profit growth to support sustainable capital level. This may be supplemented by opportunistic capital market transactions to help ensure capital levels remain strong and sustainable.

Basel 3.1

In January 2026, the PRA published the final policy statement and rules covering the implementation of Basel 3.1. The timeline for implementation of the rules has been confirmed as 1 January 2027 and we continue to prepare towards this deadline. Based on our current balance sheet lending profile, the RWA impact has been estimated as broadly neutral.

Resolvability regime

The Bank of England confirmed the Bank's preferred resolution strategy from 1 January 2026 will be transfer, with MREL set equal to minimum capital requirements.

Financial risks continued

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.

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.

Response

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.

Deposits remain our primary source of balance sheet funding and subsequent source of liquidity risk as we seek service-led core deposits which are less sensitive to competition within the deposit market. At 31 December 2025, 51% of our deposits came from corporate and commercial customers (31 December 2024: 46%) with the remaining 49% (31 December 2024: 54%) coming from retail customers. Additionally, 44% of deposits at year end (31 December 2024: 40%) were in the form of current accounts, with the remainder split between a combination of instant access and fixed-term savings products, stable and less price sensitive.

Monitoring and 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.

In order to appropriately assess and manage our liquidity and funding resources, we run an Internal Liquidity Adequacy Assessment Process (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.

Financial risks continued

The Treasury function has responsibility for our compliance with liquidity policy, regulatory requirements and strategy. We have a dedicated Prudential Risk team who independently monitor our liquidity and funding risk including ensuring compliance with the policies we have developed.

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 2025, our liquidity coverage ratio was 306% (31 December 2024: 337%) and our net stable funding ratio was 161% (31 December 2024: 169%).

Table 24: Contractual 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.

Group	31 December 2025								Total £'million
	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	
Cash and balances at Bank of England	2,185	2,185	—	—	—	—	—	—	2,185
Loans and advances to customers	8,823	—	494	421	735	4,163	10,129	537	16,480
Investment securities	4,160	—	226	305	1,162	2,281	681	99	4,754
Total financial assets		2,185	720	726	1,897	6,444	10,810	636	23,418
Other assets	1,307	—	—	—	—	—	—	1,307	1,307
Total assets	16,474	2,185	720	726	1,897	6,444	10,810	1,943	24,725
Deposits from customers	(13,445)	(12,681)	(168)	(209)	(254)	(84)	—	(54)	(13,449)
Deposits from central banks	(400)	—	(8)	(4)	(7)	(59)	(408)	—	(485)
Debt securities ¹	(926)	—	(17)	(42)	(60)	(1,193)	—	—	(1,312)
Repurchase agreements	(73)	—	(80)	—	—	—	—	—	(80)
Lease liabilities	(185)	—	(5)	(5)	(9)	(93)	(165)	—	(276)
Other liabilities	(204)	—	—	—	—	—	—	(204)	(204)
Total financial liabilities		(12,681)	(278)	(259)	(330)	(1,429)	(573)	(257)	(15,806)
Capital	(1,242)	—	—	—	—	—	—	(1,242)	(1,242)
Total liabilities	(16,474)	(12,681)	(278)	(259)	(330)	(1,429)	(573)	(1,499)	(17,048)
Derivative cash flows		—	1	2	4	9	—	—	
Cumulative liquidity gap		(10,496)	(10,052)	(9,583)	(8,013)	(2,988)	7,248		

1. Includes AT1.

Financial risks continued

Group	31 December 2024								Total £'million
	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	
Cash and balances at 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

Market risk

Risk definition (audited)

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:

Earnings 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.

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. The balances set out in the analysis do not reconcile with the carrying amounts as disclosed in the consolidated balance sheet. The difference arises primarily from a principal only basis, treatment of arrears, ECL, and accrued interest for interest rate purposes.

Financial risks continued

Table 25: Behavioural repricing balance sheet

	31 December 2025						Total £'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	Non-interest bearing £'million	
Cash and balances at central banks	2,129	–	–	–	–	55	2,184
Loans and advances to customers	3,789	510	990	3,558	74	–	8,921
Investment securities	1,811	201	946	778	544	–	4,280
Other assets	–	–	–	–	–	1,089	1,089
Total assets	7,729	711	1,936	4,335	619	1,144	16,475
Deposits from customers	(6,703)	(530)	(900)	(5,297)	–	–	(13,430)
Deposits from BoE and Repos	(473)	–	–	–	–	–	(473)
Debt	–	–	–	(925)	–	–	(925)
Other	–	–	–	–	–	(412)	(412)
Shareholders' funds	(15)	(16)	(31)	(247)	–	(925)	(1,234)
Total liabilities	(7,191)	(546)	(931)	(6,469)	–	(1,337)	(16,474)
Interest rate derivatives	(1,323)	(85)	(202)	1,810	(200)	–	–
Interest rate sensitivity gap	(785)	80	803	(324)	419	(193)	–
Cumulative gap	(785)	(705)	98	(226)	193	–	–

Financial risks continued

	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 26 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 ¹ £'million
At 31 December 2025	(4.0)	3.1
At 31 December 2024	19.3	(19.9)

1. Sensitivities based on static balance sheet with rate changes passed in in full and assuming no specific product floors

Foreign exchange exposure

Foreign currency denominated assets and liabilities are matched off closely in each of the currencies we operate, and we eliminate our FX exposure as far as practical on a daily basis to an immaterial amount, well within the 2% threshold of our capital base. We offer business current accounts in foreign currency and foreign exchange facilities to facilitate customer requirements only.

Response (audited)

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. These limits are sufficient to allow efficient operational management of financial hedging.

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.

Monitoring and reporting

The Treasury function has responsibility for managing within our market risk policy and strategy. We have an independent second line Prudential Risk team that monitors our market risk exposures 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.

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).

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 of deliberately or knowingly facilitating business that gives rise to illicit activity or the movement of funds that may be derived from the proceeds of crime. Financial crime risks include money laundering, terrorist financing, proliferation financing, bribery and corruption, tax evasion, and contravention of applicable sanctions obligations.

Risk appetite statement

The Bank maintains an overall cautious risk appetite towards financial crime risk. In line with regulatory expectations, this cautious stance tightens further for higher-risk financial crime areas, where the Bank maintains a low or no appetite as articulated below:

General financial crime risk

The Bank has no appetite for conducting business without appropriately designed and effective systems and controls in place to prevent and detect financial crime. The Bank recognises that these systems and controls must continually evolve and adapt to remain effective as the risk landscape changes.

Illicit activity facilitation

The Bank has no appetite for deliberately or knowingly facilitating, or being associated with, business that gives rise to illicit activity. The Bank will not conduct business with individuals and entities that it believes are engaged in, or linked to, illicit behaviour, or those that lack adequate systems and controls to mitigate such risks.

Risk assessment and mitigation

The Bank has no appetite for engaging in any activity where risk has not been appropriately assessed and mitigated prior to commencement. The Bank acknowledges that financial crime risk is dynamic, and therefore its risk assessment processes will be regularly reviewed and updated to remain aligned with emerging risks.

Sanctions and proliferation financing risk

The Bank has a low overall risk appetite for sanctions and/or proliferation financing risk. It has no appetite for establishing or maintaining relationships with any sanctioned customer, partner, supplier or colleague. It has a low appetite for sanctions and proliferation finance risk in connection with payment processing, provided that effective controls are in place.

Bribery and corruption risk

The Bank has a low overall risk appetite for bribery and corruption risk. It has no appetite for the facilitation of actual or perceived bribery or corruption. The Bank recognises that gifts and entertainment can form part of normal business practice; however, it has no appetite for gifts and entertainment that are excessive in nature, value, or frequency, or could reasonably be perceived as attempting to influence decision making.

Exposure and assessment

As a participant in the interconnected global financial system, the Bank's financial crime exposure arises where customer accounts or infrastructure are leveraged to facilitate the flow of illicit funds – including money laundering, terrorist financing, proliferation financing, bribery and corruption, and tax evasion – or to process transactions and maintain relationships that would contravene applicable sanctions obligations.

Without an adequate and proportionate financial crime framework, risks may go unaddressed and business activities may take place which are non-compliant with financial crime law and regulatory requirements. In addition, an inability to conduct appropriate oversight may affect the Bank's ability to operate effectively, with potential impacts to both the customer's aims and the Bank's own objectives, exposing the Bank to increased reputational risk.

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.

Financial crime risk assessment

We ensure adequate identification, assessment, monitoring, management and mitigation of financial crime risks across all activities. A financial crime enterprise-wide risk assessment is performed at least annually. Where risk is outside of our risk appetite, we act to strengthen the control environment or reduce/eliminate our exposure to the risk.

Non-financial risks continued

Documentation and horizon scanning

We have readily accessible, effective, and up-to-date policies, standards and procedures. We conduct horizon scanning to ensure awareness is maintained of changes to the regulatory, legislative and enforcement landscape, as well as to industry guidance and best practice to allow the identification, assessment and management of risks.

Investment in our systems and controls

We recognise the dynamic financial crime risk environment in which we operate and proactively act to strengthen our control framework. We delivered strategic enhancements to our financial crime systems and controls through 2025 with a focus on further embedding previously implemented controls, as well as introducing new or enhancing existing capabilities.

Proactive integration of emerging threat intelligence

We identify emerging trends and typologies via horizon scanning activity, through participation in key industry forums (or associations) such as those hosted by UK Finance, and through information obtained from investigative and intelligence teams, including initiatives such as the Data Fusion pilot organised by the National Economic Crime Centre to collaboratively enhance the identification of serious organised crime. We integrate this intelligence into our control framework to ensure systems and controls mitigate emerging financial crime risks.

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.

Monitoring and reporting

Oversight and independent challenge

Our efforts to combat financial crime are subject to challenge. First line areas undertake control testing to assess the adequacy and operational effectiveness of financial crime processes, systems and controls. Second line independent assurance assesses the effectiveness of controls and processes in mitigating financial crime risks, recommending enhancements where needed. In addition, Internal Audit provides independent assurance to the Board that risk management, governance and internal control processes related to Financial Crime are designed and operating effectively. Where applicable, 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.

Reporting suspicions of financial crime

We recognise that financial crime and fraud risks impact not only customers, but also the safety and wellbeing of society. We abide by all applicable legal and regulatory reporting requirements, playing an important role in providing information that can assist the authorities with financial crime and fraud investigations, while maintaining objectives that strive for financial inclusion.

Future focus

We are committed to safeguarding the Bank and our customers from financial crime. Our focus remains on strengthening our control framework to ensure systems and controls are adequate, and we will continue to work with regulators to demonstrate the effectiveness of the Bank's Financial Crime Risk Framework.

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. These include the potential for service disruption, financial loss and regulatory or reputational impact. Operational resilience remains a central focus, supported by established processes for identifying our important business services, setting impact tolerances, and conducting regular resilience testing to validate our ability to prevent, adapt to and recover from disruption.

During the year, overall operational risk performance remained broadly stable, with losses in line with expectations and only a small number of customer service impacting incidents. Amongst the operational risks to which we are exposed, two have remained the most material and have been considered as top risks:

Information security and cyber

Cyber risk arises from the potential compromise of critical systems and data. Our exposure reflects both our digital footprint and our reliance on third-party providers, which are essential to delivering services to customers. In 2025, the external threat environment continued to intensify, with widespread ransomware, service disruption and data theft activity, alongside geopolitical volatility contributing to elevated risk. Attacks have become more sophisticated, increasingly using automation and exploiting operational vulnerabilities, leading to a rise in significant incidents across the UK.

Cyber risk was designated one of the Bank's top risks in 2025, informed by our ongoing risk and control assessments, intelligence-led penetration testing and expert reviews of our cyber environment. We monitor exposure through defined key risk indicators and

use established tooling to detect, assess and escalate suspicious activity in line with our Enterprise Risk Management Framework and Information Security Policy. Where required, we conduct formal post incident reviews, including root cause analysis, led by our information security function.

Fraud

The Bank continues to operate in a heightened and increasingly sophisticated fraud environment, marked by rapid innovation in criminal methods, greater use of digital channels and persistent targeting of customers through social engineering scams. As with peers across the industry, we remain exposed to both scam related fraud and unauthorised card fraud, alongside the potential for infrequent high-value cases involving business and commercial customers.

Fraud remained one of the Bank's top risks in 2025, reflecting ongoing exposure to financial losses and customer harm, including impacts on vulnerable customers. We monitor fraud risk through defined key risk indicators and conduct fraud risk assessments across product life cycles. Root cause analysis is undertaken following significant cases, with findings used to inform our risk assessments and strengthen our response.

Other operational risks

Key risk exposures across our other operational risks include:

Technology and resilience

The Bank is reliant on stable, secure and well-performing systems, and dependent on key third-party providers that support critical elements of our technology and operational estate. Risks arise from system outages, legacy constraints, change activity, data issues and the complexity of interconnected internal and outsourced environments. As digital channels evolve and expectations for availability and performance rise, the impact of technology failures and/or extended recovery times on our important business services increase.

Third-party

The Bank's exposure to third-party risk arises from its reliance on external suppliers and outsourced service providers to support our business operations, technology and customer services. This creates potential vulnerability to service disruption, regulatory impact or customer detriment where suppliers experience operational, financial, cyber or data related issues. As the Bank's operating model evolves and third-party dependencies increase in scale and complexity, risks relating to performance, resilience, concentration and upstream supply chain visibility become more pronounced, particularly for our most material arrangements.

Non-financial risks continued

Change

Substantial change activity progressed throughout 2025, with a programme of technology and business transformation continuing into 2026. This sustained level of change increases the potential for disruption, delivery delays or control weaknesses if not managed effectively. It also elevates regulatory risk, as transformation affecting critical systems, customer journeys or operational processes must continue to meet supervisory expectations, demonstrating strong governance, operational resilience and a clear focus on customer outcomes.

Data

The Bank's expanding and increasingly interconnected data landscape exposes it to risks relating to data quality, integrity, security and governance. Given the importance of data in supporting customer services, regulatory reporting and strategic delivery, deficiencies in data management or controls, whether arising from legacy systems, complex data flows or reliance on third parties, can lead to operational disruption, regulatory non-compliance or customer detriment. The continued digitisation of services and an evolving cyber threat environment further reinforce the need for strong data governance and effective oversight of our outsourced arrangements.

Artificial intelligence (AI)

The accelerating use of AI across the Bank and by key third party providers presents both strategic opportunities and a set of emerging risks. Exposures include risks related to data ethics, algorithmic bias, transparency, model robustness and the need for strong governance and regulatory alignment. While the Bank continues to take a measured and carefully controlled approach to introducing AI into its own processes, the rapid pace of technological and regulatory change, together with the growing use of AI within the wider supply chain, heightens the potential for inconsistent standards or unintended outcomes.

Response

Our Operational Risk Management Framework sets our approach to identifying, assessing and managing operational risks, including risk and control self-assessments, scenario analysis and incident management. 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 maintain a resilient infrastructure supported by robust systems, trained colleagues and tested contingency arrangements. Policies and standards are in place to mitigate a wide range of operational risks and capital is held in line with regulatory requirements to cover severe yet plausible operational risk events. We have put in place detailed policies, standards and controls to mitigate the 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.

Information security and cyber

Our risk appetite recognises that, given the nature of our operating model, cyber risk cannot be fully eliminated. Our strategy is therefore focused on reducing the likelihood of a cyber event and limiting its potential impact.

We maintain information security and cyber policies supported by industry standard controls. During the year, we continued to strengthen key security capabilities including vulnerability management, identity and access management, and endpoint detection. Penetration testing and expert assessments have informed targeted enhancements, and we are investing further in modern, scalable defences. We continue to embed advanced threat intelligence across business and risk activities and seek to achieve cyber resilience by design for all critical services, including those delivered through our supply chain.

Fraud

The Bank's approach to managing fraud risk combines preventative and detective controls, recognising the critical role of both colleagues and systems across our in person and digital channels. We maintain fraud policies and standards, underpinned by procedural guidance, role specific training, and system based controls designed to support colleagues in preventing fraud at the point of contact.

We continue to enhance our detection capabilities through targeted investment in advanced controls, including new tooling to profile inbound and outbound payments and the launch of the Metro Bank Scam Checker (see page 44), an industry-leading, AI-driven scam detection capability. These developments strengthen our ability to identify emerging threats, support compliance with Authorised Push Payment (APP) reimbursement requirements, and ensure customers receive appropriate protections and outcomes.

Non-financial risks continued

Other operational risks

Technology and resilience

Our holistic approach to maintaining operational resilience continued to mature during the year. Progress has been made in reducing reliance on end-of-life systems and in strengthening resilience testing, while our strategic collaboration with Infosys continues to support technology transformation. Well-established processes remain in place to identify and address resilience concerns as they arise and resilience considerations are embedded within technology change plans to ensure improvements are delivered in a controlled and sustainable manner.

Third-party

We continue to strengthen our oversight of third-party and outsourcing arrangements, with a focus on meeting regulatory expectations for material outsourcing. Material suppliers are subject to enhanced due diligence, risk assessment and ongoing monitoring, including over operational resilience, cyber and data controls, financial health and concentration risk.

Third-party dependencies are integrated into our operational resilience planning, including impact tolerance assessments, continuity arrangements and exit strategy testing for important business services. Oversight of strategic partnerships remains well established, supported by our Supplier Risk team and a continued emphasis on resilience by design.

Change

Material change initiatives have been managed under refreshed policy and guidelines, supported by embedded risk oversight. Maintaining robust risk practices across all change activity is a priority, with an emphasis on resilience by design supported by governance enhancements.

Data

Data governance and quality remain areas of focus, with it recognised that data is critical to meeting strategic and regulatory objectives. Oversight mechanisms are in place, including a Data Governance Council tasked with monitoring data management practices and quality, in line with the requirements of the Bank's data policies.

Artificial intelligence (AI)

During the year, the Bank strengthened its risk management framework to address AI risk exposures by establishing clear policies, standards and governance processes for the review, approval and oversight of AI use cases. A prudent, phased approach to deployment has been maintained, with a particular emphasis on transparency, explainability, and ensuring human oversight where appropriate. These controls are underpinned by continued investment in model risk management, as well as a strong focus on safeguarding customer outcomes as adoption scales.

Monitoring and 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. Assurance reviews have been completed through the course of the year with all findings addressed, and there is a continued focus on material controls per the 2024 UK Corporate Governance Code.

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, act to 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 a local 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. The Board, supported by ROC, receives scheduled first line updates on the Bank's key operational risk exposures, accompanied by second line oversight and opinion.

For our top operational risks, heightened monitoring and reporting has also been in place:

Information security and cyber

The Board, supported by the Risk Oversight Committee, receives regular updates on the threat landscape and the Bank's response through standing top risk reporting, risk appetite monitoring and escalation, and scheduled deep dives from the Chief Information Security Officer.

Specialist internal teams and external experts are engaged to periodically assess the effectiveness of the Bank's cyber security controls, and ongoing threat intelligence is gathered to inform continuous improvement. This governance structure ensures comprehensive visibility of cyber risk and supports the ongoing enhancement of our control environment.

Non-financial risks continued

Fraud

Standing top risk updates, accompanied by risk appetite monitoring and fraud performance MI, have been provided to the Risk Oversight Committee throughout 2025. Progress on strategic tooling enhancements has been overseen through established Change and Transformation governance. Fraud incidents and losses are also monitored by local Business Risk Committees, ensuring regular oversight by the Executive team.

Our APP fraud performance is publicly reported in line with Payment Systems Regulator requirements and published on the Metro Bank website. We also actively participate in industry groups to share intelligence on emerging fraud typologies and threats, supporting continuous improvement of our control environment and customer protection.

Future focus

Our operational risk profile will remain under close and continuous management as we look ahead. Priorities include:

- ongoing investment in our cyber control environment and continuing to work with regulators to demonstrate the effectiveness of the Bank's cyber risk framework
- ongoing enhancement of operational resilience capabilities, via scenario exercising, exit testing and resolution of resilience control weaknesses as and when they are identified
- managing change risk effectively as part of technology transformation activities
- advancing data risk governance and third-party oversight to support resilience and continued regulatory compliance.

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 business activities. We remain focused on meeting the requirements of the Consumer Duty, which sets high standards for conduct and the delivery of good customer outcomes. These standards align with our strategic objective to provide a human approach to banking and we recognise the role we play in supporting customers, including those with additional needs, those facing financial pressures, or those at risk of fraud.

Response

Conduct risk is managed across all three lines of defence through our Conduct Risk Framework, which sets out our appetite, principles, and governance approach. During the year, we:

- embedded Consumer Duty requirements, culminating in Board attestation of compliance in July 2025
- enhanced our programme of outcomes testing, delivering improved management information and more effective targeting of efforts
- strengthened complaints handling processes and improved efficiency through a centralised operating model
- delivered improvements in fraud prevention, including new screening tools and scam-checking services
- expanded support for vulnerable customers through specialist teams and enhanced colleague training.

Non-financial risks continued

Monitoring and reporting

Conduct risk is assessed using quantitative and qualitative measures, including Board-approved risk appetite metrics for complaints, arrears, product performance, colleague training and customer outcomes. Governance structures facilitate escalation of conduct risks through ERC, ROC and the Board, supported by regular reporting on Consumer Duty compliance and conduct themes. Through the year most indicators have remained stable or improving but we continue to focus on complaints performance which can be impacted by short-term headwinds following operational incidents.

Future focus

We will continue to strengthen our Conduct Risk Framework and governance, ensuring products and services deliver good outcomes and meet regulatory expectations.

Priorities include:

- further enhancing our approach to Consumer Duty compliance through ongoing product reviews and fair value assessments
- using management information to identify and manage potential customer harm, refinement of our approach to quality assurance and further enhancement to our product development and governance methodologies
- maintaining proactive engagement with regulators and embedding effective controls across transformation activity.

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 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, a comprehensive set of risk appetite measures and limits, and appropriate compliance policies and standards. We operate a risk-based assurance programme designed to assess areas of the control framework underpinning regulatory compliance, including oversight of key regulatory developments and proactive and coordinated engagement with 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 2025 included:

- capital adequacy and management
- credit risk management and controls
- regulatory reporting
- financial crime and fraud
- cyber and operational resilience
- conduct including the Consumer Duty.

Non-financial risks continued

Monitoring and reporting

Horizon scanning

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 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 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 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. Key areas of focus in 2025 will continue into 2026, alongside progress of significant regulatory changes such as Basel 3.1.

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 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 and 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 and regulatory matters can be found in note 32 to the financial statements on page 190.

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.

Non-financial risks continued

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.

Exposure and assessment

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 (MRC). Internal SME panels may also be convened to opine on contentious issues. MRC 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 and reporting

Our Model Risk Management Framework sets out the roles and responsibilities of the various stakeholders, underpinned by 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'.

Non-financial risks continued

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 conducting a risk review to support Board approval.

Exposure and assessment

2025 has been a year of growth and delivery. We are executing our strategy and delivering for our customers and shareholders whilst building a Bank set up for sustained growth. As detailed on pages 5 and 6 – Operating environment, the external environment in which we operate remains complex, requiring agility, resilience and disciplined risk management.

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. Further detail on our responses to key operating environment themes is set out on page 5 and 6 – Operating environment.

Monitoring and reporting

The Executive team and Board monitor strategic, including execution, risks, across all business lines and transformation initiatives. We consider strategic risk when applying the risk management framework, with ExCo oversight, challenge by the second line and independent review by our Internal Audit function.

Strategic risk is also considered through the lens of our other principal risks, including our most material risk exposures of credit, capital, financial crime, fraud and cyber, which receive heightened oversight and reporting at ERC and ROC. In addition, 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 Enterprise 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.

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Relationship Story – The Bridewell pub

The Bridewell, an award-winning pub in Liverpool, faced a huge challenge when COVID forced them to close their doors but Liverpool Local Business Manager Lisa called regularly to check if they needed anything.

“The support we got from Metro Bank was fantastic and helped us get through.” - Fiona Hornsby, The Bridewell pub owner.



Scan and click to view our case study on The Bridewell Pub online at: www.metrobankonline.co.uk/business/customer-stories/metro-bank-is-boss-for-women-in-business/

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 2025 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 2025;
- the Consolidated income statement; 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, comprising material accounting policy information and other explanatory information.

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 or its controlled undertakings 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).
- We performed audit procedures over components considered to be significant due to risk or size in the context of the group (full scope audit) or in the context of individual primary statement account balances (audit of specific account balances).
- We formed other procedures including analytical review procedures to mitigate the risk of material misstatement in the balances not subject to our other audit procedures.

Key audit matters

- Determination of allowance for ECL on loans and advances to customers (group)

Materiality

- Overall group materiality: £14.5m (2024: £11.4m) based on approximately 1% of Total Equity.
- Overall company materiality: £14.1m (2024: £10m) based on approximately 1% of Total Equity (2024: 0.9%).
- Performance materiality: £10.9m (2024: £8.5m) (group) and £10.6m (2024: £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.

The recognition of a deferred tax asset (group), the carrying value of investment in subsidiary (parent) and the carrying values of non-financial assets (group), which were key audit matters last year, are no longer included because of the improved financial performance, healthy capital position, including confirmation that the bank has been reclassified as a Transfer firm under the MREL regime effective from 1 January 2026, and profitability of the group have reduced the level of estimation uncertainty and audit effort required in these areas. 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
<p>Determination of allowance for ECL on loans and advances to customers (group) Refer to page 108 (Risk report), Note 12: Loans and advances to customers and Note 30: Expected credit losses.</p> <p>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.</p> <p>ECL provisions by their nature are uncertain, and plausible fluctuations in the economy may impact the credit performance of the lending book. Assumptions were made by management in determining economic scenarios and their probability weightings based on information provided by a third party expert.</p> <p>Management determines the amount of ECL through a number of complex models. In addition, several post model adjustments are applied to address known model limitations. These post model adjustments may incorporate significant management judgement and may rely heavily on expert assessment. As at 31 December 2025, the largest and most judgemental post model adjustment is Macro Correlation Uncertainty booked for commercial portfolio in response to risk that commercial models may understate losses due to macro-relationships and the growth in group's commercial portfolio. Across the in-scope portfolios, we identified heightened audit risk in determining the ECL for the following: Retail Mortgages and Commercial (excluding government backed loans).</p> <p>Our work focused on the following key assumptions and judgements:</p> <ul style="list-style-type: none"> • Forward-looking economic assumptions used in the models, and the weightings selected by management; • Judgements involved in calculating Macro Correlation Uncertainty post model adjustment; and • Judgements applied by management in estimating credit-impaired stage 3 individual impairment allowances, specifically in relation to the recoverability of exposures. 	<p>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.</p> <p>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.</p> <p>Forward looking information and multiple economic scenarios We used our economic analysis tool developed by our economic and modelling experts, supplemented by additional analysis performed by our economic experts, utilising data from the Bank of England and independent consensus forecasts. This tool, together with the additional expert analysis, 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 of, and the work performed by, management's third-party expert.</p> <p>Model methodology and post model adjustments 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.</p> <p>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 and retail mortgages 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.</p> <p>We critically assessed and tested the judgemental Macro Correlation Uncertainty post model adjustment applied by management to address the credit risk in the portfolio that was not reflected in modelled outputs. We evaluated and challenged the methodology applied and the accuracy of application. We ran a series of independent scenarios based on alternative assumptions and compared the results to the ECL results produced by management. We also evaluated the results of model monitoring and benchmarking against industry data in assessing the reasonableness of management's assumptions.</p> <p>Individually assessed credit-impaired 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.</p>

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 page 31 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 2025.

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	£14.5m (2024: £11.4m).	£14.1m (2024: £10m).
How we determined it	Approximately 1% of Total Equity (2024: 1%)	Approximately 1% of Total Equity (2024: 0.9%)
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% (2024: 75%) of overall materiality, amounting to £10.9m (2024: £8.5m) for the group financial statements and £10.6m (2024: £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 £0.7m (group audit) (2024: £0.6m) and £0.7m (company audit) (2024: £0.5m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report continued

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 authorisation 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 2025 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 to 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 2025 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 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.

Independent auditors' report continued

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 and the carrying value of the investment in subsidiary (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.



Independent auditors' report continued

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 3 years, covering the years ended 31 December 2023 to 31 December 2025.

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 16 years, covering the years ended 31 December 2010 to 31 December 2025.

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.

Daniel Brydon (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 April 2026

Consolidated income statement

For the year ended 31 December 2025

	Notes	Years ended 31 December	
		2025 £'million	2024 £'million
Interest income	2	725.4	935.4
Interest expense	2	(265.1)	(557.5)
Net interest income		460.3	377.9
Fee and commission income	3	96.7	98.0
Fee and commission expense	3	(5.6)	(4.8)
Net fee and commission income		91.1	93.2
Net gain/(loss) on sale of assets	4	5.2	(101.4)
Other income	5	36.7	35.6
Total income		593.3	405.3
General operating expenses	6	(429.4)	(489.0)
Depreciation and amortisation	14,15	(61.7)	(77.3)
Impairment and write-offs of property, plant, equipment and intangible assets	14,15	(0.7)	(44.0)
Total operating expenses		(491.8)	(610.3)
Expected credit loss expense	30	(14.3)	(7.1)
Profit/(loss) before tax		87.2	(212.1)
Taxation	9	(17.5)	254.6
Profit for the year		69.7	42.5
Profit attributable to ordinary shareholders		52.4	42.5
Profit attributable to other equity holders		17.3	–
Profit for the year		69.7	42.5

The accompanying notes on pages 152 to 193 form an integral part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 December 2025

	Notes	Years ended 31 December	
		2025 £'million	2024 £'million
Profit for the year		69.7	42.5
Other comprehensive income for the year			
Items which will be reclassified subsequently to profit or loss:			
Movement in respect of investment securities held at FVOCI (net of tax):			
- changes in fair value	28	4.2	3.4
Total other comprehensive income		4.2	3.4
Total comprehensive income for the year		73.9	45.9
Total comprehensive income attributable to ordinary shareholders		56.6	45.9
Total comprehensive income attributable to other equity holders		17.3	-
Total comprehensive income for the year		73.9	45.9
Earnings per share			
Basic (pence)	36	7.8	6.3
Diluted (pence)	36	7.7	6.3

The accompanying notes on pages 152 to 193 form an integral part of these financial statements.

Consolidated balance sheet

As at 31 December 2025

	Notes	Years ended 31 December	
		2025 £'million	2024 £'million
Assets			
Cash and balances with other banks	11	2,185	2,811
Loans and advances to customers	12	8,823	9,013
Investment securities held at FVOCI	13	218	377
Investment securities held at amortised cost	13	3,942	4,113
Derivative financial assets (net)	21	23	16
Property, plant and equipment	14	705	711
Intangible assets	15	143	126
Prepayments and accrued income	16	81	93
Deferred tax assets (net)	9	230	240
Other assets	17	125	82
Total assets		16,475	17,582
Liabilities			
Deposits from customers	18	13,445	14,458
Deposits from central banks	19	400	400
Debt securities	20	684	675
Repurchase agreements	33	73	391
Derivative financial liabilities	21	–	1
Lease liabilities	22	185	205
Deferred grants	23	10	13
Provisions	24	6	11
Other liabilities	25	188	245
Total liabilities		14,991	16,399
Equity			
Called up share capital and share premium	26	146	144
Retained earnings	27	1,075	1,022
Other equity instruments	26	242	–
Other reserves	28	21	17
Total equity		1,484	1,183
Total equity and liabilities		16,475	17,582

The accounting policies, notes and information on pages 152 to 193 form part of the financial statements. The financial statements on pages 147 to 151 were approved by the Board of Directors on 15 April 2026 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 2025

	Called-up share capital and share premium £'million	Merger reserve £'million	Retained earnings £'million	FVOCI reserve £'million	Share option reserve £'million	Other equity instruments £'million	Total equity £'million
Balance as at 1 January 2025	144	–	1,022	(7)	24	–	1,183
Profit for the year	–	–	52	–	–	17	69
Other comprehensive income (net of tax) relating to investment securities designated at fair value through other comprehensive income	–	–	–	4	–	–	4
Total comprehensive income	–	–	52	4	–	17	73
Issuance of shares under existing employee schemes	2	–	–	–	(2)	–	–
Issuance of other equity instruments (net of costs)	–	–	–	–	–	242	242
Equity-settled share-based payment charges	–	–	–	–	3	–	3
Distributions on other equity instruments	–	–	–	–	–	(17)	(17)
Other movements in share option charges ¹	–	–	1	–	(1)	–	–
Balance as at 31 December 2025	146	–	1,075	(3)	24	242	1,484
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
Issuance of shares under existing employee schemes	–	–	–	–	–	–	–
Issuance of other equity instruments	–	–	–	–	–	–	–
Equity-settled share-based payment charges	–	–	–	–	2	–	2
Distributions on other equity instruments	–	–	–	–	–	–	–
Other movements in share option charges ¹	–	–	1	–	(1)	–	–
Balance as at 31 December 2024	144	–	1,022	(7)	24	–	1,183
Notes	26		27	28	28	26	

1. Includes lapsed and expired share options.

The accompanying notes on pages 152 to 193 form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 31 December 2025

	Notes	Years ended 31 December	
		2025 £'million	2024 £'million
Reconciliation of profit/(loss) before tax to net cash flows from operating activities:			
Profit/(loss) before tax		87	(212)
Non-cash items	37	(392)	(359)
Interest received		749	948
Interest paid		(320)	(585)
Changes in other operating assets		109	3,320
Changes in other operating liabilities		(1,325)	(4,497)
Net cash (outflows) from operating activities		(1,092)	(1,385)
Cash flows from investing activities			
Sales, redemptions and maturities of investment securities		1,158	1,017
Purchase of investment securities		(816)	(630)
Purchase of property, plant and equipment	14	(34)	(41)
Purchase and development of intangible assets	15	(48)	(19)
Net cash inflows from investing activities		260	327
Cash flows from financing activities			
Repayment of capital elements of leases	22	(19)	(22)
Issuance of shares and other equity instruments (net of costs)	26	242	-
Distributions on other equity instruments	26	(17)	-
Net cash inflows/(outflows) from financing activities		206	(22)
Net (decrease) in cash and cash equivalents		(626)	(1,080)
Cash and cash equivalents at start of year	11	2,811	3,891
Cash and cash equivalents at end of year	11	2,185	2,811

The accompanying notes on pages 152 to 193 form an integral part of these financial statements.

Notes to the consolidated financial statements

1. Basis of preparation and material 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 15 April 2026.

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 104 to 138. 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 authorisation 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 on pages 45 to 46.

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 pages 197 to 198). 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.

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, profit/(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.

Notes to the consolidated financial statements continued

1. Basis of preparation and material accounting policies continued

1.5 Changes in accounting policies and presentational amendments

During the period 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

Amendments to IFRS 9 and IFRS 7; Amendments to the Classification and Measurement of Financial Instruments

The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. These amendments will primarily impact the level of detail at which the Group discloses information about strategic equity investments whose changes in fair value the Group has elected to present in other comprehensive income. The Group has not yet decided whether – and, if so, to what extent – it will elect to derecognise financial liabilities before the settlement date where they are settled in cash using an electronic cash transfer system eligible for this election. The Group does not expect the change to have a material impact on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. While 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 2025 are appropriate and that these consolidated financial statements therefore present our financial position and results fairly. The area involving a higher degree of complexity, judgement or where estimates have a significant risk of resulting in a material adjustment is:

Area	Estimates	Judgements	Further details
Measurement of ECL	Multiple forward-looking scenarios	Significant increase in credit risk Use of MOs and PMAs	Note 30

Management has considered areas previously disclosed and concluded they no longer meet the criteria of a critical accounting judgement.

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 purchased or originated credit impaired 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.

Notes to the consolidated financial statements continued

2. Net interest income continued

Interest income

	2025 £'million	2024 £'million
Cash and balances held with other banks	93.8	193.1
Loans and advances to customers	507.9	586.2
Investment securities held at amortised cost	113.4	126.1
Investment securities held at FVOCI	3.9	18.3
Interest expense calculated using the effective interest rate method	719.0	923.7
Derivatives in a hedging relationship	6.4	11.7
Total interest income	725.4	935.4

Interest expense

	2025 £'million	2024 £'million
Deposits from customers	143.2	303.6
Deposits from central banks	17.0	124.2
Debt securities	85.0	84.8
Lease liabilities	10.5	12.4
Repurchase agreements	7.6	26.5
Interest expense calculated using the effective interest rate method	263.3	551.5
Derivatives in a hedging relationship	1.8	6.0
Total interest expense	265.1	557.5

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 and 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 when the service is delivered.
Safe deposit box	Revenue is recognised over the period the customer has access to the box from the date income 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 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, timing and uncertainty of our revenue and cash flows are affected by economic factors.

	2025 £'million	2024 £'million
Service charges and other fee income	38.3	38.6
Safe deposit box income	20.1	19.0
ATM and interchange fees	38.3	40.4
Fee and commission income	96.7	98.0
Fee and commission expense	(5.6)	(4.8)
Total net fee and commission income	91.1	93.2

Notes to the consolidated financial statements continued

4. Net gain/(loss) on sale of assets

	2025 £'million	2024 £'million
Loan portfolios	5.2	(101.4)
Total gain/(loss) on sale of assets	5.2	(101.4)

Loan portfolio sales

The gain on sale relates to the sale of the £584 million unsecured personal loan portfolio. Metro Bank completed the sale on 31 March 2025. We will continue to service the loans under the existing contractual obligation.

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 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.
Gains on lease modification	A gain on lease modification occurs under IFRS 16 when a lease is modified, resulting in a decrease in the lease liability that exceeds the reduction in the right-of-use (ROU) asset. This gain is recognised immediately in the profit or loss statement.
Other income	Other income primarily consists of hedge ineffectiveness, foreign currency differences arising on translation of movements in financial assets held at fair value through profit and loss.

	2025 £'million	2024 £'million
Foreign currency transactions	27.0	29.7
Rental income	0.8	1.3
Deferred grant income	2.8	3.4
Gain on lease modification	5.0	–
Other income	1.1	1.2
Total other income	36.7	35.6

6. General operating expenses

	2025 £'million	2024 £'million
People costs (note 7)	197.8	209.6
Information technology costs	56.4	60.1
Occupancy costs	30.2	30.9
Money transmission and other banking-related costs	43.2	49.3
Transformation costs	14.4	31.1
Remediation costs	1.2	21.3
Capability and Innovation Fund (C&I) costs ¹	2.7	3.4
Legal and regulatory fees	9.2	9.0
Professional fees ²	35.4	27.7
Printing, postage and stationery costs	5.5	7.5
Travel costs	1.5	1.4
Marketing costs	6.7	9.4
Other	25.2	28.3
Total general operating expenses	429.4	489.0

- C&I costs represent the non-capitalisable costs of delivering the C&I digital commitments. It includes £15 million (2024: £2.4 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.
- Professional fees are shown net of both amounts capitalised and amounts included within the transformation costs, remediation costs and C&I costs lines.

Notes to the consolidated financial statements continued

6. General operating expenses continued

Information technology costs

Information technology costs include costs expensed in relation to software licenses, 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 £5.9 million (2024: £12.3 million) of R&D costs not capitalised. This does not include any costs of colleagues working on these projects that are included in the people costs line. Including these costs we spent £8.7 million (2024: £25.1 million) on R&D costs not capitalised.

Included within legal and regulatory fees is £2.5 million (2024: £2.5 million) in respect of the Bank of England (BoE) levy.

Transformation and remediation costs, and Capability and Innovation Fund

Further details on transformation and remediation costs, and Capability and Innovation Fund can be found on page 207.

7. People costs

	2025 £'million	2024 £'million
Wages and salaries ¹	162.2	174.0
Social security costs ¹	22.0	20.7
Pension costs ¹	10.9	12.9
Equity-settled share-based payments	2.7	2.0
Total people costs	197.8	209.6

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 in note 5. Amounts are also net of people cost relating to restructure. Most of the cost was provided for in 2024, and details of provision and drawdown can be found in note 24.

The average monthly number of persons employed during the year was 2,859 (2024: 3,455).

	2025	2024
Customer-facing	1,222	1,437
Non-customer-facing	1,637	2,018
Total number of persons employed	2,859	3,455

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 £11.5 million (2024: £13.7 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 the Group's auditor

During the year, the Group (including its subsidiaries) obtained the following services from our auditors, PricewaterhouseCoopers LLP:

Group	2025 £'thousand	2024 £'thousand
Audit of the Consolidated and Company financial statements	108	105
Audit of the financial statements of the Company's subsidiaries	2,451	2,783
Audit-related assurance services	151	162
Other assurance services	160	–
Total fees payable to the Group's auditors	2,870	3,050

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)/credit

The components of tax expense for the year ended 31 December 2025 and 2024 are:

Group	2025 £'million	2024 £'million
Current tax		
Current tax	(9.2)	–
Adjustment in respect of prior years	–	–
Total current tax (expense)	(9.2)	–
Deferred tax		
Origination and reversal of temporary differences	(12.4)	254.1
Effect of changes in tax rates	–	–
Adjustment in respect of prior years	4.1	0.5
Total deferred tax (expense)/credit	(8.3)	254.6
Total tax (expense)/credit	(17.5)	254.6

Notes to the consolidated financial statements continued

9. Taxation continued

Reconciliation of the total tax (expense)/credit

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 rate is as follows:

Group	2025 £'million	Effective tax rate %	2024 £'million	Effective tax rate %
Accounting profit/(loss) before tax	87.2	–	(212.1)	–
Tax (expense)/credit at statutory corporation tax rate of 25%	(21.8)	25.0%	53.0	25.0%
Tax effects of:				
Non-deductible expenses – depreciation on non-qualifying fixed assets	(3.0)	3.4%	(3.0)	(1.4%)
Non-deductible expenses – other	(0.1)	0.1%	(7.7)	(3.6%)
AT1 interest	4.3	(4.9%)	–	–
Share-based payments	(1.0)	1.1%	(0.2)	(0.1%)
Adjustment in respect of prior years	4.1	(4.7%)	0.6	0.3%
Movement in recognised DTA for unused tax losses	–	–	211.9	99.9%
Tax (expense)/credit reported in the consolidated income statement	(17.5)	20.2%	254.6	120.0%

The effective tax rate for the period is 20.2% (2024: 120.0%). The main reasons for this, in addition to the reported accounting loss before tax for the year, are set out below:

AT1 interest

In line with IAS 12, the tax impact of the coupon payable on the AT1 instrument is credited to the income statement, resulting in a current tax credit.

Adjustment in respect of prior years

Adjustments in respect of prior years reflect true ups arising on finalisation of our corporate tax returns.

Notes to the consolidated financial statements continued

9. Taxation continued

Deferred tax

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 2025						31 December 2024					
	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	259	1	–	–	–	260	269	1	1	–	–	271
Deferred tax liabilities	–	1	–	(30)	(1)	(30)	–	3	–	(31)	(3)	(31)
Deferred tax assets (net)	259	2	–	(30)	(1)	230	269	4	1	(31)	(3)	240
At 1 January	269	4	1	(31)	(3)	240	14	6	1	(29)	(5)	(13)
Prior year movement	–	–	–	2	2	4	(1)	(1)	–	–	1	(1)
Income statement	(10)	(1)	(1)	(1)	–	(13)	256	–	–	(2)	1	255
Other comprehensive income	–	(1)	–	–	–	(1)	–	(1)	–	–	–	(1)
Equity	–	–	–	–	–	–	–	–	–	–	–	–
At 31 December	259	2	–	(30)	(1)	230	269	4	1	(31)	(3)	240

Deferred tax on unused tax losses

We have recognised deferred tax assets on all tax losses. The Bank has forecasts showing an expectation of future profit which support recognition of the deferred tax asset. The value of the deferred tax asset in respect of tax losses is expected to be fully recovered by 2032.

Pillar Two global minimum tax

The Group has assessed the potential impact of the OECD's Pillar Two model rules, as enacted in the UK through the Finance (No. 2) Act 2023, which introduce a global minimum effective tax rate of 15% for large multinational groups with consolidated revenues in excess of €750 million. As at the reporting date, the Group has concluded that it is not expected to be subject to a Pillar Two top-up tax liability, as the Group's profits are predominantly generated in the United Kingdom, where the statutory corporation tax rate exceeds the 15% minimum rate. In accordance with the amendments to IAS 12 Income Taxes, the Group has applied the mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the consolidated financial statements continued

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 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.

Derivative financial instruments

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. Notional amounts of the contracts are not recorded on the balance sheet. All derivative instruments are held at fair value through profit or loss. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative.

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 104 to 138.

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 table.

Classification of financial instruments

	31 December 2025			
	Fair value through profit and loss £'million	Fair value through other comprehensive income £'million	Amortised cost £'million	Total £'million
Assets				
Loans and advances to customers	–	–	8,823	8,823
Investment securities	–	218	3,942	4,160
Derivative financial assets	23	–	–	23
Liabilities				
Deposits from customers	–	–	13,445	13,445
Deposits from central banks	–	–	400	400
Debt securities	–	–	684	684
Derivative financial liabilities	–	–	–	–
Repurchase agreements	–	–	73	73
31 December 2024				
	Fair value through profit and loss £'million	Fair value through other comprehensive income £'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 banks	–	–	400	400
Debt securities	–	–	675	675
Derivative financial liabilities	1	–	–	1
Repurchase agreements	–	–	391	391

Notes to the consolidated financial statements continued

10. Financial instruments continued

Financial assets pledged as collateral

We have pledged £755 million (2024: £1,034 million) of the financial assets left as encumbered collateral which can be called upon in the event of default. Of this, £87 million (2024: £445 million) is made up of high-quality securities and £669 million (2024: £589 million) is from our own loan portfolio. This does not include cash balances pledged as collateral which are shown separately within note 17.

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 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 in note 17.

	31 December 2025 £'million	31 December 2024 £'million
Unrestricted balances with the Bank of England	1,979	2,585
Cash and unrestricted balances with other banks	107	111
Money market placements	99	115
Total cash and balances with other banks	2,185	2,811

The expected credit loss held against cash and balances with the Bank of England is £0.2 million (31 December 2024: £0.1 million).

12. Loans and advances to customers

Accounting policy

Loans and advances to customers are classified as held at amortised cost. All 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 2025			31 December 2024		
	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million
Consumer lending	114	(67)	47	745	(108)	637
Retail mortgages	4,940	(16)	4,924	5,145	(15)	5,130
Corporate and commercial lending	3,939	(87)	3,852	3,314	(68)	3,246
Total loans and advances to customers	8,993	(170)	8,823	9,204	(191)	9,013

Further information on the movements in gross carrying amounts and ECL can be found in note 30.

Notes to the consolidated financial statements continued

12. Loans and advances to customers continued

An analysis of the gross loans and advances by product category is set out below:

	31 December 2025 £'million	31 December 2024 £'million
Overdrafts	33	39
Credit cards	13	20
Term loans	63	679
Consumer auto finance	5	7
Total consumer lending	114	745
Residential owner occupied	3,500	3,692
Retail buy-to-let	1,440	1,453
Total retail mortgages	4,940	5,145
Total retail lending	5,054	5,890
Professional buy-to-let	177	283
Bounce back loans	185	346
Coronavirus business interruption loans	18	47
Recovery Loan Scheme ¹	166	260
Core corporate and commercial lending	2,363	1,599
Corporate and commercial term loans	2,909	2,535
Overdrafts and revolving credit facilities	221	220
Credit cards	10	7
SME Asset Finance Ltd and SME Invoice Finance Ltd	799	552
Total corporate and commercial lending	3,939	3,314
Gross loans and advances to customers	8,993	9,204

1. Recovery Loan Scheme (RLS) includes £28 million acquired from third parties under forward flow arrangements (31 December 2024: £45 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).

13. Investment securities

Accounting policy

Our investment securities may be categorised as amortised cost, fair value through other comprehensive income (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.

	2025 £'million	2024 £'million
Fair value through other comprehensive income	218	377
Amortised cost	3,942	4,113
Total investment securities	4,160	4,490

Notes to the consolidated financial statements continued

13. Investment securities continued

Fair value through other comprehensive income

	31 December 2025 £'million	31 December 2024 £'million
Sovereign bonds	62	149
Covered bonds	31	83
Multi-lateral development bank bonds	125	145
Total investment securities held at FVOCI	218	377

Amortised cost

	31 December 2025 £'million	31 December 2024 £'million
Sovereign bonds	982	875
Residential mortgage-backed securities	935	876
Covered bonds	438	478
Multi-lateral development bank bonds	1,273	1,576
Asset backed securities	314	308
Total investment securities held at amortised cost	3,942	4,113

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 (RoU)

Our leases within the scope of IFRS 16 primarily 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 disclosed.

Notes to the consolidated financial statements continued

14. Property, plant and equipment continued

	2025						
	Investment property £'million	Leasehold improvements £'million	Freehold land and buildings £'million	Fixtures, fittings and equipment £'million	IT hardware £'million	RoU assets £'million	Total £'million
Cost							
1 January 2025	12	244	436	23	12	255	982
Additions	–	3	27	–	3	1	34
Disposals	(2)	(4)	–	–	–	(39)	(45)
Write-offs	(1)	–	–	–	–	–	(1)
Transfers	–	(6)	6	–	–	–	–
31 December 2025	9	237	469	23	15	217	970
Accumulated depreciation							
1 January 2025	8	81	57	22	8	95	271
Charge for the year	–	16	2	–	3	10	31
Disposals	(2)	–	–	–	–	(35)	(37)
Transfers	–	(2)	2	–	–	–	–
31 December 2025	6	95	61	22	11	70	265
Net book value	3	142	408	1	4	147	705

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 2025 our investment property had a fair value of £4 million (31 December 2024: £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 (CGUs), 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.

	2024						
	Investment property £'million	Leasehold improvements £'million	Freehold land and buildings £'million	Fixtures, fittings and equipment £'million	IT hardware £'million	RoU 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
Charge for the year	–	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

Write-offs

The write-offs made during the year relate to items are no longer being used or no longer providing the Group with any economic benefit.

Transfers

Transfers represent costs associated with the improvements made to the one (2024: two) previously leased stores which have been purchased during the year. These stores were purchased where there was a strong commercial rationale for doing so.

Contractual commitment for the acquisition of property, plant and equipment

As at 31 December 2025 we had no contractual commitments relating to the acquisition of property, plant and equipment that are not reflected in the aforementioned tables (31 December 2024: £nil).

Notes to the consolidated financial statements continued

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 the cash-generating units (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 reviewed 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 consists 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.

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
Customer contracts	10 years

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.

All intangible assets are reviewed at the end of each reporting period for indicators of impairment.

2025

	Goodwill £'million	Brands £'million	Software £'million	Total £'million
Cost				
1 January 2025	10	2	289	301
Additions	–	–	48	48
Write-offs	–	–	–	–
Deferred grant (see note 23)	–	–	–	–
31 December 2025	10	2	337	349
Accumulated amortisation				
1 January 2025	–	1	174	175
Charge for the year	–	–	31	31
Impairments	–	–	–	–
Write-offs	–	–	–	–
31 December 2025	–	1	205	206
Net book value	10	1	132	143

Notes to the consolidated financial statements continued

15. Intangible assets continued

	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
Charge for the year	–	–	43	43
Impairments				
Write-offs	–	–	(42)	(42)
31 December 2024	–	1	174	175
Net book value	10	1	115	126

Software

Software consists of both internally generated and externally acquired assets. As at 31 December 2025, externally acquired licences had a net book value of £6 million (31 December 2024: £5 million). Out of our total intangible assets, £54 million of software assets were under the course of construction at 31 December 2025 (31 December 2024: £20 million). As at 31 December 2025, no impairment indicators had been identified in relation to software.

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 2025, we had two main CGUs being the retail bank and our asset and invoice finance business 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).

	2025 £'million
Asset and invoice financing	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 (2024: no charge). The VIU calculation is based on our Board-approved Long Term Plan (LTP) which covers the five-year period from 2026 to 2030 inclusive. Our LTP is constructed using our best estimate of the future performance of the business, adjusted for execution risk and encompasses commercially sensitive estimates including lending and deposit yields and volumes, as well as costs forecasts over the period. The LTP 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 45 to 46.

The profitability for each CGU per the LTP 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 LTP period, we have assumed a terminal growth rate of 2% which represents the predicted long-term GDP growth rate of the UK economy (the only market both CGUs operate in). The period of projection and growth rates used reflects our anticipated growth profile after the five-year planning period, as well as the nature and life of the assets within the CGUs. The VIU cash flows are compared to the carrying value of the CGUs, which exclude long-term debt.

A pre-tax discount rate of 9.6% (31 December 2024: 13.8%) has been used for the VIU calculation. The discount rate is based on our post-tax weighted average cost of capital of 7.7% (31 December 2024: 11.4%) (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 LTP 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 2025 £'million	31 December 2024 £'million
Prepayments	33	36
Accrued income ¹	48	56
VAT receivable	–	1
Total prepayments and accrued income	81	93
Current portion	81	93
Non-current portion	–	–

1. Includes accrued interest receivable.

17. Other assets

	31 December 2025 £'million	31 December 2024 £'million
Cash pledged as collateral	84	53
Amounts owed by Group undertaking	–	1
Other ¹	41	28
Total other assets	125	82
Current portion	59	27
Non-current portion	66	55

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 2025 £'million	31 December 2024 £'million
Deposits from retail customers	6,597	7,753
Deposits from corporate and commercial customers	6,848	6,705
Total deposits from customers	13,445	14,458

The total deposits from customers as at 31 December 2025 consisted of 49% from retail customers (31 December 2024: 54%) and 51% from corporate and commercial customers (31 December 2024: 46%).

	31 December 2025 £'million	31 December 2024 £'million
Demand: current accounts	5,862	5,791
Demand: savings accounts	6,901	7,534
Fixed-term savings accounts	682	1,133
Total deposits from customers	13,445	14,458

As at 31 December 2025, 44% of deposits from customer consisted of instant access current accounts (31 December 2024: 40%). Fixed-term saving accounts made up 5% of balances (31 December 2024: 8%).

19. Deposits from central banks

Deposits from central banks consist solely of amounts drawn down under the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME).

	31 December 2025 £'million	31 December 2024 £'million
Amounts drawn down under TFSME	400	400
Deposits from central banks	400	400

The remaining drawdowns of £400 million will mature in 2031.

Notes to the consolidated financial statements continued

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.

Group and Company	31 December 2025			31 December 2024		
	Notional £'million	Fair Value		Notional £'million	Fair Value	
		Asset £'million	Liability £'million		Asset £'million	Liability £'million
Interest rate swaps – Designated as hedging instruments	3,227	23	–	1,253	16	–
Interest rate swaps – Designated as held at fair value through profit and loss	500	8	(8)	502	7	(7)
Foreign currency swaps – Designated as held at fair value through profit and loss	58	–	–	50	–	(1)
Total	3,785	31	(8)	1,805	23	(8)
Offsetting derivative	(500)	(8)	8	(502)	(7)	7
Grand total	3,285	23	–	1,303	16	(1)

Hedge accounting

Our hedging strategy is driven by macro and micro hedges. 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.

Macro fair value hedges

We operate a macro hedging programme and use interest rate swaps to manage our interest rate risk.

We determine hedged items by analysing portfolios of fixed-rate lending and relevant NIBLs, and allocating them into repricing time buckets based on expected, rather than contractual, repricing profiles. The hedging instruments are designated appropriately to those repricing time buckets. The hedge relationship is tested for effectiveness prospectively at the designation date, and retrospectively on a monthly basis. This is done by comparing fair value movements of the designated proportion of the relevant hedged item, against the fair value movements of the hedging instruments.

In a portfolio fair value hedge of interest rate risk, the change in fair value of the hedged exposures attributable to the hedged risk is recognised on the balance sheet. The hedging derivatives are measured at fair value with changes recognised in profit or loss. At the end of every month, we de-designate the hedge relationships and redesignate them as new hedges in order to minimise the ineffectiveness from early repayments and accommodate new exposures. At de-designation, the fair value hedge accounting adjustments are amortised on a straight-line basis over the remaining period until the repricing of the hedged item. Amortisation begins at the date of de-designation.

Micro fair value hedges

We use this hedging strategy on fixed rate asset 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 20.

Master netting arrangement and collateral

We either receive or provide collateral related to our hedging arrangements. As at 31 December 2025, we have provided collateral of £3.3 million which is reflected in Other Assets.

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 rate are:

Group and Company	31 December 2025			31 December 2024		
	Notional £'million	Carrying amount		Notional £'million	Carrying amount	
		Asset £'million	Liability £'million		Asset £'million	Liability £'million
Interest rate swaps	3,227	23	–	1,253	16	–
Total derivatives designated as fair value hedges	3,227	23	–	1,253	16	–

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:

Group and Company	31 December 2025			31 December 2024		
	Carrying amount		Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item £'million	Carrying amount		Accumulated amount of fair value hedge adjustments included in the carrying amount of the hedged item £'million
	Assets £'million	Liabilities £'million		Assets £'million	Liabilities £'million	
Interest rate risk						
Fixed rate mortgages ¹	450	–	–	–	–	–
Fixed rate debt securities ²	–	688	(13)	–	675	4
Fixed rate investment securities held at FVOCI ³	189	–	(4)	293	–	8
Fixed rate investment securities held at AC ⁴	310	–	15	271	–	–
Non-interest bearing liabilities ⁵	–	1607	(6)	–	–	–
Fixed rate loans ¹	–	–	–	1	–	–
Total items designated as fair value hedges	949	2,295	(8)	565	675	12

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.

3. Hedged items 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 AC.

5. Hedged item and the cumulative fair value changes are recorded in Deposits from customers.

Summary of ineffectiveness from designated hedge relationships

An analysis of the hedge ineffectiveness recognised in profit or loss for the designated fair value hedge relationships are set out below:

Total hedge ineffectiveness recognised in profit or loss for the designated fair value hedge relationships is a loss of £2.9 million (2024: gain of £2.0 million).

Notes to the consolidated financial statements continued

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 for 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 is due. This is included within note 6, General operating expenses, under 'occupancy costs'.

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 relate to our stores and head office properties.

Lease liabilities

	31 December 2025 £'million	31 December 2024 £'million
1 January	205	234
Additions and modifications	1	1
Disposals	(13)	(20)
Lease payments made	(19)	(22)
Interest on lease liabilities	11	12
31 December	185	205
Current	18	19
Non-current	167	186

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 the two (2024: two) stores where we purchased the freehold or long-lease during the year. Following the purchase both the lease liabilities and right-of-use assets relating to these stores were derecognised. Additionally we derecognised one of the leases relating to the three stores we closed during 2025 following the surrendering of this lease back to the landlord.

Low value and short leases

During the year ended 31 December 2025, £0.01 million (year ended 31 December 2024: £0.04 million) was recognised in the income statement with respect to assets of low value or a lease of less than 12 months.

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.

	31 December 2025 £'million	31 December 2024 £'million
Within one year	1	1
Due in one to five years	2	2
Due in more than five years	3	3
Total	6	6

Notes to the consolidated financial statements continued

22. Leases continued

Due in more than five years

Through our asset finance business 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 asset and invoice finance lending per the breakdown provided in note 12.

	31 December 2025			31 December 2024		
	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	7	(2)	5	6	(1)	5
Due in one to five years	12	(3)	9	11	(1)	10
Due in more than five years	–	–	–	–	–	–
Total	19	(5)	14	17	(2)	15

Minimum lease payments

Future undiscounted minimum payments under lease liabilities, exclusive of VAT, as at 31 December are as follows:

	2025 £'million	2024 £'million
Within one year	19	20
Due in one to five years	68	74
Due in more than five years	80	101
Total	167	195

23. Deferred government grants

Accounting policy

Government 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.

	2025 £'million	2024 £'million
1 January	13	16
Released to the income statement	(3)	(3)
31 December	10	13

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
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.
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 ('the act'). Where this is the case we do not provide for restorations on these site since we have no intention of vacating at the end of the lease term. For sites that that are outside the act or sites within the act 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.
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.
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.
Other provisions	Other provisions consist of other immaterial amounts that are provided for in the ordinary course of our business.

No provision has been recognised in relation to any of the legal and regulatory matters set out in note 32.

	2025						
	Restructuring £'million	Customer remediation £'million	Dilapidations £'million	Onerous contracts £'million	Legal and regulatory £'million	Other provisions £'million	Total £'million
1 January	2	1	1	5	–	2	11
Additions	–	–	–	–	–	–	–
Released	–	(1)	–	–	–	–	(1)
Utilised	(2)	–	–	(2)	–	–	(4)
31 December	–	–	1	3	–	2	6

	2024						
	Restructuring £'million	Customer remediation £'million	Dilapidations £'million	Onerous contracts £'million	Legal and regulatory £'million	Other provisions £'million	Total £'million
1 January	15	3	1	2	–	2	23
Additions	8	–	–	3	–	–	11
Released	(1)	(2)	–	–	–	–	(3)
Utilised	(20)	–	–	–	–	–	(20)
31 December	2	1	1	5	–	2	11

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.

Notes to the consolidated financial statements continued

24. Provisions continued

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.

25. Other liabilities

	31 December 2025 £'million	31 December 2024 £'million
Trade creditors	–	1
Other taxation and social security costs	6	8
Accruals ¹	105	107
Deferred income	22	24
Other liabilities	55	105
Total other liabilities	188	245
Current portion	163	211
Non-current portion	25	34

1. Includes accrued interest payable.

26. Share capital, share premium and other equity instruments

Accounting policy

On issue of new shares, incremental directly attributable costs are shown in equity as a deduction from the proceeds.

Called-up ordinary share capital, issued and fully paid

	2025				
	Number of shares £'million	Share capital £'million	Share premium £'million	Total share capital and share premium £'million	Other equity instruments £'million
At 1 January	673.0	–	144.4	144.4	–
Issued to staff under existing employee share schemes	0.3	0.2	1.4	1.6	–
AT1 securities issuance	–	–	–	–	241.8
At 31 December	673.3	0.2	145.8	146.0	241.8
	2024				
	Number of shares £'million	Share capital £'million	Share premium £'million	Total share capital and share premium £'million	Other equity instruments £'million
At 1 January	672.7	–	144.4	144.4	–
Issued to staff under existing employee share schemes	0.3	–	–	–	–
At 31 December	673.0	–	144.4	144.4	–

Called-up share capital

Called-up share capital comprises 673.3 million (31 December 2024: 673.0 million) ordinary shares of 0.0001p each, authorised and in issue. At 31 December 2025, our called-up share capital was £673.29 (31 December 2024: £672.98).

Share premium

The share premium reserve is used to record the excess consideration of any shares we have issued over the nominal share value.

Redeemable preference shares

As at 31 December 2024, in addition to the share capital set out above, Metro Bank Holdings PLC had £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. On 31 March 2025, these shares were redeemed.

Notes to the consolidated financial statements continued

26. Share capital, share premium and other equity instruments continued Other equity instruments

Other equity instruments of £242 million (31 December 2024: nil) include AT1 securities issued by Metro Bank Holdings PLC. The AT1 securities are perpetual securities with no fixed maturity or redemption date and are structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date.

In 2025, there was one issuance of AT1 instruments, in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities, for £250 million (2024: £nil). These AT1 securities are classified as an equity instrument under IAS 32 'Financial Instruments: Presentation' with the proceeds recognised in equity net of transaction costs of £8 million. Interest payments on these securities are recognised as distributions from equity in the period in which they are paid.

AT1 equity instruments

	Initial call date	2025 £'million
At 1 January		
Issued during the year:		
13.875% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities	26-Mar-30	250
Cost of issuance		(8)
Profit for the year attributable to other equity holders		17
Distributions on other equity instruments		(17)
At 31 December		242

The principal terms of the AT1 securities are described below:

The securities rank behind the claims against Metro Bank PLC of:

- unsubordinated creditors;
- claims which are expressed to be subordinated to the claims of unsubordinated creditors of Metro Bank PLC but not further or otherwise; or
- claims which are, or are expressed to be, junior to the claims of other creditors of Metro Bank PLC, whether subordinated or unsubordinated, other than claims which rank, or are expressed to rank, pari passu with, or junior to, the claims of holders of the AT1 securities.

The securities are undated and are redeemable, at the option of Metro Bank Holdings PLC, in whole on:

- the initial reset date, or on any fifth anniversary after the initial reset date; or
- any day falling in a named period ending on the initial reset date, or on any fifth anniversary after the initial reset date. In addition, the AT1 securities are redeemable, at the option of Metro Bank Holdings PLC, in whole in the event of certain changes in the tax or regulatory treatment of the securities. Any redemptions require the prior consent of the PRA.

Interest on the securities will be due and payable only at the sole discretion of Metro Bank Holdings PLC, and Metro Bank Holdings PLC has sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date.

27. Retained earnings

Retained earnings records our cumulative earnings since our formation.

	31 December 2025 £'million	31 December 2024 £'million
1 January	1,022	978
Profit for the year	69	43
Distributions on other equity instruments	(17)	–
Other movements in share option charges ¹	1	1
31 December	1,075	1,022

1. Includes lapsed and expired share options.

No dividends were paid or declared on ordinary shares during the year (2024: none).

Notes to the consolidated financial statements continued

28. Other reserves

Share option reserve

The share option reserve is used to record movements in relation to share options awarded under our CSOP, DVRP, LTIP and SVAP plans.

	31 December 2025 £'million	31 December 2024 £'million
1 January	24	23
Equity-settled share-based payment charges	3	2
Other movements in share option charges ¹	(3)	(1)
31 December	24	24

1. Includes lapsed and expired share options.

Fair value through other comprehensive income (FVOCI) reserves

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.

	31 December 2025 £'million	31 December 2024 £'million
1 January	(7)	(11)
Changes in fair value	5	5
Deferred tax movements (note 9)	(1)	(1)
31 December	(3)	(7)

Treasury shares

We have a small number of shares held in Treasury relating to awards originally granted in 2016 and those held to satisfy schemes granted from 2023 onwards. These are held by an employee benefit trust, which is consolidated within the Group accounts. The balance on the reserve is less than £1 million (31 December 2024: less than £1 million) and therefore has not been separately disclosed as a component of reserves.

29. Share options

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 conditions 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 forfeitures 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 a Black-Scholes and Monte Carlo model. 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 Deferred Variable Reward Plan (DVRP), Long Term Incentive Plan (LTIP) and Shareholder Value Alignment Plan (SVAP). The granting of awards is designed to incentivise 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 Remuneration Committee. Standard share options are granted for no consideration, are not pensionable and carry no voting rights.

Notes to the consolidated financial statements continued

29. Share options continued

Long Term Incentive Plan (LTIP)

The LTIP is the primary long-term incentive plan awarded to senior colleagues. It was first approved by shareholders at the 2021 AGM with subsequent iterations since. Under the plan, annual awards, based on a percentage of salary, may be offered. The extent to which an award vests is measured against financial targets over the agreed performance period and continued employment within the Group. Under the 2025 plan these financial targets consist of return on tangible equity, relative total shareholder return and cost: income ratio, and the performance period is three years from date of grant.

Deferred Variable Reward Plan (DVRP)

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 changes approved in 2021 mean it is now operated primarily for senior managers (in 2021 this only consisted of the Executive Committee). 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 within the Group. 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.

Shareholder Value Alignment Plan (SVAP)

During the year, the Group introduced the SVAP for Executive Directors, an arrangement under which participants are granted nil-cost share options entitling them to share in 5% of the growth in value of the Company above the baseline. Awards vest subject to the achievement of specified market-based performance conditions, including share price and market capitalisation hurdles, and continued employment over the vesting period. Awards will vest in tranches between three and seven years from the grant of the SVAP, with each tranche subject to a one-year holding period. Vested awards may be paid as a cash equivalent of the market value of shares instead of shares.

Awards outstanding

The table below summarises the movements in the number of options outstanding and their weighted average exercise price:

Group	2025		2024	
	Number of options '000	Weighted average exercise price £	Number of options '000	Weighted average exercise price £
Outstanding at 1 January	15,011	5.06	16,235	5.24
Granted	4,007	0.00	613	0.00
Exercised	(592)	0.23	(559)	0.00
Lapsed	(4,092)	3.19	(1,278)	7.54
Outstanding at 31 December	14,334	4.02	15,011	5.03
Exercisable at 31 December	6,881	8.35	7,608	9.92

The average share price during 2025 was 111p (2024: 52p). For share options exercised during the period, the weighted average share price at the date of exercise was 119p (2024: 67p).

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 or market repurchase.

Total share-based compensation charges totalled £2.7 million in the year ended 2025 (2024: £2.0 million).

SVAP grants a percentage entitlement rather than a fixed number of options and is a nil cost award. The number of options to be issued will be determined only when the market conditions are satisfied and the SVAP value is known. No awards had vested during the year and there were no leavers and forfeitures.

Notes to the consolidated financial statements continued

29. Share options continued

Fair value of options granted

The number of options outstanding at year end was as follows:

Exercise price	2025		2024	
	Number of options '000	Weighted average remaining contractual life years	Number of options '000	Weighted average remaining contractual life years
£0.00 ¹	5,411	6.7	9,174	7.7
£0.00 ²	4,578	9.3	570	9.6
£0.93	1,817	4.3	1,972	5.3
£7.94	651	3.2	651	4.2
£12.00	–	–	–	–
£13.00	4	–	–	–
£13.50	9	n/a	–	n/a
£14.00	7	n/a	194	n/a
£16.00	22	n/a	615	n/a
£20.00	445	0.2	445	1.2
£32.73	633	1.2	633	2.2
£35.36	757	2.2	757	3.2
Total	14,334	6.4	15,011	6.2

1. Nominal price awards with exercise price of 0.0001p.

2. Nominal price awards with exercise price of 0.01p.

The total fair value of options granted in 2025 was £3.1 million (2024: £0.4 million), based on the following assumptions:

2025	LTIP	DVRP
Risk-free interest rate	4.03%	3.62% to 4.50%
Expected life	–	–
Expected volatility	54%	187%
Expected dividend yield	–	–
Share price at grant date	£0.89	£1.17
Exercise price	£0.00	£0.00

2025	SVAP
Share price at grant date	119p
Baseline market capitalisation	£538.4 million
Volatility	0.35
Risk-free interest rate	0.04
Dividend yield	£0.00
Performance period	to 31 December 2029
Discount for post-vesting holding period	0.081
Exercise price	£0.00

Volatility for CSOP and DVRP schemes has been estimated by taking the historical volatility in the Group's share price since we listed in 2016. Volatility on the SVAP and LTIP schemes has considered a shorter term, more reflective of the expected future volatility and adjusted for additional considerations including the volatility of similar FTSE 250 companies.

An assumption is also made in respect of how many shares will lapse due to the vesting criteria not being met. For awards granted since 2022, the lapse assumption has been set to 0% on the basis these have only been made to members of the Executive Committee. The fair value charges recognised in the income statement for these schemes are adjusted annually to reflect actual lapses. For all other schemes the assumption is updated annually.

Notes to the consolidated financial statements continued

30. Expected credit loss

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

Sophisticated impairment models have been developed for our retail and corporate 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 is calculated by multiplying three main components, being the PD, LGD and the 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. In addition, for corporate and commercial counterparties, the Early Warning List is used to inform qualitative triggers for SICR. SICR includes the rebuttable presumption that financial instruments falling 30 DPD due on contractually defined payments are to be considered as having deteriorated significantly since origination and should trigger Stage 2.	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 (non-performing loan) or where the borrower is considered unlikely to pay. This includes customers in corporate and commercial who are categorised as Early Warning List 3 (EWL3) or forbearance.	Lifetime ECL Losses calculated based on default parameters. Losses are adjusted for probability-weighted macroeconomic scenarios. Interest income is calculated on the carrying amount of the loan net of credit allowance.
Purchased or originated credit-impaired (POCI) assets	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.

Notes to the consolidated financial statements continued

30. Expected credit loss 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).
- 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.

A probation period of at least three months is implemented before transferring a financial instrument to a lower stage (e.g. from Stage 3 to Stage 2). Specifically, in order to move an account from Stage 3, where an asset is showing improving trends and is no longer considered non-performing or credit impaired.

Probability of default (PD)

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.

Loss given default (LGD)

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. We apply two LGD rates – one for unsecured lending and one for secured lending.

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 (EAD)

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.

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, but LGD is assessed at a portfolio level and applied to accounts on an individual basis.

Notes to the consolidated financial statements continued

30. Expected credit loss continued

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.

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 2025 and 31 December 2024:

- 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 15 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 2025 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, broadly speaking, 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, broadly speaking, 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, broadly speaking, 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 2025 were Baseline – 50%, Upside – 20%, Downside – 25% and Severe downside scenario – 5% (31 December 2024: Baseline – 50%, Upside – 20%, Downside – 25% and Severe downside scenario – 5%).

Notes to the consolidated financial statements continued

30. Expected credit loss continued

Economic variable assumptions

The period-end assumptions used for the ECL estimate as at 31 December 2025 are as follows:

Macroeconomic variable	Scenario	31 December 2025					31 December 2024				
		2026	2027	2028	2029	2030	2025	2026	2027	2028	2029
Five-year mortgage rate (%)	Baseline	4.16%	4.14%	4.11%	4.07%	4.05%	4.51%	4.24%	3.95%	3.96%	4.00%
	Upside	4.37%	4.23%	4.10%	4.07%	4.05%	4.74%	4.25%	3.95%	3.95%	4.00%
	Downside	2.61%	2.13%	2.63%	3.30%	3.84%	3.51%	2.41%	2.44%	3.09%	3.71%
	Severe downside	2.19%	1.67%	2.03%	2.54%	3.31%	2.81%	2.08%	1.96%	2.43%	3.29%
BoE interest rate (%)	Baseline	3.25%	2.75%	2.75%	2.50%	2.50%	4.10%	2.75%	2.50%	2.50%	2.50%
	Upside	3.46%	3.16%	2.87%	2.50%	2.50%	4.28%	2.97%	2.56%	2.50%	2.50%
	Downside	1.94%	1.04%	1.25%	1.60%	1.95%	2.71%	1.11%	1.38%	1.72%	1.95%
	Severe downside	1.36%	0.70%	0.70%	0.83%	1.04%	2.13%	0.76%	0.75%	0.94%	1.04%
Unemployment (%)	Baseline	5.11%	5.00%	4.93%	4.89%	4.89%	4.41%	4.50%	4.59%	4.67%	4.76%
	Upside	4.47%	4.14%	4.12%	4.28%	4.49%	3.78%	3.64%	3.78%	4.07%	4.36%
	Downside	7.01%	7.72%	7.60%	7.10%	6.40%	6.32%	7.22%	7.25%	6.89%	6.27%
	Severe downside	8.24%	8.82%	8.54%	8.20%	7.46%	7.55%	8.32%	8.19%	7.99%	7.33%
House price index (YoY%)	Baseline	2.13%	2.32%	1.57%	1.93%	2.45%	2.24%	3.89%	2.62%	1.47%	2.07%
	Upside	16.49%	5.41%	(0.97%)	(2.13%)	0.11%	16.62%	7.03%	0.06%	(2.57%)	(0.26%)
	Downside	(9.11%)	(7.05%)	0.83%	4.69%	5.76%	(9.01%)	(5.62%)	1.88%	4.22%	5.37%
	Severe downside	(15.29%)	(10.96%)	1.24%	3.37%	5.03%	(15.20%)	(9.60%)	2.29%	2.91%	4.64%
UK GDP (YoY%)	Baseline	1.35%	1.52%	1.65%	1.73%	1.73%	2.08%	1.18%	2.07%	1.43%	1.87%
	Upside	4.89%	1.77%	1.60%	1.76%	1.94%	5.65%	1.42%	2.02%	1.46%	2.08%
	Downside	(3.95%)	1.82%	2.80%	1.79%	1.65%	(3.50%)	1.49%	3.28%	1.43%	1.79%
	Severe downside	(4.85%)	0.56%	3.96%	2.45%	1.61%	(4.61%)	0.15%	4.56%	2.26%	1.85%
Commercial real estate (YoY%)	Baseline	(1.12%)	(0.22%)	(0.35%)	(0.25%)	(0.16%)	(0.86%)	0.45%	(0.31%)	(1.34%)	(1.04%)
	Upside	13.82%	1.57%	(3.16%)	(4.11%)	(2.20%)	14.42%	2.33%	(3.27%)	(5.24%)	(3.08%)
	Downside	(15.91%)	(6.47%)	0.64%	3.17%	3.66%	(16.02%)	(5.62%)	0.83%	1.97%	2.75%
	Severe downside	(25.20%)	(8.51%)	2.48%	2.37%	3.97%	(25.06%)	(8.49%)	2.57%	1.24%	3.06%

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.

Notes to the consolidated financial statements continued

30. Expected credit loss 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.

Measurement of the expected credit loss allowance – significant increase in credit risk

IFRS 9 requires a higher level of ECL to be recognised for underperforming 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.

Measurement of the expected credit loss allowance – use of post model adjustments and Management Overlays

We have applied expert judgement to the measurement of the ECL in the form of post model adjustments and Management Overlays.

Post model adjustments 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.

Management Overlays 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).

PMA's have been reassessed during the period to ensure an appropriate level of ECL that continues to account for the macroeconomic uncertainty. The level of PMA's increased during 2025 with the total percentage of ECL stock standing at 14% as at 31 December 2025 (31 December 2024: 10%). The increase in the PMA percentage relates to the removal of negative PMA's following model enhancements and the reduction in the overall ECL stock due to portfolio sales. There are no Management Overlays being used as at 31 December 2025.

PMA's make up £24.3 million of the ECL stock as at 31 December 2025 (31 December 2024: £18.7 million) and comprise the following:

- Macro correlation uncertainty – applied to address the risk that the Commercial PD model may under-reflect macroeconomic sensitivity. (31 December 2025: £12.3 million; 31 December 2024: £11.5 million). The adjustment is informed by PD – Observed Default Rate monitoring, the limited maturity of the expanded 2025 portfolio, and expert judgement on how macro-relationships may normalise. The adjustment is reviewed quarterly, with reduction considered once sufficient post-origination performance evidence becomes available
- Commercial model enhancements – held in anticipation of model updates for the corporate and commercial portfolio (31 December 2025: £6.01 million; 31 December 2024: £4.6 million). The increase in the overlay over the period is to reflect the impact from the Enhanced Business Overdrafts portfolio growth which utilises the IFRS 9 commercial models as a proxy for ECL assessment
- Mortgage model and data enhancements – will be removed once the model and data enhancements are implemented into production (31 December 2025: £2.9 million; 31 December 2024: £2.9 million)
- Climate change impact – reflects the impact of climate change on property values for the mortgage and corporate and commercial portfolios (31 December 2025: £2.8 million; 31 December 2024: £2.8 million)
- Commercial real estate adjustment – reflects potential downside risk in property price indices beyond the latest scenarios for the corporate and commercial property portfolios (31 December 2025: £0.3 million; 31 December 2024: £0.7 million).

Critical accounting estimate

Measurement of the expected credit loss allowance

We consider that the key source of estimation uncertainty relates to the formulation and incorporation of multiple forward-looking economic scenarios into the ECL estimates to meet the measurement objective of IFRS 9.

Notes to the consolidated financial statements continued

30. Expected credit loss continued

Multiple forward-looking economic 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, including Management Overlays where required. These scenarios are representative of our view of forecast economic conditions, sufficient to calculate unbiased ECL.

The following assumptions, considered to be the key drivers of ECL, have been used for the scenarios applied:

- UK interest rates
- UK unemployment rates
- UK HPI changes, year-on-year
- UK GDP changes, year-on-year
- UK commercial real estate index, year-on-year.

The weightings applied to each scenario at 31 December 2025 and 31 December 2024 are:

Scenarios	Full year 31 December 2025 %	Full year 31 December 2024 %
Baseline	50%	50%
Upside	20%	20%
Downside	25%	25%
Severe downside	5%	5%

The weightings used are reviewed each reporting period to ensure these remain appropriate and as such are considered to represent significant accounting estimates. We have performed an assessment of the impact on the ECL if each of the Baseline, Upside, Downside and Severe downside scenarios were applied to the ECL calculation using a 100% weighting (that is, ignoring all other scenarios in each case):

Scenario	31 December 2025			
	Stage 1	Stage 2	Stage 3	ECL £'million
Weighted	32	18	120	170
Baseline	29	15	118	162
Upside	25	13	116	154
Downside	40	24	126	190
Severe downside	45	32	129	206

Scenario	31 December 2024			ECL £'million
	Stage 1	Stage 2	Stage 3	
Weighted	39	29	123	191
Baseline	36	26	121	183
Upside	33	23	120	176
Downside	44	37	129	210
Severe downside	48	50	132	230

The sensitivities disclosed above represent example scenarios and may not represent actual scenarios which occur in the future. If one of these scenarios did arise then at that time the ECL would not equal the amount disclosed above, as the amounts disclosed do not take account of the alternative possible scenarios which would also be considered at that time. Individually assessed Stage 3 cases have not been sensitised.

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.

Expected credit loss expense

Group	2025 £'million	2024 £'million
Retail mortgages	1	(4)
Consumer lending ¹	(9)	–
Commercial lending	19	(4)
Write-offs and other movements	3	15
Total	14	7

1. Adjusted for the £584 million sale of unsecured personal loans.

Write-offs and other movements are predominantly driven by loan and debt sales within the year.

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 2025, the loss allowance included within the FVOCI reserve is £0.1 million (31 December 2024: £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 2025 is £0.8 million (31 December 2024: £0.6 million).

Notes to the consolidated financial statements continued

30. Expected credit loss continued

The following tables explain the changes in both the gross carrying amount and loss allowances of our loans and advances during the year.

Total

£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 2025	7,723	978	504	(1)	9,204	(39)	(29)	(124)	1	(191)	7,684	949	380	–	9,013
Transfers to/(from) Stage 1 ¹	301	(288)	(13)	–	–	(8)	7	1	–	–	293	(281)	(12)	–	–
Transfers to/(from) Stage 2	(281)	285	(3)	–	1	2	(2)	–	–	–	(279)	283	(3)	–	1
Transfers to/(from) Stage 3	(111)	(37)	148	–	–	–	3	(4)	–	(1)	(111)	(34)	144	–	(1)
Net remeasurement due to transfers ²	–	–	–	–	–	7	(8)	(23)	–	(24)	7	(8)	(23)	–	(24)
New lending ³	2,228	94	2	–	2,324	(14)	(1)	(1)	–	(16)	2,214	93	1	–	2,308
Repayments, additional drawdowns and interest accrued	(384)	(36)	(20)	–	(440)	–	–	–	–	–	(384)	(36)	(20)	–	(440)
Derecognitions ⁴	(1,657)	(283)	(156)	–	(2,096)	15	10	33	–	58	(1,642)	(273)	(123)	–	(2,038)
Changes to model assumptions ⁵	–	–	–	–	–	5	2	(3)	–	4	5	2	(3)	–	4
31 December 2025	7,819	713	462	(1)	8,993	(32)	(18)	(121)	1	(170)	7,787	695	341	–	8,823
Off-balance sheet items															
Commitments and guarantees ⁶					1,041					–					1,041

£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	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)	1,704	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)	1	25	20	5	(1)	1	25
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

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 loss continued Consumer lending

£'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 2025	496	153	97	(1)	745	(12)	(9)	(88)	1	(108)	484	144	9	–	637
Transfers to/(from) Stage 1 ¹	7	(6)	(1)	–	–	(2)	1	1	–	–	5	(5)	–	–	–
Transfers to/(from) Stage 2	(1)	1	–	–	–	–	–	–	–	–	(1)	1	–	–	–
Transfers to/(from) Stage 3	(1)	(4)	5	–	–	–	1	(1)	–	–	(1)	(3)	4	–	–
Net remeasurement due to transfers ²	–	–	–	–	–	2	–	(3)	–	(1)	2	–	(3)	–	(1)
New lending ³	4	–	–	–	4	–	–	–	–	–	4	–	–	–	4
Repayments, additional drawdowns and interest accrued	(12)	–	(5)	–	(17)	–	–	–	–	–	(12)	–	(5)	–	(17)
Derecognitions ⁴	(456)	(140)	(22)	–	(618)	11	6	20	–	37	(445)	(134)	(2)	–	(581)
Changes to model assumptions ⁵	–	–	–	–	–	1	–	4	–	5	1	–	4	–	5
31 December 2025	37	4	74	(1)	114	–	(1)	(67)	1	(67)	37	3	7	–	47

£'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 2025	906	314	77	–	1,297	(26)	(16)	(66)	–	(108)	880	298	11	–	1,189
Transfers to/(from) Stage 1 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	–	–	–	–	–	2	(4)	(25)	–	(27)	2	(4)	(25)	–	(27)
New lending ³	4	–	–	–	4	–	–	–	–	–	4	–	–	–	4
Repayments, additional drawdowns and interest accrued	(226)	(83)	(10)	(1)	(320)	–	–	–	–	–	(226)	(83)	(10)	(1)	(320)
Derecognitions ⁴	(167)	(59)	(10)	–	(236)	4	2	9	–	15	(163)	(57)	(1)	–	(221)
Changes to model assumptions ⁵	–	–	–	–	–	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

1. Represents stage transfers prior to any ECL remeasurements.

2. Represents the remeasurement between the 12-month and lifetime ECL due to stage transfer, including any changes to the model assumptions and forward-looking information.

3. Represents the increase in balances resulting from loans and advances that have been newly originated, purchased or renewed.

4. Represents the decrease in balances resulting from loans and advances that have been fully repaid, disposed of or written off.

5. Represents the change in loss allowances resulting from changes to the model assumptions, forward-looking information and changes in the customers risk profile.

Notes to the consolidated financial statements continued

30. Expected credit loss continued Corporate and commercial lending

£'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 2025	2,869	241	204	–	3,314	(23)	(16)	(29)	–	(68)	2,846	225	175	–	3,246
Transfers to/(from) Stage 1 ¹	82	(80)	(2)	–	–	(5)	5	–	–	–	77	(75)	(2)	–	–
Transfers to/(from) Stage 2	(138)	139	–	–	1	2	(2)	–	–	–	(136)	137	–	–	1
Transfers to/(from) Stage 3	(62)	(9)	71	–	–	–	1	(2)	–	(1)	(62)	(8)	69	–	(1)
Net remeasurement due to transfers ²	–	–	–	–	–	4	(7)	(18)	–	(21)	4	(7)	(18)	–	(21)
New lending ³	1,619	28	1	–	1,648	(13)	(1)	(1)	–	(15)	1,606	27	–	–	1,633
Repayments, additional drawdowns and interest accrued	(265)	(27)	(16)	–	(308)	–	–	–	–	–	(265)	(27)	(16)	–	(308)
Derecognitions ⁴	(547)	(79)	(90)	–	(716)	4	4	11	–	19	(543)	(75)	(79)	–	(697)
Changes to model assumptions ⁵	–	–	–	–	–	4	2	(7)	–	(1)	4	2	(7)	–	(1)
31 December 2025	3,558	213	168	–	3,939	(27)	(14)	(46)	–	(87)	3,531	199	122	–	3,852

£'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 2025	2,803	413	166	–	3,382	(30)	(21)	(21)	–	(72)	2,773	392	145	–	3,310
Transfers to/(from) Stage 1 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 ²	–	–	–	–	–	6	(9)	(13)	–	(16)	6	(9)	(13)	–	(16)
New lending ³	985	21	1	–	1,007	(10)	(1)	(1)	–	(12)	975	20	–	–	994
Repayments, additional drawdowns and interest accrued	(279)	(26)	(24)	–	(329)	–	–	–	–	–	(279)	(26)	(24)	–	(329)
Derecognitions ⁴	(522)	(145)	(78)	–	(745)	4	7	9	–	20	(518)	(138)	(69)	–	(725)
Changes to model assumptions ⁵	–	–	–	–	–	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

1. Represents stage transfers prior to any ECL remeasurements.

2. Represents the remeasurement between the 12-month and lifetime ECL due to stage transfer, including any changes to the model assumptions and forward-looking information.

3. Represents the increase in balances resulting from loans and advances that have been newly originated, purchased or renewed.

4. Represents the decrease in balances resulting from loans and advances that have been fully repaid, disposed of or written off.

5. Represents the change in loss allowances resulting from changes to the model assumptions, forward-looking information and changes in the customers risk profile.

Notes to the consolidated financial statements continued

30. Expected credit loss 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 2025	4,358	584	203	–	5,145	(4)	(4)	(7)	–	(15)	4,354	580	196	–	5,130
Transfers to/(from) Stage 1 ¹	212	(202)	(10)	–	–	(1)	1	–	–	–	211	(201)	(10)	–	–
Transfers to/(from) Stage 2	(142)	145	(3)	–	–	–	–	–	–	–	(142)	145	(3)	–	–
Transfers to/(from) Stage 3	(48)	(24)	72	–	–	–	1	(1)	–	–	(48)	(23)	71	–	–
Net remeasurement due to transfers ²	–	–	–	–	–	1	(1)	(2)	–	(2)	1	(1)	(2)	–	(2)
New lending ³	605	66	1	–	672	(1)	–	–	–	(1)	604	66	1	–	671
Repayments, additional drawdowns and interest accrued	(107)	(9)	1	–	(115)	–	–	–	–	–	(107)	(9)	1	–	(115)
Derecognitions ⁴	(654)	(64)	(44)	–	(762)	–	–	2	–	2	(654)	(64)	(42)	–	(760)
Changes to model assumptions ⁵	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31 December 2025	4,224	496	220	–	4,940	(5)	(3)	(8)	–	(16)	4,219	493	212	–	4,924

£'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 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 ²	–	–	–	–	–	1	(1)	(2)	–	(2)	1	(1)	(2)	–	(2)
New lending ³	728	126	–	–	854	(1)	(2)	–	–	(3)	726	124	–	–	851
Repayments, additional drawdowns and interest accrued	(113)	(13)	1	–	(124)	–	–	–	–	–	(113)	(12)	1	–	(124)
Derecognitions ⁴	(3,066)	(303)	(33)	–	(3,402)	3	2	2	–	7	(3,063)	(301)	(31)	–	(3,395)
Changes to model assumptions ⁵	–	–	–	–	–	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

1. Represents stage transfers prior to any ECL remeasurements.

2. Represents the remeasurement between the 12-month and lifetime ECL due to stage transfer, including any changes to the model assumptions and forward-looking information.

3. Represents the increase in balances resulting from loans and advances that have been newly originated, purchased or renewed.

4. Represents the decrease in balances resulting from loans and advances that have been fully repaid, disposed of or written off.

5. Represents the change in loss allowances resulting from changes to the model assumptions, forward-looking information and changes in the customers risk profile.

Notes to the consolidated financial statements continued

30. Expected credit loss continued

Credit risk exposures

Retail mortgages

£'million	31 December 2025				31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL
Up to date	4,221	450	59	–	4,356	504	57	–
1 to 29 days past due	3	17	9	–	2	21	11	–
30 to 89 days past due	–	29	31	–	–	59	21	–
90+ days past due	–	–	121	–	–	–	114	–
Gross carrying amount	4,224	496	220	–	4,358	584	203	–

Consumer lending

£'million	31 December 2025				31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL
Up to date	36	2	4	–	496	141	2	(1)
1 to 29 days past due	–	1	–	–	–	2	1	–
30 to 89 days past due	1	1	1	–	–	10	5	–
90+ days past due	–	–	69	(1)	–	–	89	–
Gross carrying amount	37	4	74	(1)	496	153	97	(1)

Corporate and commercial lending

£'million	31 December 2025				31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL
Up to date	3,544	176	78	–	2,842	203	86	–
1 to 29 days past due	14	28	5	–	27	16	2	–
30 to 89 days past due	–	9	5	–	–	21	60	–
90+ days past due	–	–	80	–	–	–	56	–
Gross carrying amount	3,558	213	168	–	2,869	241	204	–

Total

£'million	31 December 2025				31 December 2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL
Up to date	7,801	628	141	–	7,693	848	145	(1)
1 to 29 days past due	17	46	14	–	29	40	13	–
30 to 89 days past due	1	39	37	–	–	90	87	–
90+ days past due	–	–	270	(1)	–	–	260	–
Gross carrying amount	7,819	713	462	(1)	7,722	978	505	(1)

Notes to the consolidated financial statements continued

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 30, these are recognised within our loans and advances to customers.

At 31 December 2025, we had undrawn facilities granted to retail and commercial customers of £1,041 million (2024: £881 million).

As part of our retail and commercial operations, this includes commitments of £254 million (2024: £241 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. Legal and regulatory matters

As part of the normal course of business we are subject to legal and regulatory matters. It is not always practicable to predict the outcome, if any, of certain matters or reliably estimate any financial impact, and in such cases, a provision may not be recognised in the financial statements but a contingent liability disclosed. Any inclusion does not constitute an admission of wrongdoing or legal liability. As at 31 December 2025, we do not have any material contingent liabilities.

33. Offsetting of financial assets and liabilities

Accounting policy

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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.

Group	31 December 2025			31 December 2024		
	Effects of offsetting on the balance sheet			Effects of offsetting on the balance sheet		
	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
Assets						
Loans and advances to customers	8,823	–	8,823	9,013	–	9,013
Investment securities ¹	4,160	–	4,160	4,490	–	4,490
Derivative financial assets	31	(8)	23	23	(7)	16
Deferred tax assets	260	(30)	230	271	(31)	240
Other assets ²	125	–	125	82	–	82
Liabilities						
Derivative financial liabilities	8	(8)	–	8	(7)	1
Repurchase agreements ¹	73	–	73	391	–	391
Deposits from central banks ¹	400	–	400	400	–	400
Deferred tax liabilities	30	(30)	–	31	(31)	–

1. We have pledged £755 million (2024: £1,034 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 £84 million (2024: £53 million) pledged as cash collateral. None of the cash collateral has been offset in the balance sheet.

Notes to the consolidated financial statements continued

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 and are significant, 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 input that is significant to the measurement as whole.

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 table below as the carrying value of those assets are a close approximation of their fair value.

Group	31 December 2025					31 December 2024				
	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	8,823	–	–	8,867	8,867	9,013	–	–	8,981	8,981
Investment securities held at fair value through other comprehensive income	218	218	–	–	218	377	377	–	–	377
Investment securities held at amortised cost	3,942	2,641	1,250	–	3,891	4,113	2,857	1,122	–	3,979
Derivative financial assets	23	–	23	–	23	16	–	16	–	16
Financial assets held at fair value through profit and loss	–	–	–	–	–	–	–	–	–	–
Liabilities										
Deposits from customers	13,445	–	–	13,444	13,444	14,458	–	–	14,458	14,458
Deposits from central bank	400	–	–	400	400	400	–	–	400	400
Debt securities	684	–	780	–	780	675	–	711	–	711
Derivative financial liabilities	–	–	–	–	–	1	–	1	–	1
Repurchase agreements	73	–	–	73	73	391	–	–	391	391

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, assets classified as held for sale 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 for the financial assets and liabilities noted above 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).

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 generally short-dated or the instrument is priced at a variable rate which is in line with market movement.

Derivative financial assets

The fair values of derivatives are obtained from discounted cash flow models or option pricing models as appropriate.

35. Related parties

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 Executive leadership team are considered to be the key management personnel for disclosure purposes.

Key management compensation

Total compensation cost for key management personnel for the year by category of benefit was as follows:

Group	2025 £'million	2024 £'million
Short-term benefits	6.9	5.5
Post-employment benefits	0.1	0.1
Share-based payment costs	3.6	1.1
Termination benefits	0.1	0.4
Total compensation for key management personnel	10.7	7.1

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.

Banking transactions with key management personnel

Loan transactions during the year and the balances outstanding at 31 December were as follows:

	2025 £'million	2024 £'million
Loans outstanding at 1 January	2.6	2.0
Loans relating to persons and companies newly considered related parties	–	0.4
Loans relating to persons and companies no longer considered related parties	–	–
Loans issued during the year	–	0.2
Net loan repayments during the year	–	–
Loans outstanding as at 31 December	2.6	2.6
Interest expense on loans payable to the Group (£'000)	63	62

Notes to the consolidated financial statements continued

35. Related parties continued

There were four (31 December 2024: four) loans outstanding at 31 December 2025 totalling £2.6 million (31 December 2024: £2.6 million). All are residential mortgages secured on property; all loans were provided on our standard commercial terms.

In addition to the loans detailed above, the bank has issued credit cards and granted overdraft facilities on current accounts to Directors and key management personnel.

Credit card balances outstanding at 31 December were as follows:

Group	2025 £'million	2024 £'million
Credit cards outstanding as at 31 December	–	–

	2025 £'million	2024 £'million
Deposits held at 1 January	0.8	1.0
Deposits relating to persons and companies newly considered related parties	–	0.1
Deposits relating to persons and companies no longer considered related parties	(0.6)	(0.3)
Net amounts (withdrawn)/deposited	0.1	–
Deposits outstanding as at 31 December	0.3	0.8

36. Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit/(loss) attributable to ordinary shareholders of Metro Bank by the weighted average number of ordinary shares in issue during the period.

Diluted EPS has been calculated by dividing the profit attributable to our ordinary shareholders 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.

	2025	2024
Profit attributable to ordinary shareholders (£'million)	52.4	42.5
Weighted average number of ordinary shares in issue (thousands)		
Basic	673,151	672,784
Adjustment for share awards	7,979	2,466
Diluted	681,130	675,250
Earnings per share (pence)		
Basic	7.8	6.3
Diluted	7.7	6.3

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 151.

	2025 £'million	2024 £'million
Interest receivable	(725)	(935)
Interest payable	265	558
Depreciation and amortisation	62	77
Impairment and write-offs of property, plant, equipment and intangible assets	1	44
Expected credit loss expense	14	7
Share option charge	3	2
Grant income recognised in the income statement	(3)	(3)
Amounts provided for (net of amounts released)	(4)	(8)
Gain/(loss) on sale of assets	(5)	(101)
Total adjustments for non-cash items	(392)	(359)

38. Post balance sheet events

There are no post balance sheet events to note.

Company balance sheet

As at 31 December 2025

	Notes	Years ended 31 December	
		2025 £'million	2024 £'million
Assets			
Cash and balances with other banks		1	–
Financial assets held at fair value through profit and loss		780	711
Investment in subsidiaries	3	1,363	1,112
Prepayments and accrued income		15	15
Deferred tax asset		1	1
Total assets		2,160	1,839
Liabilities			
Debt securities	4	672	671
Other liabilities		52	43
Total liabilities		724	714
Equity			
Called up share capital and share premium	5	146	144
Retained earnings		1,024	957
Other equity instruments		242	–
Other reserves		24	24
Total equity		1,436	1,125
Total equity and liabilities		2,160	1,839

The accounting policies, notes and information on pages 197 to 199 form part of the financial statements. The financial statements on pages 194 to 196 were approved by the Board of Directors on 15 April 2026 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 2025

	Called-up share capital and share premium £'million	Merger reserve £'million	Retained earnings £'million	FVOCI reserve £'million	Share option reserve £'million	Other equity instruments £'million	Total equity £'million
Balance as at 1 January 2025	144	–	957	–	24	–	1,125
Profit for the year	–	–	67	–	–	17	84
Total comprehensive income	–	–	67	–	–	17	84
Issuance of shares under existing employee schemes	2	–	–	–	(2)	–	–
Issuance of other equity instruments	–	–	–	–	–	242	242
Equity-settled share-based payment charges	–	–	–	–	3	–	3
Distributions on other equity instruments	–	–	–	–	–	(17)	(17)
Other movements in share option charges ¹	–	–	–	–	(1)	–	(1)
Balance as at 31 December 2025	146	–	1,024	–	24	242	1,436
Notes	5	–	–	–	–	–	–

	Share premium £'million	Merger reserve £'million	Retained earnings £'million	FVOCI reserve £'million	Share option reserve £'million	Other equity instruments £'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
Issuance of shares under existing employee schemes	–	–	–	–	–	–	–
Issuance of other equity instruments	–	–	–	–	–	–	–
Equity-settled share-based payment charges	–	–	–	–	2	–	2
Distributions on other equity instruments	–	–	–	–	–	–	–
Other movements in share option charges ¹	–	–	1	–	(1)	–	–
Balance as at 31 December 2024	144	–	957	–	24	–	1,125
Notes	5	–	–	–	–	–	–

1. Includes lapsed and expired shares not meeting performance conditions.

The accompanying notes on pages 197 to 199 form an integral part of these financial statements.

Company cash flow statement

For the year ended 31 December 2025

	Notes	Years ended 31 December	
		2025 £'million	2024 £'million
Reconciliation of profit before tax to net cash flows from operating activities:			
Profit before tax		84	549
Non-cash items			
Interest receivable		(84)	(84)
Interest payable		85	85
Fair value movements		(69)	(126)
Dividend income		(17)	–
Interest received		98	70
Interest paid		(99)	(70)
Impairment loss on investment in subsidiary	3	–	(428)
Changes in other operating assets		(1)	(10)
Changes in other operating liabilities		10	12
Net cash inflows from operating activities		7	(2)
Cash flows from investing activities			
Investment in equity instruments of subsidiaries		(250)	–
Distributions on equity instruments received from subsidiaries		17	–
Net cash (outflows)/inflows from investing activities		(233)	–
Cash flows from financing activities			
Issuance of shares and other equity instruments (net of costs)		244	–
Distributions on other equity instruments		(17)	–
Net cash inflows from financing activities		227	–
Net increase/(decrease) in cash and cash equivalents		1	(2)
Cash and cash equivalents at start of year		–	2
Cash and cash equivalents at end of year		1	–

The accompanying notes on pages 197 to 199 form an integral part of these financial statements.

Notes to the company financial statements

1. Basis of preparation and material 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.

1.2 Basis of preparation

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. The redeemable shares were redeemed on 31 March 2025.

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.

1.3 Critical accounting judgements and 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 2025 are appropriate and that these financial statements therefore present our financial position and results fairly. Management has assessed the Company's accounting policies and underlying assumptions and concluded that no critical accounting judgements or key sources of estimation uncertainty were required in preparing these financial statements.

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.

3. Investment in subsidiary undertakings

Accounting policy

At the end of each reporting period, an impairment review is undertaken in respect of investment in the ordinary shares of subsidiaries. Where impairment may be indicated, a test of the carrying value against the recoverable value is performed; impairment being indicated where the investment exceeds the recoverable amount. The recoverable amount is calculated as a value in use (VIU) which is derived from the present value of future cash flows expected to be received from the investment. The VIU calculations use forecast profits based on financial forecasts approved by management, covering a five-year period as an approximation of future cash flows discounted using a pre-tax discount rate appropriate to the subsidiary being tested.

Impairment of investment in subsidiary

The 2025 review did not identify any impairment in Metro Bank PLC, the Company's only directly held subsidiary.

Notes to the company financial statements continued

3. Investment in subsidiary undertakings continued

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 16.0% (31 December 2024: 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.

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.

The company had the following subsidiaries at 31 December 2025:

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 Ltd ¹	UK	Invoice financing	–	100%
SME Asset Finance Ltd 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.

Investment in subsidiaries

	Company 2025 £'million	Company 2024 £'million
1 January	1,112	682
Deemed capital contribution ¹	251	2
Reversal of impairment in subsidiary	–	428
31 December	1,363	1,112

1. Includes £250 million AT1 securities issued in 2025.

The investment in subsidiaries predominantly relates to the investment in the ordinary shares of Metro Bank PLC of £1,109 million (2024: £1,109 million) and the issuance of AT1 securities of £250 million (2024: £nil).

Transactions between the Company and Group subsidiaries

	2025 £'million	2024 £'million
Amounts outstanding as at 31 December owed to Metro Bank PLC	38	29
Amounts outstanding as at 31 December owed by Metro Bank PLC	14	14

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.

	2025 £'million	2024 £'million
1 January	671	670
Issuances	–	–
Redemption	–	–
Costs associated with issuance	–	–
Unwind of issuance costs	1	1
31 December	672	671

As a result of the insertion of the holding company in May 2023, the £350 million MREL was transferred to Metro Bank Holdings PLC. This has subsequently been reissued internally by the holding company to Metro Bank PLC.

Notes to the company financial statements continued

5. Share capital, share premium and other equity instruments

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. The redeemable preference shares were redeemed on 31 March 2025.

As at 31 December 2025, the Company had 673.3 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.

Other equity instruments of £242 million (31 December 2024: Nil) include AT1 securities issued by Metro Bank Holdings PLC. The AT1 securities are perpetual securities with no fixed maturity or redemption date and are structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date. Further details 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, along with other subsidiaries in the Group, associated with the Directors of the Company. These costs are not recharged to the Company.

7. Controlling party

As at 31 December 2025, 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

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Relationship Story – Twycross Zoo

Twycross Zoo, an internationally recognised conservation charity and award-winning visitor attraction.

“Metro Bank helped us get through the challenging times and have supported us ever since, so we can carry on doing our critical work as a global conservation charity.” - Craig Dunkerley, CEO of Twycross Zoo.



Scan and click to view our case study on Twycross Zoo online at: www.metrobankonline.co.uk/business/customer-stories/twycross-zoo-case-study/

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)	2,859
Turnover (£'million)	593
Profit before tax (£'million)	87
Tax expense (£'million)	(18)
Corporation tax paid (£'million)	–

No public subsidies were received during the year.

Note 1. 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 employees, 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 2025, 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 2025. 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 group country-by-country information for the year ended 31 December 2025 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 2025 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 group'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 authorisation 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 2025 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 to 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 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 group'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.

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 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.

Independent auditors' report to the Directors of Metro Bank Holdings PLC continued

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 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 and the carrying value of the investment in subsidiary (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 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 Daniel Brydon.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

15 April 2026

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 (GAAP) under which we report. These measures are consistent with those used by management to assess underlying performance. In addition, a number of non-IFRS metrics are calculated which are commonly used within the banking industry.

These alternative performance measures have been defined below:

Metric	KPI	Scorecard measure	LTIP	Definition	2025 £'million	2024 £'million
Cost of deposits¹	Yes	No	No			
Interest expense on customer deposits divided by the average deposits from customers for the year.				Interest on customer deposits	143.2	303.6
				Average deposits from customer	13,487	15,530
				Cost of deposits	1.06%	1.95%
Cost of risk¹	Yes	Yes	No			
Impairment charges net of debt recoveries divided by simple average gross loans for the year.				Expected credit loss expense	14.3	7.1
				Average gross lending	8,954	11,223
				Cost of risk	0.16%	0.06%
Coverage ratio¹	No	No	No			
Expected credit losses as a percentage of gross loans.				Expected credit losses	170	191
				Gross loans and advances to customers	8,993	9,204
				Coverage ratio	1.89%	2.07%
				Retail mortgages		
				Expected credit losses	16	15
				Gross retail mortgage lending	4,940	5,145
				Coverage ratio	0.32%	0.29%
				Consumer		
				Expected credit losses	67	108
				Gross consumer lending	114	745
				Coverage ratio	58.77%	14.50%
				Corporate and commercial		
				Expected credit losses	87	68
				Gross commercial lending	3,939	3,314
				Coverage ratio	2.21%	2.05%

1. Ratios are calculated using underlying figures.

Alternative performance measures (unaudited) continued

Metric	KPI	Scorecard measure	LTIP	Definition					
Loan-to-deposit ratio¹ Loans and advances to customers expressed as a percentage of total deposits. It is a commonly used ratio within the banking industry to assess liquidity.	Yes	No	No		2025	2024			
					£'million	£'million			
				Net loans and advances to customers	8,823	9,013			
				Deposits from customers	13,445	14,458			
				Loan-to-deposit ratio	66%	62%			
Net interest margin Net interest income as a percentage of average interest-earning assets.	No	No	No		2025	2024			
					£'million	£'million			
				Net interest income	460.3	377.9			
				Average interest-earning assets	15,458	19,800			
				Net interest margin	2.98%	1.91%			
Non-performing loan ratio¹ Gross balance of loans in stage three (non-performing loans) as a percentage of gross loans as at year end.	No	No	No		2025	2024			
					£'million	£'million			
				Stage three loans	462	504			
				Loans and advances to customers	8,993	9,204			
							Non-performing loan ratio	5.14%	5.48%
							Retail mortgages	2025	2024
								£'million	£'million
				Stage three loans	220	203			
				Loans and advances to customers	4,940	5,145			
							Non-performing loan ratio	4.45%	3.95%
							Consumer	2025	2024
								£'million	£'million
Stage three loans	74	97							
Gross consumer lending	114	745							
			Non-performing loan ratio	64.91%	13.02%				
			Corporate and commercial	2025	2024				
				£'million	£'million				
Stage three loans	168	204							
Gross commercial lending	3,939	3,314							
			Non-performing loan ratio	4.27%	6.16%				

1. Ratios calculated using underlying figures.

Alternative performance measures (unaudited) continued

Metric	KPI	Scorecard measure	LTIP	Definition	2025 £'million	2024 £'million
Return on tangible equity Profit after tax, distributable to ordinary shareholders, divided by average tangible equity (equity excluding other equity instruments adjusted for the deduction of intangible assets).	Yes	No	Yes			
				Profit/(loss) after tax	52	(211)
				Average tangible equity	818	901
				Return on tangible equity	6%	(23%)
Statutory cost:income ratio¹ Statutory total operating expenses as a percentage of statutory total income.	Yes	Yes	No			
				Total operating expenses	491.8	610.3
				Total income	593.3	405.3
				Statutory cost:income ratio	83%	151%
Total shareholder return Total capital gains and dividends returned to investors over a three-year rolling period.	Yes	No	Yes			
				Share price at the start of the period	0.94	0.37
				Share price at the end of the period	1.21	0.94
				Total shareholder return	28%	155%
Tangible net asset value per share Calculated by dividing shareholders' equity (excluding other equity instruments less intangible assets) by the number of issued ordinary shares.	Yes	No	No			
				Shares in issue	673	673
				Total equity (excluding other equity instruments)	1,242	1,183
				Intangible assets	143	126
				Tangible net asset value per share	£1.63	£1.57
Underlying cost:income ratio Underlying total operating expenses as a percentage of underlying total income.	No	No	No			
				Total underlying operating expenses	472.7	510.4
				Total underlying income	585.1	503.5
				Underlying cost:income ratio	81%	101%
				Underlying profit/(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 profit/(loss) can be found on page 208.		

1. Ratios calculated using underlying figures.

Alternative performance measures (unaudited) continued

The following items are considered to be non-underlying:

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 no longer being used by and/or generate 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 delivery of commitments associated with the Capability and Innovation Fund (awarded by BCR). 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 comprise of money spent in relation to legal and regulatory investigations, reviews and other such remediation costs. Significant spend in 2024 related to the conclusion of the FCA enquiry into legacy issues relating to transaction monitoring systems and controls.	Remediation costs are felt to be time limited and disappear once investigations have concluded. As such, we remove to allow greater comparability between periods.
Transformation costs	Transformation costs primarily consist of the costs associated with redundancy programmes during the current and prior year as part of our approach to right-sizing teams as well as the costs of work undertaken to embed and enhance our cost improvement programme.	The transformation costs are seen as a non-recurring cost stream aimed at addressing the challenges the business faces. These are therefore removed in order to prevent year-on-year distortion.
Portfolio sales	In the current and prior year, we made two significant portfolio sales, a prime residential mortgage portfolio in 2024, and an unsecured personal loan portfolio in 2025.	During 2024, we took proactive steps to strengthen the balance sheet and enable positive asset rotation. The sale of certain portfolios was a part of these steps to prime the Bank for growth and align to our revised strategy. Given the infrequency of sales and the quantum of gains and losses, they have been removed in order to prevent year-on-year distortion.
Costs associated with 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 the item is not relevant from 2025 onwards.

Alternative performance measures (unaudited) continued

A reconciliation from statutory loss before tax to underlying profit before tax is set out below.

	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	Portfolio sales £'million	Cost associated with capital raise ¹ £'million	Underlying basis £'million
Year ended 31 December 2025								
Net interest income	460.3	–	–	–	–	–	–	460.3
Net fee and commission income	91.1	–	–	–	–	–	–	91.1
Net gains on sale of assets	5.2	–	–	–	–	(5.2)	–	–
Other income	36.7	–	(2.8)	–	–	(0.2)	–	33.7
Total income	593.3	–	(2.8)	–	–	(5.4)	–	585.1
General operating expenses	(429.4)	–	2.8	14.4	1.2	–	–	(411.0)
Depreciation and amortisation	(61.7)	–	–	–	–	–	–	(61.7)
Impairment and write-offs of PPE and intangible assets	(0.7)	0.7	–	–	–	–	–	–
Total operating expenses	(491.8)	0.7	2.8	14.4	1.2	–	–	(472.7)
Expected credit loss expense	(14.3)	–	–	–	–	–	–	(14.3)
Profit before tax	87.2	0.7	–	14.4	1.2	(5.4)	–	98.1
	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	Portfolio sales £'million	Cost associated with capital raise ¹ £'million	Underlying basis £'million
Year ended 31 December 2024								
Net interest income	377.9	–	–	–	–	–	–	377.9
Net fee and commission income	93.2	–	–	–	–	–	–	93.2
Net losses 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 PPE 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)

1. Relates to the capital raise in Q4 2023.

Abbreviations

AGM	Annual General Meeting	IRB	Internal ratings based
ALCO	Asset and Liability Committee	KPI	Key performance indicator
ATM	Automated teller machine	LGBTQ+	Lesbian, gay, bisexual, transgender, queer plus
BAME	Black, Asian and Minority Ethnic	LGD	Loss given default
BBLS	Bounce Back Loan Scheme	LIBOR	London Inter-Bank Offered Rate
BEIS	Department of Business, Energy and Industrial Strategy	LTIP	Long Term Incentive Plan
bps	Basis points	LTV	Loan-to-value
C&I	Capability and Innovation Fund	MOs	Model Overlays
CEO	Chief Executive Officer	MPs	Members of Parliament
CET1	Common Equity Tier 1 Capital	MREL	Minimum requirement for own funds and eligible liabilities
CFO	Chief Financial Officer	MSc	Master of Science
CMA	Competition and Markets Authority	NED	Non-Executive Director
CoF	Cost of Funds	NICs	National Insurance contributions
CRD	Capital Requirements Directive	NIM	Net interest margin
CRO	Chief Risk Officer	NPL	Non-performing loan
D&I	Diversity and inclusion	OFAC	Office of Foreign Assets Control
DNED	Designated Non-Executive Director for Colleague Engagement	PAYE	Pay as you earn
DTR	Disclosure Guidance and Transparency Rules	PCAF	Partnership for Carbon Accounting Financials
DTV	Debt-to-value	PD	Probability of default
DVRP	Deferred Variable Reward Plan	PMA	Post model adjustments
EAD	Exposure at default	POCI	Purchased or originated credit impaired
ECL	Expected credit losses	PRA	Prudential Regulation Authority
EPC	Energy Performance Certificate	PwC	PricewaterhouseCoopers LLP
ERC	Executive Risk Committee	REGO	Renewable Energy Guarantee of Origin
ESG	Environmental, social, and governance	RLS	Recovery Loan Scheme
ExCo	Executive Committee	ROC	Risk Oversight Committee
FCA	Financial Conduct Authority	RoTE	Return on Tangible Equity
FRC	Financial Reporting Council	RWAs	Risk-weighted assets
FSQS	Financial Services Qualification System	SICR	Significant increase in credit risk
FTE	Full -ime equivalent	SME	Small or medium-sized enterprise
FVOCI	Fair value through other comprehensive income	SONIA	Sterling Overnight Index Average.
GDP	Gross domestic product	SVAP	Shareholder Value Alignment Plan
GHG	Greenhouse gases	TCFD	Task Force on Climate-related Financial Disclosures
HMO	House in multiple occupation	TFSME	Term Funding Scheme with additional incentives for SMEs
HMRC	His Majesty's Revenue and Customs	UK	United Kingdom
HPI	House price index	VAT	Value added tax
IAS	International Accounting Standard	VIU	Value in use
ICAAP	Internal Capital Adequacy Assessment Process		
IFRS	International Financial Reporting Standards		
ILAAP	Internal Liquidity Adequacy Assessment Process		

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 2026 AGM will be held on 2 June 2026. 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 2025

Range	Total number of holdings	Percentage of holders	Total number of shares held at 31 December 2025	Percentage of total
0–100	235	25.24%	9,256	0.00%
101–500	135	14.50%	34,780	0.01%
501–5,000	229	24.60%	422,314	0.06%
5,001–100,000	169	18.15%	5,217,444	0.77%
100,001–500,000	85	9.13%	19,732,224	2.93%
500,000+	78	8.38%	647,876,470	96.23%
Total	931	100%	673,292,488	100%

Shareholder profile by category as at 31 December 2025

Category	Number of holdings	Percentage of holders within type	Shares held at 31 December 2025	Percentage of issued share capital
Private shareholders	583	62.62%	1,188,647	0.18%
Banks	3	0.32%	11,904	0.00%
Nominees and other institutional investors	345	37.06%	672,091,937	99.82%
Total	931	100%	673,292,488	100%



Shareholder information continued

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, which 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.



Notes



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