Interim Report for the half year ended 30 June 2026

Metro Bank Holdings PLC

This is
Relationship Banking

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Forward looking statements

This interim report 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 interim report are based on Metro Bank Holdings PLC's ("the Group", "the Bank", "we" or "our") current expectations. By their nature, forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, that could cause our actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements. As a result, you are cautioned not to place undue reliance on such forward-looking statements. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance.

No assurances can be given that the forward-looking statements in this interim report will be realised. We undertake no obligation to release the results of any revisions to any forward-looking statements in this interim report 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.

Basis of preparation

Financial information in this interim report is prepared on a statutory (taken from our financial statements) and underlying basis (which we use to assess performance on a management basis). Further details on how we calculate underlying performance, as well as our other alternative performance measures can be found on pages 40 to 42.

Summarised interim results

	Half year to 30 Jun 2026	Half year to 31 Dec 2025	Change (HoH)	Half year to 30 Jun 2025	Change (YoY)
Profit and loss					
Underlying profit before tax[1]	£60.6m	£53.0m	14%	£45.1m	34%
Statutory profit before tax	£60.7m	£44.1m	38%	£43.1m	41%
Total income (statutory)	£302.4m	£300.5m	1%	£292.8m	3%
Total operating expenses (statutory)	£231.9m	£248.4m	(7%)	£243.4m	(5%)
Net interest margin[2]	3.18%	3.10%	8bps	2.87%	31 bps
Cost of deposits[2]	0.98%	0.96%	2bps	1.16%	(18bps)
Return on tangible equity[2]	7.5%	5.4%	210bps	7.3%	20bps
	30 Jun 2026	**31 Dec 2025**	**Change (HoH)**	**30 Jun 2025**	**Change (YoY)**
Balance sheet					
Customer deposits	£13,216m	£13,445m	(2%)	£13,363m	(1%)
Customer loans	£9,074m	£8,823m	3%	£8,715m	4%
Loan to deposit ratio[2]	69%	66%	3pps	65%	4pps
Total assets	£17,025m	£16,475m	3%	£16,428m	4%
Tangible net asset value per share	£1.66	£1.63	2%	£1.61	3%
Asset quality					
Coverage ratio[2]	1.46%	1.89%	(43bps)	1.88%	(42bps)
Cost of risk	0.22%	0.18%	4bps	0.14%	8bps
Capital ratios					
Common Equity Tier 1 (CET1) ratio	12.3%	12.5%	(20bps)	12.8%	(50bps)
Total capital ratio	17.9%	18.4%	(50bps)	18.9%	(100bps)
Total regulatory capital plus MREL ratio	25.3%	26.1%	(80bps)	27.0%	(170bps)
Regulatory leverage ratio	7.4%	7.8%	(40bps)	7.9%	(50bps)
Customer metrics					
Stores	78	78	–	76	2

1. Underlying profit before tax is an alternative performance measure and excludes items considered to distort period-on-period comparisons, in order to provide readers with a better and more relevant understanding of the underlying trends in the business. A reconciliation between our statutory and underlying results can be found on page 42.
2. Alternative performance measures are defined on page 40.

Officers and external auditors

For the half year ended 30 June 2026

Board of Directors

Executive Directors

Daniel Frumkin
Chief Executive Officer

Marc Page
Chief Financial Officer

Non-executive Directors

Robert Sharpe
Chair
N P

Catherine Brown
Senior Independent Non-Executive Director
A N P R

Michael Torpey
Independent Non-Executive Director
A B R

Paul Thandi
Independent Non-Executive Director
N P R

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Paul Coby
Independent Non-Executive Director
A B P R

Catherine Doran
Independent Non-Executive Director
A B P R

Jacobo Gómez Domecq
Independent Non-Executive Director
A

Iván Duque Márquez
Independent Non-Executive Director

Company Secretary

Clare Gilligan

Shareholder-nominated Non-executive Directors

Cristina Alba Ochoa
Shareholder-nominated Non-Executive Director

Jaime Gilinski Bacal
Shareholder-nominated Non-Executive Director

Dorita Gilinski
Shareholder-nominated Non-Executive Director

Key to Committees: ● Chair (A) Audit (B) Board Transformation Oversight (N) Nomination (P) People and Remuneration (R) Risk Oversight

1. Iván Duque Márquez and Jacobo Gómez Domecq were appointed to the Board on 1 July 2026.
2. Nicholas Winsor resigned from the Board effective 31 May 2026

Business review

H1 2026 has been a period of strong momentum driven by strategic delivery. Profit growth, margin expansion and a continued rotation of the balance sheet towards higher-yielding lending demonstrate that our strategy is working. For the fourth consecutive half, we have grown underlying profit before tax, and we remain confident in our ability to meet all our targets for the second half of the year, as well as through 2027 and 2028.

Asset rotation: record growth in our core businesses

The strategic rotation of our loan book towards corporate, commercial, and SME lending, and specialist mortgages has continued at pace in the first half of the year. These core segments now represent just over 67% of total loans, generating meaningfully higher spreads than the prime mortgage and consumer portfolios we are running off. The vast majority of new commercial lending has been originated organically by our Commercial relationship managers.

The growth in our target lending segments has come without compromising on credit quality. Our portfolio remains strong, arrears trends are stable, non-performing loans have fallen, and our cost of risk remains well below our through-the-cycle guidance.

We have also broadened our product offering. The launch of an FX Forwards service for corporate and commercial customers and most recently, a new Joint Borrower Sole Proprietor mortgage product, reflect our commitment to serving customers with a comprehensive and competitive suite of services.

Treasury repricing: a mechanical uplift in H2

Coupled with the strategic driver of continued asset rotation, in the second half of the year we will also benefit from a significant, mechanical tailwind as £833 million of fixed-rate Treasury assets, which are currently held at historically low yields, mature. Reinvestment at materially higher prevailing rates will deliver a meaningful uplift to revenue and returns. This repricing gives us particular confidence in the near-term trajectory.

Deposits: a structural funding advantage

The Bank's relationship-led deposit franchise continues to provide a competitive advantage. Our cost of deposits remained the lowest of any UK High Street bank during H1.

Non-interest-bearing liabilities remain at more than double the UK market average, and our SME deposit base is growing as commercial relationships deepen beyond the lending book. This funding advantage is durable and increasingly differentiated in a more competitive deposit environment.

Costs and efficiency

Over the past few years, we have worked hard to reduce costs and we maintained that discipline in the first half of the year as operating costs fell further. With an increase in investment in technology and infrastructure in the second half, we expect costs to be broadly flat for the full year versus 2025. Future improvements in the cost-to-income ratio will be driven primarily by revenue growth as the Treasury repricing and shift in the lending mix flow through.

Capital and balance sheet

Our capital position is strong with a CET1 ratio of 12.3% and an MREL ratio of 25.3%. Following reclassification as a transfer firm under the MREL regime effective 1 January 2026, our MREL requirements are now set equal to minimum capital requirements and with our loan to deposit at 69% we have meaningful capacity for further growth and significant future optionality.

Serving communities and businesses across the country

The Bank's relationship banking model is grounded in physical presence and local commitment. Our 78 stores across England and Wales provide a hub from which our dedicated relationship managers operate, allowing them to directly reach and understand the customers and the communities we serve. It is this proximity to our customers that drives the quality of our lending and our deposit retention rate.

During the period we signed new store leases in Newcastle, Leeds, and Nottingham, and we continue to take deliberate steps to establish Metro Bank's presence in communities across the North and Midlands, expanding outside the South East.

Technology and AI: better service for customers

AI and digital technology are becoming increasingly important to how the Bank serves customers, and we are investing in building out capabilities, infrastructure and governance so we can maximise benefits now and in the future.

During the period, we have created and rapidly deployed AI tools that allow our teams to identify new client opportunities, streamline account openings and monitor the health of existing relationships more efficiently, allowing our colleagues to focus on relationship banking and serving our customers. Our AI-powered Scam Checker, for which we were the first UK bank to partner with Ask Silver, goes from strength to strength and has stopped customers from suffering an estimated £3 million of fraud losses to date.

Outlook

The Bank enters the second half of 2026 with confidence and momentum. Our financial trajectory is clear, our funding position is strong, and the mechanics of the H2 Treasury repricing coupled with our continuing strategic execution give us particular visibility into the near-term path. We are reaffirming all return targets, which are among the most ambitious of any UK High Street bank, and we are well positioned to deliver sustainable value for our communities, customers, colleagues and shareholders.

Daniel Frumkin
Chief Executive Officer
3 August 2026

Finance review

The Bank delivered a strong performance in the first half of 2026, with trading momentum and continued strategic execution delivering a year-on-year increase in profitability.

Income Statement

Statutory profit before tax increased to £60.7 million (half year to 31 December 2025: £44.1 million; half year to 30 June 2025: £43.1 million), up 41% year-on-year. This reflects continued growth in net interest income, disciplined cost management and sustained progress in executing the Bank's strategic transformation programme. Underlying profit before tax was £60.6 million, a 34% improvement year-on-year.

Table 1: Summary income statement

	Half year to 30 Jun 2026	Half year to 31 Dec 2025	Half year to 30 Jun 2025	Year-on-year change
Underlying net interest income	241.5	237.4	222.9	8%
Underlying net non-interest income	59.5	61.6	63.2	(6%)
Total underlying income	301.0	299.0	286.1	5%
Underlying operating expenses	(230.6)	(238.0)	(234.7)	2%
Expected credit loss expense	(9.8)	(8.0)	(6.3)	56%
Underlying profit before tax	60.6	53.0	45.1	34%
Non-underlying items	0.1	(8.9)	(2.0)	105%
Statutory profit before tax	60.7	44.1	43.1	41%

Net interest income

Underlying net interest income has increased 8% year-on-year, with the continued transition to higher-yielding assets and the repricing of Treasury assets helping offset the impact of 100bps reduction in the Bank of England base rate.

Operating expenses

Underlying operating expenses decreased to £230.6 million (half year to 31 December 2025: £238.0 million; half year to 30 June 2025: £234.7 million) primarily due to a reduction in people costs following localised restructuring in 2025. Overall operating costs for 2026 are expected to be broadly flat to 2025 following one-off investments spanning technology and infrastructure.

Expected credit losses

Expected credit loss expense for the half year to 30 June 2026 was £9.8 million. Cost of risk remains low, at 0.22%, reflecting a continued benign credit environment. The Bank remains highly collateralised and appropriately provisioned, with a coverage ratio as at 30 June 2026 of 1.46% (31 December 2025: 1.89%; 30 June 2025: 1.88%). Credit quality is further discussed within the Risk Review section on pages 10 to 14.

Balance Sheet

Total assets increased by 3% to £17,025 million at 30 June 2026 (31 December 2025: £16,475 million) primarily driven by a £251 million (3%) increase in net loans and advances to customers. This is reflective of continued execution of our asset rotation strategy and prioritisation of higher-yielding returns.

Table 2: Summary balance sheet

	30 Jun 2026 £'million	31 Dec 2025 £'million	Change
Assets			
Loans and advances to customers	9,074	8,823	3%
Treasury assets	6,530	6,345	3%
Other assets	1,421	1,307	9%
Total assets	17,025	16,475	3%
Liabilities			
Deposits from customers	13,216	13,445	(2%)
Deposits from central banks	400	400	–
Debt securities	675	684	(1%)
Repurchase agreements	719	73	885%
Other liabilities	491	389	26%
Total liabilities	15,501	14,991	3%
Total shareholders equity	1,524	1,484	3%
Total equity and liabilities	17,025	16,475	3%

Lending

Total net loans continued to grow; up 3% to £9,074 million from £8,823 million as at 31 December 2025. Balances in the Group's target lending segments of corporate, commercial and SME lending, and specialist mortgages grew by 18% half-on-half, offset by continued run-off of non-core asset classes.

Deposits

Customer deposits reduced by 2% to £13,216 million at 30 June 2026 (31 December 2025: £13,445 million). The modest reduction reflects ongoing management of the funding base and continued focus on deposit quality rather than volume. The Bank remains committed to optimising its funding mix and reducing reliance on higher-cost deposits, supporting both profitability and long-term balance sheet resilience. Cost of deposits continues to be the lowest of any high street bank, at 0.98% (31 December 2025: 0.96%).

1. Alternative performance measures are outlined on page 40.

Finance review continued

Liquidity and funding

The Bank has maintained a strong Liquidity Coverage Ratio (LCR) ending the half year to 30 June 2026 at 270% (31 December 2025: 306%; 30 June 2025: 315%) with cash balances of £2,473 million (31 December 2025: £2,185 million; 30 June 2025: £2,340 million).

Net Stable Funding Ratio (NSFR) as at 30 June 2026 was 155% (31 December 2025: 161%; 30 June 2025: 165%).

Record growth in our target lending segments has seen our loan to deposit ratio grow, in line with plan, to 69% as at 30 June 2026 (31 December 2025: 66%), with all customer loans fully funded by customer deposits. The Bank's use of repurchase agreements has increased to £719 million at 30 June 2026 (31 December 2025: £73 million) as we proactively used secured funding and BoE facilities, the Bank of England's repo-led framework for cash reserve management, to support and enhance longer-term balance sheet optimisation.

The Treasury portfolio has grown 3% to £6,530 million as at 30 June 2026 from £6,345 million as at 31 December 2025, comprising £4,057 million of investment securities and cash balances of £2,473 million. Our Treasury portfolio is high-quality in line with a robust securities investment policy.

Capital

Effective 1 January 2026, the Bank was reclassified a transfer firm under the MREL regime, freeing up capital to support the delivery of our lending strategy. We remained comfortably above the regulatory minima, including combined buffer requirements throughout the first half of 2026.

Table 3: Capital ratios and requirements

	30 Jun 2026	Minimum requirement including buffers[1]	Minimum requirement excluding buffers[1]
CET1	12.3%	9.7%	5.2%
Tier 1	15.8%	11.4%	6.9%
Total regulatory capital	17.9%	13.7%	9.2%
Total regulatory capital plus MREL	25.3%	13.7%	9.2%

1. Combined buffer requirement as at 30 June 2026.

Risk-weighted assets (RWAs) increased to £7,038 million as at 30 June 2026 (31 December 2025: £6,711 million) in line with growth in corporate, commercial and SME lending, and specialist mortgages as we continued to execute on the strategic promises made in 2025.

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.

Looking forward

The first half of 2026 has demonstrated continued progress against our strategic priorities. The Bank has furthered profitability, expanded lending, improved net interest margin and continued to optimise its funding profile whilst continuing to support FANS and communities with a human approach to banking.

Marc Page
Chief Financial Officer
3 August 2026

Risk review

Focus through the first half of 2026 has been on disciplined management of existing risks and supporting the Bank's strategic growth while operating within our set risk appetite.

Consistent with our 2025 Annual Report and Accounts, 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. These comprise:

Liquidity and funding risk

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).

Credit risk

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

Operational risk

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.

Financial crime risk

The risk that the Bank's products and service offerings will be used to facilitate financial crime. Financial crime risks include money laundering, violations of sanctions, proliferation financing, bribery and corruption, facilitation of tax evasion and terrorist financing.

Conduct risk

The risk that our behaviours or actions result in unfair outcomes or detriment to customers and/or undermines market integrity.

Market risk

The risk of loss arising from movements in market prices. Market risk is the risk posed to earnings, economic value or capital that arises from changes in interest rates, market prices or foreign exchange rates.

Model risk

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.

Regulatory risk

The risk of regulatory sanction, financial loss and reputational damage as a result of failing to comply with relevant regulatory requirements.

Legal risk

The risk of loss, including to reputation, which can result from lack of awareness or misunderstanding of, ambiguity in, or reckless indifference to, the way law applies to the Directors, the business, its relationships, processes, products and services.

Capital risk

The risk that the Bank fails to meet minimum regulatory capital (and MREL) requirements. Management of capital is essential to Metro Bank PLC in the prudent management of its balance sheet, ensuring its resilience under stress and the maintenance of the confidence of its current and potential creditors (including bond holders, the bond market, and customers) and key stakeholders in the pursuit of its business strategy.

Strategic risk

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 review continued

Emerging risk exposures

We consider emerging risks to be evolving threats which cannot yet be fully quantified, with the potential to significantly impact our strategy, financial performance, operational resilience and/or reputation.

The effects of regional conflicts continue to influence the global economy. Persistent low domestic productivity and above-target inflation remain a threat to strategic objectives, with reduced consumer confidence having the potential to stress credit portfolios. AI-enabled fraud, financial crime and cyber-attack techniques continue to rapidly advance, whilst progress in quantum computing threatens long-lived encryption and the trustworthiness of historical records.

We keep our emerging risks under review, informed by a horizon scanning process, with escalation and reporting to the Risk Oversight Committee and Board as necessary. We undertake robust resilience preparations, including scenario plans for trade disruption, energy insecurity and cyber security events. Rigorous borrower risk assessments are performed and we operate enhanced credit oversight and management of vulnerable customer sectors.

Risk environment to 30 June 2026

Focus through the first half of 2026 has remained on disciplined risk management as the Bank continues to execute its growth strategy in our key target areas of corporate, commercial and SME lending, and specialist mortgages.

Whilst the UK economic environment remains uncertain, influenced by geopolitical developments, portfolio performance has remained resilient, with credit metrics broadly stable and ECL stock reducing following debt sales. We continue to monitor the economic outlook and maintain appropriate levels of provisions.

The Bank's key capital ratios remained above regulatory requirements throughout H1, while opportunities to optimise capital continue to be assessed where appropriate. Liquidity levels have also remained robust, with both capital and liquidity positions providing strong support for the execution of the Bank's growth strategy.

During H1, we continued to enhance the maturity, consistency and evidential strength of our operational resilience framework through scenario testing, exit exercises across key third-party relationships, and analysis of internal and external risk events. This work has informed our understanding of potential impacts on the availability and performance of important business services and supported continuous improvement of our resilience capabilities. Further enhancements have been delivered across the control environment, including strengthening our cyber security posture through scalable, threat-led defences operating across the Bank's extended supply chain. In April, the Bank completed its annual operational resilience self-assessment, updating how it continues to meet the PRA and FCA's operational resilience requirements.

Following the re-platforming of our core financial crime management solution in 2025, our focus has shifted to maximising its capabilities to enhance operational effectiveness, strengthen risk management and reduce unnecessary customer friction. We have also prioritised the recruitment of specialist expertise to ensure our control environment continues to evolve in line with increasingly sophisticated financial crime threats and emerging typologies, while proactively integrating external intelligence and horizon-scanning insights into our risk response. These actions continue to strengthen our financial crime framework and support the Bank's ongoing efforts to prevent, detect and respond to financial crime. We remain engaged with the Financial Conduct Authority and other stakeholders as we continue to demonstrate the effectiveness and maturity of our control environment.

Consistent with our human approach to banking, we have continued to embed and strengthen our response to the requirements and expectations of Consumer Duty. Active monitoring of customer outcomes remains in place, with results showing continued improvement during the first half of the year. Governance arrangements, product oversight, support for vulnerable customers and complaint management have all been further enhanced, supported by improved management information, the establishment of a dedicated Product Governance Committee and the training of more than 1,000 colleagues on vulnerable customer outcomes.

Risk review continued

Credit risk[1]

Whilst the UK economic environment remains uncertain, influenced by geopolitical developments, portfolio performance has remained resilient, with credit metrics broadly stable and ECL stock reducing following debt sales. We continue to monitor the economic outlook and maintain appropriate levels of provisions.

Loans and advances to customers

Gross loans and advances to customers have increased by £215 million from £8,993 million at 31 December 2025 to £9,208 million at 30 June 2026. The increase was driven by growth in the corporate and commercial portfolio, partially offset by reductions in retail mortgages and the consumer loans debt sale.

Expected credit losses and cost of risk

Table 4: Expected credit loss allowance

	30 Jun 2026 £'million	31 Dec 2025 £'million	Change £'million
Retail mortgages	19	16	3
Consumer lending	33	67	(34)
Corporate and commercial lending	82	87	(5)
Total expected credit loss allowances	134	170	(36)

Table 5: Cost of risk and coverage ratios

	Cost of risk		Coverage ratios	
	Half year to 30 Jun 2026	Full year to 31 Dec 2025	30 Jun 2026	31 Dec 2025
Retail mortgages	0.12%	0.04%	0.39%	0.32%
Consumer lending	(3.70%)	(2.80%)	46.48%	58.77%
Corporate and commercial lending	0.45%	0.66%	1.91%	2.21%
Cost of risk	0.22%	0.16%	1.46%	1.89%

Expected credit losses (ECL) have reduced during the period by £36 million to £134 million at 30 June 2026 (31 December 2025: £170 million), predominantly driven by debt sales, with cost of risk (CoR) increasing to 0.22% (full year to 31 December 2025: 0.16%). The Bank holds overlays that reflect risks not fully captured within modelled ECL estimates. More details of overlays held can be found on page 27.

Non-performing loans (NPLs)

NPLs decreased to £404 million (31 December 2025: £462 million) with the overall NPL ratio decreasing to 4.39% (31 December 2025: 5.14%). The NPL ratio for mortgages has increased to 4.63% (31 December 2025: 4.45%), driven by customers continuing to transition from lower fixed-rate mortgages, with arrears levels also remaining disproportionately influenced by legacy acquired portfolios. The NPLs for consumer have decreased to £35 million (31 December 2025: £74 million) with the NPL ratio decreasing to 49.30% (31 December 2025: 64.91%). The reduction is primarily driven by consumer loans debt sales. The corporate and commercial NPL ratio decreased to 3.37% (31 December 2025: 4.27%), primarily due to successful BBLS claims and portfolio growth.

Table 6: Non-performing loans[2]

	30 Jun 2026 £'million	30 Jun 2026 % ratios	31 Dec 2025 £'million	31 Dec 2025 % ratios
Retail mortgages	224	4.63%	220	4.45%
Consumer lending	35	49.30%	74	64.91%
Corporate and commercial lending	145	3.37%	168	4.27%
Total	404	4.39%	462	5.14%

2. Includes POCI.

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. Stage 2 balances have increased in H1 2026, with the quantitative SICR criteria continuing to be the primary driver. This is driven by corporate and commercial portfolio growth and maturation. As of 30 June 2026, 92% (31 December 2025: 93%) of Stage 2 balances triggered quantitative SICR criteria, 7% (31 December 2025: 5%) triggered qualitative SICR and the remaining amount triggered the 30 days past due backstop criteria.

Table 7: Stage 2 balances[3]

	30 Jun 2026		31 Dec 2025	
	Gross carrying amount £'million	Loss allowance £'million	Gross carrying amount £'million	Loss allowance £'million
Quantitative	746	15	662	14
Qualitative	54	3	36	3
30 days past due backstop	14	1	15	1
Total stage 2	814	19	713	18

3. 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.

1. Exposures outlined in the Credit risk section do not include Treasury assets.

Risk review continued

Credit risk exposure by internal probability of default (PD) rating

The table below summarises balances by PD bandings and IFRS 9 stage at a total bank level. All PDs include forward looking information and are based on 12-month values for all stages. Overall, there has been a decrease in Band 1 proportions as balances migrate to Band 2, primarily driven by higher retail mortgage portfolio PDs resulting from the deterioration in macroeconomic conditions, and corporate and commercial portfolio migration to Stage 2. The reduction in Band 1 has been partially offset by growth in the corporate and commercial portfolio. The decrease in Band 4 is driven by consumer loans debt sales.

Table 8: Credit risk exposure by IFRS 9 12-month PD rating and stage allocation.

		30 Jun 2026										
		Gross lending £'million					Loss allowance £'million					
	PD Range %	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Coverage ratio
Band 1	0.00 – 3.00	7,362	254	–	–	7,616	22	3	–	–	25	0.33%
Band 2	3.00 – 17.00	626	470	–	–	1,096	5	9	–	–	14	1.28%
Band 3	17.00 – 99.99	2	90	–	–	92	–	7	–	–	7	7.61%
Band 4	100	–	–	405	(1)	404	–	–	89	(1)	88	21.78%
Total		7,990	814	405	(1)	9,208	27	19	89	(1)	134	1.46%

		31 Dec 2025										
		Gross lending £'million					Loss allowance £'million					
	PD Range %	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Coverage ratio
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%

Risk review continued

Retail mortgage lending

Mortgage balances have reduced during 2026 to £4,835 million (31 December 2025: £4,940 million).

Table 9: Residential mortgage lending by repayment type

	30 Jun 2026			31 Dec 2025		
	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million
Interest only	1,133	1,379	2,512	1,180	1,378	2,558
Capital and interest	2,260	63	2,323	2,320	62	2,382
Total	3,393	1,442	4,835	3,500	1,440	4,940

Average debt-to-value (DTV) of the portfolio has increased by 2% over the first half of 2026 to 62% at 30 June 2026, (31 December 2025: 60%) as a result of house price reductions. Average loan-to-value (LTV) for new lending has decreased to 68% (2025: 69%). Accounts that are 3 or more months in arrears have increased from 2.45% at 31 December 2025 to 2.64% at 30 June 2026 as customers continue to mature from lower interest rate fixed products onto higher interest rates.

Table 10: Retail mortgage lending by DTV banding

	30 Jun 2026			31 Dec 2025		
DTV Ratio	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million
Less than 50%	1,042	178	1,220	1,140	212	1,352
51-60%	506	147	653	489	182	671
61-70%	518	341	859	603	394	997
71-80%	750	690	1,440	771	628	1,399
81-90%	487	83	570	438	23	461
91-100%	89	1	90	58	–	58
More than 100%	1	2	3	1	1	2
Total	3,393	1,442	4,835	3,500	1,440	4,940

The geographic distribution of our retail mortgages customer balances is set out in Table 11. 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 11: Residential mortgage lending by geographical exposure

	30 Jun 2026			31 Dec 2025		
Region	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million
Greater London	1,177	759	1,936	1,211	776	1,987
South East	876	289	1,165	919	286	1,205
South West	295	66	361	299	66	365
East of England	350	116	466	364	115	479
North West	154	53	207	156	47	203
West Midlands	146	56	202	147	53	200
East Midlands	99	44	143	103	42	145
Yorkshire and the Humber	111	27	138	117	25	142
Scotland	88	13	101	85	11	96
North East	33	7	40	34	7	41
Wales	64	12	76	65	12	77
Total	3,393	1,442	4,835	3,500	1,440	4,940

Consumer lending

Consumer balances have reduced to £71 million as at 30 June 2026 (31 December 2025: £114 million) as a result of a debt sale of non-performing loans, write-off of non-performing loans, and the continued run-off of credit cards and other legacy products.

The total ECL coverage ratio for consumer has reduced to 46.48% (31 December 2025: 58.77%) mainly due to the debt sale.

Risk review continued

Corporate and commercial lending

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 £3,939 million to £4,302 million during the first half of 2026 reflecting the business strategy to grow the corporate and commercial portfolio.

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 is marginally higher than at the end of December 2025 due to a small number of larger exposures that are spread across sectors. Close customer management is key to identifying issues early and supporting our customers.

The ECL allowance has decreased to £82 million as at 30 June 2026 (31 December 2025: £87 million) with coverage decreasing to 1.91% (31 December 2025: 2.21%). This reduction was driven by improvements in a small number of larger exposures, reductions in management overlays and model enhancements implemented during the period.
The proportion of corporate and commercial lending in Stage 3 has reduced to 3.4% (31 December 2025: 4.3%) as a percentage of total balances, whilst the proportion in Stage 2 has increased to 8.2% (31 December 2025: 5.4%) due predominantly to a few large single name exposures.

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 increased operating costs and economic uncertainty. We continue to hold appropriate levels of ECL to reflect the higher risk of default.

Table 12: Corporate and commercial term lending (excl. BBLS) by DTV (property) banding

	30 Jun 2026			31 Dec 2025		
DTV Ratio	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million
Less than 50%	32	687	719	44	728	772
51-60%	21	507	528	22	353	375
61-70%	28	892	920	34	680	714
71-80%	33	162	195	43	112	155
81-90%	28	39	67	33	55	88
91-100%	1	8	9	1	10	11
More than 100%	1	648	649	–	609	609
Total	144	2,943	3,087	177	2,547	2,724

Risk review continued

Table 13: Corporate and commercial term lending (excl. BBLS) by industry exposure

	30 Jun 2026			31 Dec 2025		
Sector	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million
Real estate (rent, buy, sell)	139	588	727	177	486	663
Hospitality	–	840	840	–	736	736
Health & social work	1	720	721	–	584	584
Legal, accountancy & consultancy	1	227	228	–	254	254
Retail	–	203	203	–	208	208
Recreation, cultural & sport	–	70	70	–	74	74
Construction	–	26	26	–	24	24
Investment & unit trusts	–	40	40	–	48	48
Real estate (development)	–	21	21	–	14	14
Education	–	8	8	–	7	7
Real estate (management)	2	1	3	–	4	4
Other	1	199	200	–	108	108
Total	144	2,943	3,087	177	2,547	2,724

DTV is calculated for property and cash-backed lending in corporate and commercial. As of 30 June 2026, 77% of lending had a DTV of 80% or less (31 December 2025: 74%), reflecting the prudent risk appetite historically applied. Lending with DTV >100% includes loans which benefit from additional forms of collateral, such as debentures or personal guarantees, 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% at June 2026 was 21% (31 December 2025: 22%).

We manage credit risk concentration to individual borrowing entities and sectors. Our credit risk appetite includes limits for individual sectors where we have higher levels of exposure.

The sector profile for corporate and commercial term lending is broadly consistent with the position as at 31 December 2025.

Table 14: Corporate and commercial term lending (excl. BBLS) by repayment type

	30 Jun 2026			31 Dec 2025		
	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million
Interest only	139	852	991	172	650	822
Capital and interest	5	2,091	2,096	5	1,897	1,902
Total	144	2,943	3,087	177	2,547	2,724

Table 15: Corporate and commercial term lending (excl. BBLS) by geographic exposure

	30 Jun 2026			31 Dec 2025		
Region	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million
Greater London	79	1,319	1,398	100	1,025	1,125
South East	34	460	494	42	442	484
East of England	10	211	221	10	224	234
North West	4	114	118	4	101	105
South West	6	157	163	7	122	129
West Midlands	2	309	311	3	273	276
East Midlands	4	64	68	5	64	69
Yorkshire and the Humber	2	62	64	2	56	58
North East	1	78	79	1	71	72
Wales	1	24	25	2	24	26
Scotland	–	66	66	–	67	67
Northern Ireland	1	1	2	1	1	2
National	–	78	78	–	77	77
Total	144	2,943	3,087	177	2,547	2,724

Risk review continued

Capital risk

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. This is achieved through sustainable profitability, optimising the balance sheet and assessing market conditions for opportune transactions.

Capital requirements

Table 16: Capital and ratio requirements

	30 Jun 2026	31 Dec 2025	Minimum requirement including buffers[1]	Minimum requirement excluding buffers[1]
CET1	12.3%	12.5%	9.7%	5.2%
Tier 1	15.8%	16.1%	11.4%	6.9%
Total regulatory capital	17.9%	18.4%	13.7%	9.2%
Total regulatory capital plus MREL	25.3%	26.1%	13.7%	9.2%

1. Combined buffer requirement as at 30 June 2026.

We manage capital in accordance with prudential rules issued by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) and we are committed to maintaining a strong capital base, under both existing and future regulatory requirements.

Risk-weighted assets

Risk-weighted assets (RWAs) ended the period at £7,038 million up from £6,711 million as at 31 December 2025. The increase has largely been driven by growth in corporate and commercial lending in line with the Bank's strategy.

Capital resources

Table 17: Capital requirements

	30 Jun 2026 £'million	31 Dec 2025 £'million
Share capital and share premium	146	146
Retained earnings	1,107	1,075
Other reserves	29	21
Intangible assets	(164)	(143)
Other regulatory adjustments	(251)	(259)
CET1 Capital	867	840
Other equity instruments	242	242
Total Tier 1 capital	**1,109**	**1,082**
Debt securities (Tier 2)	150	150
Total Tier 2 capital	150	150
Total regulatory capital	1,259	1,232

Capital landscape

The focus 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. The Bank was reclassified as a transfer firm under the MREL regime effective from 1 January 2026 and as a result, MREL requirements are now set equal to minimum capital requirements.

We also continue to prepare for the implementation of Basel 3.1 from 1 January 2027.

Liquidity and Funding Risk

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 other banks. We aim to attract service-led core deposits which are less sensitive to competition within the deposit market and as such have been reducing the balances of our 'tactical' less stable deposits. The Liquidity Coverage Ratio finished at 270% (31 December 2025: 306%) and the Net Stable Funding Ratio at 155% (31 December 2025: 161%), both well above regulatory minima.

Risk review continued

Market Risk

We are not a trading bank and so have a low appetite for those market risks which we do take, with clear limits set for net interest income and economic value sensitivity. Our primary market risk relates to interest rate risk in the banking book where we have remained within our Board's Risk Appetite throughout the first half of the year and continue to manage on a daily basis. 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.

Financial Crime Risk

Efforts to strengthen the Bank's financial crime control framework continued throughout the first half of the year, with further investment in experienced personnel and the implementation of enhancements to financial crime systems and tools. The Bank has also advanced in adopting regulatory-compliant, risk-based approaches tailored to the business needs, in alignment with its long-term strategy and objectives. Looking ahead to the second half of the year, the focus will be on the successful delivery of further key upgrades to financial crime processes and systems, as well as the simplification of financial crime documentation.

Operational risk

Our operational risk profile has remained broadly stable through the first half of the year. Resilience and recovery arrangements have continued to be tested, alongside ongoing progress in strengthening key information security capabilities, including vulnerability management, identity and access management, and endpoint detection. Third-party dependencies remain embedded within our operational resilience planning, with tooling deployed in 2025 further enhancing governance and risk oversight across cyber and data controls, financial health and concentration risk.

Risks associated with the accelerating use of AI continue to be managed in line with established policies, standards and governance processes, with a continued emphasis on transparency, explainability and appropriate human oversight. In parallel, activity is underway to explore how AI can be leveraged to strengthen risk management and enhance the Bank's operational risk control environment through automation.

Conduct, regulatory and legal risk

We remain focused on satisfying the requirements of the Consumer Duty, which sets the high expected standard for conduct and the delivery of good customer outcomes. Activities including customer outcome testing, review of customer feedback, vulnerability monitoring, complaints analysis and product oversight are performed to ensure customers are achieving intended outcomes and there is no systemic customer harm.

Compliance with existing and new regulatory requirements remains key and our agile change methodology is designed to ensure regulatory change is prioritised and delivered. The Bank's strategic agenda remains aligned to the key priorities of both the PRA and FCA and we have continued to proactively engage with industry bodies and other stakeholders to help shape the regulatory agenda.

Model risk

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 remains stable and 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.

Strategic risk

The Executive team and Board have continued to closely monitor and respond to strategy execution risks across all business lines and transformation initiatives through the first half of this year. Our established risk management framework continues to be applied to oversee the Bank's evolving risk profile and ensure we operate inside our agreed risk appetite.

Statement of Directors' responsibilities

The Directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

Signed on its behalf on 3 August 2026 by:

Daniel Frumkin	Marc Page	Robert Sharpe
Chief Executive Officer	Chief Financial Officer	Chair

Independent review report to Metro Bank Holdings PLC

Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Metro Bank Holdings PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim report of Metro Bank Holdings PLC for the 6 month period ended 30 June 2026 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 June 2026;
- the Condensed consolidated income statement for the period then ended
- the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim report of Metro Bank Holdings PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The Interim report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim report, including the interim financial statements, 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.

Our responsibility is to express a conclusion on the interim financial statements in the Interim report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of this report
This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
3 August 2026

Condensed consolidated income statement

For the half year ended 30 June 2026

	Note	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Interest income	2	358.6	361.4	364.0
Interest expense	2	(117.1)	(124.0)	(141.1)
Net interest income		241.5	237.4	222.9
Fee and commission income		46.7	48.8	47.9
Fee and commission expense		(3.4)	(3.5)	(2.1)
Net fee and commission income		43.3	45.3	45.8
Net gains/(losses) on sale of assets		4.4	(0.1)	5.3
Other income		13.2	17.9	18.8
Total income		302.4	300.5	292.8
General operating expenses	3	(202.7)	(217.1)	(212.3)
Depreciation and amortisation		(30.0)	(30.7)	(31.0)
Impairment and write-offs of PPE and intangible assets		0.8	(0.6)	(0.1)
Total operating expenses		(231.9)	(248.4)	(243.4)
Expected credit loss expense		(9.8)	(8.0)	(6.3)
Profit before tax		60.7	44.1	43.1
Tax expense		(11.7)	(4.8)	(12.7)
Profit for the period		49.0	39.3	30.4
Profit attributable to ordinary shareholders	11	31.7	22.0	30.4
Profit attributable to other equity shareholders		17.3	17.3	–
Profit for the period		49.0	39.3	30.4

The accompanying notes on pages 24 to 39 form an integral part of these condensed interim financial statements.

Condensed consolidated statement of comprehensive income

For the half year ended 30 June 2026

	Note	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Profit for the period		49.0	39.3	30.4
Other comprehensive income for the period				
Items which will be reclassified subsequently to profit or loss where specific conditions are met:				
Movements in respect of investment securities held at fair value through other comprehensive income (net of tax):				
changes in fair value		3.1	2.3	1.9
Total other comprehensive income		3.1	2.3	1.9
Total comprehensive income for the period		52.1	41.6	32.3
Total comprehensive income attributable to ordinary shareholders		34.8	24.3	32.3
Total comprehensive income attributable to other equity shareholders		17.3	17.3	–
Total comprehensive income for the period		52.1	41.6	32.3
Earnings per share				
Basic earnings per share (pence)	11	4.7	3.3	4.5
Diluted earnings per share (pence)	11	4.6	3.2	4.5

The accompanying notes on pages 24 to 39 form an integral part of these condensed interim financial statements.

Condensed consolidated balance sheet

As at 30 June 2026

	Note	30 Jun 2026 £'million	31 Dec 2025 £'million	30 Jun 2025 £'million
Assets				
Cash and balances with other banks		2,473	2,185	2,340
Loans and advances to customers	6	9,074	8,823	8,715
Investment securities held at FVOCI		202	218	265
Investment securities held at amortised cost		3,855	3,942	3,781
Derivative financial assets		60	23	24
Property, plant and equipment		695	705	713
Intangible assets		164	143	130
Prepayments and accrued income		79	81	82
Deferred tax assets (net)		222	230	231
Other assets		201	125	147
Total assets		17,025	16,475	16,428
Liabilities				
Deposits from customers	7	13,216	13,445	13,363
Deposits from central banks		400	400	400
Debt securities	8	675	684	685
Repurchase agreements		719	73	131
Derivative financial liabilities		63	–	–
Lease liabilities	9	183	185	189
Deferred grants		8	10	11
Provisions		6	6	8
Other liabilities		231	188	183
Total liabilities		15,501	14,991	14,970
Equity				
Share capital and premium	10	146	146	144
Retained earnings		1,107	1,075	1,052
Other equity instruments	10	242	242	242
Other reserves		29	21	20
Total equity		1,524	1,484	1,458
Total equity and liabilities		17,025	16,475	16,428

The accompanying notes on pages 24 to 39 form an integral part of these condensed interim financial statements.

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 3 August 2026 and were signed on its behalf by:

Daniel Frumkin	Marc Page	Robert Sharpe
Chief Executive Officer	Chief Financial Officer	Chair

Condensed consolidated cash flow statement

For the half year ended 30 June 2026

	Note	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million[1]
Reconciliation of profit before tax to net cash flows from operating activities				
Profit before tax		61	44	43
Adjustments for non-cash items		(205)	(198)	(194)
Interest received		352	371	378
Interest paid		(112)	(130)	(190)
Changes in other operating assets		(366)	(93)	206
Changes in other operating liabilities		521	38	(1,363)
Net cash inflows/(outflows) from operating activities		251	32	(1,120)
Cash flows from investing activities				
Sales, redemptions and paydowns of investment securities		598	540	614
Purchase of investment securities		(494)	(655)	(161)
Purchase of property, plant and equipment		(5)	(16)	(18)
Purchase and development of intangible assets		(36)	(29)	(19)
Net cash inflows/(outflows) from investing activities		63	(160)	416
Cash flows from financing activities				
Repayment of capital element of leases	9	(9)	(10)	(9)
Issuance of shares and other equity instruments (net of costs)	10	–	–	242
Distributions on other equity instruments	10	(17)	(17)	–
Net cash (outflows)/inflows from financing activities		(26)	(27)	233
Net increase/(decrease) in cash and cash equivalents		288	(155)	(471)
Cash and cash equivalents as at start of period		2,185	2,340	2,811
Cash and cash equivalents as at end of period		2,473	2,185	2,340

Non-cash items	Note	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Interest income	2	(359)	(361)	(364)
Interest expense	2	117	124	141
Depreciation and amortisation		30	31	31
Expected credit loss expense		10	8	6
Other non-cash items		(3)	–	(8)
Total adjustment for non-cash items		(205)	(198)	(194)

The accompanying notes on pages 24 to 39 form an integral part of these condensed interim financial statements.

1. Certain cash flow movements from the June 2025 interim report have been reclassified within certain aggregated line items to reflect the appropriate presentation of operating and financing cash flows throughout the year. The reclassification has no impact on total cash flows, closing cash balances or previously reported full-year results.

Condensed consolidated statement of changes in equity

For the half year ended 30 June 2026

	Called-up share capital and premium £'million	Retained earnings £'million	FVOCI reserve £'million	Share option reserve £'million	Other equity Instruments £'million	Total equity £'million
Balance as at 1 Jan 2026	146	1,075	(3)	24	242	1,484
Profit for the period	–	32	–	–	17	49
Other comprehensive income (net of tax) relating to investment securities designated at FVOCI	–	–	3	–	–	3
Total comprehensive income	–	32	3	–	17	52
Issuance of other equity instruments	–	–	–	–	–	–
Cost of issuance of other equity instruments	–	–	–	–	–	–
Distributions on other equity instruments	–	–	–	–	(17)	(17)
Issuance of shares under existing schemes	–	–	–	–	–	–
Equity-settled share based payments[1]	–	–	–	5	–	5
Other share option movements	–	–	–	–	–	–
Balance as at 30 Jun 2026	146	1,107	–	29	242	1,524

1. Includes impacts of our SVAP share-based payment scheme.

Balance as at 1 Jul 2025	144	1,052	(5)	25	242	1,458
Profit for the period	–	22	–	–	17	39
Other comprehensive income (net of tax) relating to investment securities designated at FVOCI	–	–	2	–	–	2
Total comprehensive income	–	22	2	–	17	41
Issuance of other equity instruments	–	–	–	–	–	–
Cost of issuance of other equity instruments	–	–	–	–	–	–
Distributions on other equity instruments	–	–	–	–	(17)	(17)
Issuance of shares under existing schemes	2	–	–	(2)	–	–
Equity-settled share based payments	–	–	–	2	–	2
Other share option movements	–	1	–	(1)	–	–
Balance as at 31 Dec 2025	146	1,075	(3)	24	242	1,484

Balance as at 1 Jan 2025	144	1,022	(7)	24	–	1,183
Profit for the period	–	30	–	–	–	30
Other comprehensive income (net of tax) relating to investment securities designated at FVOCI	–	–	2	–	–	2
Total comprehensive income	–	30	2	–	–	32
Issuance of other equity instruments	–	–	–	–	250	250
Cost of issuance of other equity instruments	–	–	–	–	(8)	(8)
Distributions on other equity instruments	–	–	–	–	–	–
Issuance of shares under existing schemes	–	–	–	–	–	–
Equity-settled share based payments	–	–	–	1	–	1
Other share option movements	–	–	–	–	–	–
Balance as at 30 Jun 2025	144	1,052	(5)	25	242	1,458

Note	10				10	

The accompanying notes on pages 24 to 39 form an integral part of these condensed interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Basis of preparation and accounting policies

1.1 General information

Metro Bank Holdings PLC ("our" or "we") 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 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 condensed consolidated interim financial statements of Metro Bank Holdings PLC and its subsidiaries for the half year ended 30 June 2026 were authorised for issue in accordance with a resolution of the Directors on 3 August 2026.

These condensed consolidated interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with UK adopted International Accounting Standards (IAS 34 'Interim Financial Reporting') and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The comparative financial information as at and for the periods ended 31 December 2025 and 30 June 2025 do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2025 has been delivered to the Registrar of Companies.

The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The information in this Interim Report dated 30 June 2026 is unaudited.

Going concern

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 disclosed in the risk report of the 2025 Annual Report & Accounts.

In reaching their conclusion the Directors considered the delivery of the Group against its Long-Term Plan, as well as the delivery of the Group's strategy, an update on which is provided within the Business Review section of this report. As part of their assessment the Directors have considered a wide range of information relating to present and future conditions, including projected future profitability, capital resources and requirements, and liquidity, as well as a severe but plausible downside scenario to the Long-Term Plan.

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 18 months from the date of these interim financial statements). The Directors do not consider there to be any material uncertainties with regards to the assessment on going concern.

Operating segments

We provide retail and commercial banking services. The Board considers the results of the Group as a whole when assessing the performance of the business and allocating resources. Accordingly, we have a single operating segment.

We operate solely in the UK and as such no geographical analysis is required.

Accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2025.

1.3 Future accounting developments

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. Whilst early application of the standard is permitted, the Group has not early adopted them in preparing these consolidated financial statements. The Group is still in the process of assessing the potential impact of this standard on presentation and disclosures.

1.4 Critical accounting judgements

No new critical accounting judgements have been identified in the period and our approach to these judgements remain consistent with methods outlined in the Group's consolidated financial statements for the year ended 31 December 2025.

In our 2025 Annual Report and Accounts, we identified the following critical accounting judgements:

- measurement of the expected credit loss allowance - significant increase in credit risk
- measurement of the expected credit loss allowance - use of post model overlays.

Notes to the condensed consolidated interim financial statements

Measurement of the expected credit loss allowance—significant increase in credit risk

Our measurement methodology and policy remains consistent with that described in note 30 to the 2025 Annual Report & Accounts.

Measurement of the expected credit loss allowance -use of post model adjustments (PMAs) and Management Overlays (MOs)

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).

PMAs and MOs have been reassessed during the period to ensure an appropriate level of ECL that continues to account for the economic uncertainty. PMAs and MOs have reduced during 2026 with the total percentage of ECL stock standing at 14% as at 30 June 2026 (31 December 2025: 14%). The PMA and MO percentage has remained stable, as the reduction in PMA and MO stock was offset by the overall ECL stock reduction due to consumer portfolio debt sales.

PMAs and MOs make up £18.9 million of the ECL stock as at 30 June 2026 (31 December 2025: £24.3 million). This reduction of £5.4 million is primarily driven by the release of the Macro Correlation Uncertainty PMA (£12.3 million), partly offset by recognition of a new commercial management overlay in the period, following sustained model monitoring providing evidence that the underlying risk is being appropriately captured within modelled ECL estimates.

The total PMA and MO balance is comprised of the following overlays and adjustments:

- Commercial Management Overlay – held for macroeconomic uncertainty, portfolio maturation and limited model sensitivity (30 June 2026: £7.0 million; 31 December 2025: £0.0 million)
- Commercial model enhancements – held in anticipation of model updates for the Small Business overdrafts, credit cards and loans portfolio and will be removed once implemented into production (30 June 2026: £5.7 million; 31 December 2025: £6.0 million)
- Mortgage model and data enhancements – held pending implementation of model and data enhancements into production (30 June 2026: £3.0 million; 31 December 2025: £2.9 million)
- Climate change impact – reflects the impact of climate change risk on property values for the mortgage and corporate and commercial portfolios (30 June 2026: £2.8 million; 31 December 2025: £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 (30 June 2026: £0.4 million; 31 December 2025: £0.3 million).

Notes to the condensed consolidated interim financial statements

1.5 Critical accounting estimates

No new critical accounting estimates have been identified during the period.

In our 2025 Annual Report and Accounts we identified the following critical accounting estimate:

- measurement of the expected credit loss allowance - multiple forward-looking macroeconomic scenarios.

Multiple forward-looking 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. The following assumptions, considered to be the key drivers of ECL, have been used for the scenarios applied:

- 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.

The weightings applied to each scenario are:

Scenario weighting	Half year to 30 Jun 2026	Half year to 31 Dec 2025	Half year to 30 Jun 2025
Baseline	50%	50%	50%
Upside	20%	20%	20%
Downside	25%	25%	25%
Severe Downside	5%	5%	5%

The weightings used are reviewed periodically 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).

	30 Jun 2026				31 Dec 2025			
Scenario	Stage 1	Stage 2	Stage 3	ECL £'million	Stage 1	Stage 2	Stage 3	ECL £'million
Weighted	27	19	88	134	32	18	120	170
Baseline	25	16	86	127	29	15	118	162
Upside	21	14	84	119	25	13	116	154
Downside	33	27	94	154	40	24	126	190
Severe downside	37	37	97	171	45	32	129	206

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.

Notes to the condensed consolidated interim financial statements

2. Net Interest Income

Interest income

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Cash and balances with other banks	37.8	39.3	54.5
Loans and advances to customers	260.5	257.9	250.0
Investment securities held at amortised cost	57.4	60.2	53.2
Investment securities held at FVOCI	1.8	1.8	2.1
Interest income calculated using the effective interest rate method	357.5	359.2	359.8
Derivatives in a hedging relationship	1.1	2.2	4.2
Total interest income	358.6	361.4	364.0

Interest Expense

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Deposits from customers	64.5	64.4	78.8
Deposits from central banks	7.4	8.1	8.9
Repurchase agreements	5.7	2.8	4.8
Debt securities	42.5	42.5	42.5
Lease liabilities	5.1	5.2	5.3
Interest expense calculated using the effective interest rate method	125.2	123.0	140.3
Derivatives in a hedging relationship	(8.1)	1.0	0.8
Total interest expense	117.1	124.0	141.1

3. General operating expenses

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
People costs	92.7	98.5	99.3
Information technology costs	31.1	27.5	28.9
Occupancy expenses	14.8	14.7	15.5
Money transmission and other banking related costs	19.7	22.3	20.9
Transformation costs	1.0	6.6	7.8
Remediation costs	(0.3)	1.6	(0.4)
Capability and Innovation fund costs	1.4	1.5	1.2
Legal and Regulatory fees	4.8	4.5	4.7
Professional fees	20.5	18.1	17.3
Printing, postage and stationary	2.4	2.9	2.6
Travel costs	0.8	0.8	0.7
Marketing costs	4.0	3.2	3.5
Other expenses	9.8	14.9	10.3
Total general operating expenses	202.7	217.1	212.3

4. People costs

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Wages and salaries	74.2	80.5	81.7
Social security costs	11.5	10.9	11.1
Pension costs	5.4	5.4	5.5
Equity-settled share based payments[1]	1.6	1.7	1.0
Total people costs	92.7	98.5	99.3

1. From 1 January 2026, SVAP share-based payment charges are presented within transformation costs, reflecting their alignment with the Bank's transformation programme.

Notes to the condensed consolidated interim financial statements

5. Taxation

Income tax expense for the six months ended 30 June 2026 has been recognised based on management's best estimate of the weighted average annual effective income tax rate expected for the full financial year, in accordance with IAS 34 Interim Financial Reporting. The estimated annual effective tax rate (ETR) applied to recurring profits was 27.0% (half year to 31 December 2025: 10.9%; half year to 30 June 2025: 29.5%). The income tax charge for the period was £11.7 million (half year to 31 December 2025: £4.8 million; half year to 30 June 2025: £12.7 million). The ETR is higher than the substantively enacted UK tax rate of 25% due to non-tax deductible expenditure, including fixed asset depreciation upon which a tax deduction is not available. The tax charge for the period also reflects the tax effect of certain discrete items recognised during the period, which have been measured separately from the estimated annual effective tax rate in accordance with IAS 34.

6. Loans and advances to customers

	30 Jun 2026			31 Dec 2025			30 Jun 2025		
	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million
Retail mortgages	4,835	(19)	4,816	4,940	(16)	4,924	5,152	(15)	5,137
Consumer lending	71	(33)	38	114	(67)	47	133	(73)	60
Corporate and commercial lending	4,302	(82)	4,220	3,939	(87)	3,852	3,597	(79)	3,518
Total loans and advances to customers	9,208	(134)	9,074	8,993	(170)	8,823	8,882	(167)	8,715

	30 Jun 2026 £'million	31 Dec 2025 £'million	30 Jun 2025 £'million
Residential owner occupied	3,393	3,500	3,669
Retail buy-to-let	1,442	1,440	1,483
Total retail mortgages	4,835	4,940	5,152
Overdrafts	32	33	39
Credit cards	11	13	15
Term loans	25	63	72
Consumer auto finance	3	5	7
Total consumer lending	71	114	133
Total retail lending	4,906	5,054	5,285
Professional buy-to-let	144	177	229
Bounce back loans	127	185	255
Coronavirus business interruption loans	12	18	29
Recovery loan scheme	142	166	230
Core corporate and commercial lending	2,789	2,363	1,940
Corporate and commercial term loans	3,214	2,909	2,683
Overdrafts	232	221	210
Credit cards	11	10	9
SME Asset Finance Ltd and SME Invoice Finance Ltd	845	799	695
Total corporate and commercial lending	4,302	3,939	3,597
Total gross loans and advances to customers	9,208	8,993	8,882

Notes to the condensed consolidated interim financial statements

6. Loans and advances to customers Continued

Credit risk exposures

Retail mortgages

	30 Jun 2026					31 Dec 2025					30 Jun 2025				
	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million
Up to date	4,150	400	58	–	4,608	4,221	450	59	–	4,730	4,296	586	58	–	4,940
1 to 29 days past due	1	15	10	–	26	3	17	9	–	29	2	24	15	–	41
30 to 89 days past due	–	45	29	–	74	–	29	31	–	60	–	33	19	–	52
90+ days past due	–	–	127	–	127	–	–	121	–	121	–	–	119	–	119
Gross carrying amount	4,151	460	224	–	4,835	4,224	496	220	–	4,940	4,298	643	211	–	5,152

Consumer lending

	30 Jun 2026					31 Dec 2025					30 Jun 2025				
	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million
Up to date	33	2	2	(1)	36	36	2	4	–	42	45	2	4	–	51
1 to 29 days past due	–	1	–	–	1	–	1	–	–	1	2	1	1	–	4
30 to 89 days past due	–	–	1	–	1	1	1	1	–	3	1	1	2	–	4
90+ days past due	–	–	33	–	33	–	–	69	(1)	68	–	–	75	(1)	74
Gross carrying amount	33	3	36	(1)	71	37	4	74	(1)	114	48	4	82	(1)	133

Corporate and commercial lending

	30 Jun 2026					31 Dec 2025					30 Jun 2025				
	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million
Up to date	3,802	336	63	–	4,201	3,544	176	78	–	3,798	3,166	211	79	–	3,456
1 to 29 days past due	4	8	1	–	13	14	28	5	–	47	6	12	11	–	29
30 to 89 days past due	–	7	2	–	9	–	9	5	–	14	–	14	15	–	29
90+ days past due	–	–	79	–	79	–	–	80	–	80	–	–	83	–	83
Gross carrying amount	3,806	351	145	–	4,302	3,558	213	168	–	3,939	3,172	237	188	–	3,597

Total lending

	30 Jun 2026					31 Dec 2025					30 Jun 2025				
	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million
Up to date	7,985	738	123	(1)	8,845	7,801	628	141	–	8,570	7,507	799	141	–	8,447
1 to 29 days past due	5	24	11	–	40	17	46	14	–	77	10	37	27	–	74
30 to 89 days past due	–	52	32	–	84	1	39	37	–	77	1	48	36	–	85
90+ days past due	–	–	239	–	239	–	–	270	(1)	269	–	–	277	(1)	276
Gross carrying amount	7,990	814	405	(1)	9,208	7,819	713	462	(1)	8,993	7,518	884	481	(1)	8,882

Notes to the condensed consolidated interim financial statements

6. Loans and advances to customers Continued

Loss allowance

Retail mortgages	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
Balance at 1 Jan 2026	4,224	496	220	–	4,940	(5)	(3)	(8)	–	(16)	4,219	493	212	–	4,924
Transfers to/from stage 1	129	(124)	(5)	–	–	(1)	1	–	–	–	128	(123)	(5)	–	–
Transfers to/from stage 2	(105)	106	(1)	–	–	–	–	–	–	–	(105)	106	(1)	–	–
Transfers to/from stage 3	(24)	(14)	38	–	–	–	–	–	–	–	(24)	(14)	38	–	–
Net remeasurements due to transfers	–	–	–	–	–	1	(1)	(2)	–	(2)	1	(1)	(2)	–	(2)
New lending	267	30	–	–	297	(1)	(1)	–	–	(2)	266	29	–	–	295
Repayments, additional drawdowns and interest accrued	(54)	(3)	–	–	(57)	–	–	–	–	–	(54)	(3)	–	–	(57)
Derecognitions	(286)	(31)	(28)	–	(345)	–	–	1	–	1	(286)	(31)	(27)	–	(344)
Changes to assumptions	–	–	–	–	–	2	(1)	(1)	–	–	2	(1)	(1)	–	–
Balance at 30 Jun 2026	4,151	460	224	–	4,835	(4)	(5)	(10)	–	(19)	4,147	455	214	–	4,816
Balance at 1 Jul 2025	4,298	643	211	–	5,152	(4)	(4)	(7)	–	(15)	4,294	639	204	–	5,137
Transfers to/from stage 1	79	(76)	(3)	–	–	–	–	–	–	–	79	(76)	(3)	–	–
Transfers to/from stage 2	(1)	4	(3)	–	–	–	–	–	–	–	(1)	4	(3)	–	–
Transfers to/from stage 3	(24)	(9)	33	–	–	–	1	(1)	–	–	(24)	(8)	32	–	–
Net remeasurements due to transfers	–	–	–	–	–	–	–	(1)	–	(1)	–	–	(1)	–	(1)
New lending	300	(21)	1	–	280	(1)	1	–	–	–	299	(20)	1	–	280
Repayments, additional drawdowns and interest accrued	(50)	(3)	1	–	(52)	–	–	–	–	–	(50)	(3)	1	–	(52)
Derecognitions	(378)	(42)	(20)	–	(440)	–	–	1	–	1	(378)	(42)	(19)	–	(439)
Changes to assumptions	–	–	–	–	–	–	(1)	–	–	(1)	–	(1)	–	–	(1)
Balance at 31 Dec 2025	4,224	496	220	–	4,940	(5)	(3)	(8)	–	(16)	4,219	493	212	–	4,924
Balance at 1 Jan 2025	4,358	584	203	–	5,145	(4)	(4)	(7)	–	(15)	4,354	580	196	–	5,130
Transfers to/from stage 1	133	(126)	(7)	–	–	(1)	1	–	–	–	132	(125)	(7)	–	–
Transfers to/from stage 2	(141)	141	–	–	–	–	–	–	–	–	(141)	141	–	–	–
Transfers to/from stage 3	(24)	(15)	39	–	–	–	–	–	–	–	(24)	(15)	39	–	–
Net remeasurements due to transfers	–	–	–	–	–	1	(1)	(1)	–	(1)	1	(1)	(1)	–	(1)
New lending	305	87	–	–	392	–	(1)	–	–	(1)	305	86	–	–	391
Repayments, additional drawdowns and interest accrued	(57)	(6)	–	–	(63)	–	–	–	–	–	(57)	(6)	–	–	(63)
Derecognitions	(276)	(22)	(24)	–	(322)	–	–	1	–	1	(276)	(22)	(23)	–	(321)
Changes to assumptions	–	–	–	–	–	–	1	–	–	1	–	1	–	–	1
Balance at 30 Jun 2025	4,298	643	211	–	5,152	(4)	(4)	(7)	–	(15)	4,294	639	204	–	5,137

Notes to the condensed consolidated interim financial statements

6. Loans and advances to customers Continued

Loss allowance

	Gross carrying amount					Loss allowance					Net carrying amount				
Consumer lending	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 Jan 2026	37	4	74	(1)	114	_	(1)	(67)	1	(67)	37	3	7	_	47
Transfers to/from stage 1	1	(1)	–	–	–	–	–	–	–	–	1	(1)	–	–	–
Transfers to/from stage 2	(1)	1	–	–	–	–	–	–	–	–	(1)	1	–	–	–
Transfers to/from stage 3	–	(1)	1	–	–	–	–	–	–	–	–	(1)	1	–	–
Net remeasurements due to transfers	–	–	–	–	–	–	–	(1)	–	(1)	–	–	(1)	–	(1)
New lending	2	–	–	–	2	–	–	–	–	–	2	–	–	–	2
Repayments, additional drawdowns and interest accrued	(4)	–	(2)	–	(6)	–	–	–	–	–	(4)	–	(2)	–	(6)
Derecognitions	(2)	–	(37)	–	(39)	–	–	34	–	34	(2)	–	(3)	–	(5)
Changes to assumptions	–	–	–	–	–	–	–	1	–	1	–	–	1	–	1
Balance at 30 Jun 2026	33	3	36	(1)	71	–	(1)	(33)	1	(33)	33	2	3	–	38
Balance at 1 Jul 2025	48	4	82	(1)	133	_	(1)	(73)	1	(73)	48	3	9	_	60
Transfers to/from stage 1	(1)	1	–	–	–	–	(1)	1	–	–	(1)	–	1	–	–
Transfers to/from stage 2	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers to/from stage 3	–	–	–	–	–	–	(1)	1	–	–	–	(1)	1	–	–
Net remeasurements due to transfers	–	–	–	–	–	–	–	(1)	–	(1)	–	–	(1)	–	(1)
New lending	1	–	–	–	1	–	–	–	–	–	1	–	–	–	1
Repayments, additional drawdowns and interest accrued	(8)	–	(4)	–	(12)	–	–	–	–	–	(8)	–	(4)	–	(12)
Derecognitions	(3)	(1)	(4)	–	(8)	–	2	4	–	6	(3)	1	–	–	(2)
Changes to assumptions	–	–	–	–	–	–	–	1	–	1	–	–	1	–	1
Balance at 31 Dec 2025	37	4	74	(1)	114	–	(1)	(67)	1	(67)	37	3	7	–	47
Balance at 1 Jan 2025	496	153	97	(1)	745	(12)	(9)	(88)	1	(108)	484	144	9	–	637
Transfers to/from stage 1	8	(7)	(1)	–	–	(2)	2	–	–	–	6	(5)	(1)	–	–
Transfers to/from stage 2	(1)	1	–	–	–	–	–	–	–	–	(1)	1	–	–	–
Transfers to/from stage 3	(1)	(4)	5	–	–	–	2	(2)	–	–	(1)	(2)	3	–	–
Net remeasurements due to transfers	–	–	–	–	–	2	–	(2)	–	–	2	–	(2)	–	–
New lending	3	–	–	–	3	–	–	–	–	–	3	–	–	–	3
Repayments, additional drawdowns and interest accrued	(4)	–	(1)	–	(5)	–	–	–	–	–	(4)	–	(1)	–	(5)
Derecognitions	(453)	(139)	(18)	–	(610)	11	4	16	–	31	(442)	(135)	(2)	–	(579)
Changes to assumptions	–	–	–	–	–	1	–	3	–	4	1	–	3	–	4
Balance at 30 Jun 2025	48	4	82	(1)	133	–	(1)	(73)	1	(73)	48	3	9	–	60

Notes to the condensed consolidated interim financial statements

6. Loans and advances to customers Continued

Loss allowance

Corporate and commercial lending	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
Balance at 1 Jan 2026	3,558	213	168	–	3,939	(27)	(14)	(46)	–	(87)	3,531	199	122	–	3,852
Transfers to/from stage 1	30	(29)	(1)	–	–	(2)	2	–	–	–	28	(27)	(1)	–	–
Transfers to/from stage 2	(175)	176	(1)	–	–	1	(1)	–	–	–	(174)	175	(1)	–	–
Transfers to/from stage 3	(21)	(6)	27	–	–	–	1	(1)	–	–	(21)	(5)	26	–	–
Net remeasurements due to transfers	–	–	–	–	–	2	(4)	(5)	–	(7)	2	(4)	(5)	–	(7)
New lending	779	22	–	–	801	(6)	(1)	–	–	(7)	773	21	–	–	794
Repayments, additional drawdowns and interest accrued	(142)	4	(11)	–	(149)	–	–	–	–	–	(142)	4	(11)	–	(149)
Derecognitions	(223)	(29)	(37)	–	(289)	2	1	8	–	11	(221)	(28)	(29)	–	(278)
Changes to assumptions	–	–	–	–	–	7	3	(2)	–	8	7	3	(2)	–	8
Balance at 30 Jun 2026	3,806	351	145	–	4,302	(23)	(13)	(46)	–	(82)	3,783	338	99	–	4,220
Balance at 1 Jul 2025	3,172	237	188	–	3,597	(26)	(16)	(37)	–	(79)	3,146	221	151	–	3,518
Transfers to/from stage 1	27	(26)	(1)	–	–	(2)	2	–	–	–	25	(24)	(1)	–	–
Transfers to/from stage 2	(26)	27	–	–	1	–	–	–	–	–	(26)	27	–	–	1
Transfers to/from stage 3	(39)	3	36	–	–	–	–	(1)	–	(1)	(39)	3	35	–	(1)
Net remeasurements due to transfers	–	–	–	–	–	1	(2)	(10)	–	(11)	1	(2)	(10)	–	(11)
New lending	845	25	(5)	–	865	(4)	(1)	(1)	–	(6)	841	24	(6)	–	859
Repayments, additional drawdowns and interest accrued	(111)	(5)	(12)	–	(128)	–	–	–	–	–	(111)	(5)	(12)	–	(128)
Derecognitions	(310)	(48)	(38)	–	(396)	3	2	8	–	13	(307)	(46)	(30)	–	(383)
Changes to assumptions	–	–	–	–	–	1	1	(5)	–	(3)	1	1	(5)	–	(3)
Balance at 31 Dec 2025	3,558	213	168	–	3,939	(27)	(14)	(46)	–	(87)	3,531	199	122	–	3,852
Balance at 1 Jan 2025	2,869	241	204	–	3,314	(23)	(16)	(29)	–	(68)	2,846	225	175	–	3,246
Transfers to/from stage 1	55	(54)	(1)	–	–	(3)	3	–	–	–	52	(51)	(1)	–	–
Transfers to/from stage 2	(112)	112	–	–	–	2	(2)	–	–	–	(110)	110	–	–	–
Transfers to/from stage 3	(23)	(12)	35	–	–	–	1	(1)	–	–	(23)	(11)	34	–	–
Net remeasurements due to transfers	–	–	–	–	–	3	(5)	(8)	–	(10)	3	(5)	(8)	–	(10)
New lending	774	3	6	–	783	(9)	–	–	–	(9)	765	3	6	–	774
Repayments, additional drawdowns and interest accrued	(154)	(22)	(4)	–	(180)	–	–	–	–	–	(154)	(22)	(4)	–	(180)
Derecognitions	(237)	(31)	(52)	–	(320)	1	2	3	–	6	(236)	(29)	(49)	–	(314)
Changes to assumptions	–	–	–	–	–	3	1	(2)	–	2	3	1	(2)	–	2
Balance at 30 Jun 2025	3,172	237	188	–	3,597	(26)	(16)	(37)	–	(79)	3,146	221	151	–	3,518

Notes to the condensed consolidated interim financial statements

6. Loans and advances to customers Continued

Loss allowance

Total lending	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
Balance at 1 Jan 2026	7,819	713	462	(1)	8,993	(32)	(18)	(121)	1	(170)	7,787	695	341	–	8,823
Transfers to/from stage 1	160	(154)	(6)	–	–	(3)	3	–	–	–	157	(151)	(6)	–	–
Transfers to/from stage 2	(281)	283	(2)	–	–	1	(1)	–	–	–	(280)	282	(2)	–	–
Transfers to/from stage 3	(45)	(21)	66	–	–	–	1	(1)	–	–	(45)	(20)	65	–	–
Net remeasurements due to transfers	–	–	–	–	–	3	(5)	(8)	–	(10)	3	(5)	(8)	–	(10)
New lending	1,048	52	–	–	1,100	(7)	(2)	–	–	(9)	1,041	50	–	–	1,091
Repayments, additional drawdowns and interest accrued	(200)	1	(13)	–	(212)	–	–	–	–	–	(200)	1	(13)	–	(212)
Derecognitions	(511)	(60)	(102)	–	(673)	2	1	43	–	46	(509)	(59)	(59)	–	(627)
Changes to assumptions	–	–	–	–	–	9	2	(2)	–	9	9	2	(2)	–	9
Balance at 30 Jun 2026	7,990	814	405	(1)	9,208	(27)	(19)	(89)	1	(134)	7,963	795	316	–	9,074
Balance at 1 Jul 2025	7,518	884	481	(1)	8,882	(30)	(21)	(117)	1	(167)	7,488	863	364	–	8,715
Transfers to/from stage 1	105	(101)	(4)	–	–	(2)	1	1	–	–	103	(100)	(3)	–	–
Transfers to/from stage 2	(27)	31	(3)	–	1	–	–	–	–	–	(27)	31	(3)	–	1
Transfers to/from stage 3	(63)	(6)	69	–	–	–	–	(1)	–	(1)	(63)	(6)	68	–	(1)
Net remeasurements due to transfers	–	–	–	–	–	1	(2)	(12)	–	(13)	1	(2)	(12)	–	(13)
New lending	1,146	4	(4)	–	1,146	(5)	–	(1)	–	(6)	1,141	4	(5)	–	1,140
Repayments, additional drawdowns and interest accrued	(169)	(8)	(15)	–	(192)	–	–	–	–	–	(169)	(8)	(15)	–	(192)
Derecognitions	(691)	(91)	(62)	–	(844)	3	4	13	–	20	(688)	(87)	(49)	–	(824)
Changes to assumptions	–	–	–	–	–	1	–	(4)	–	(3)	1	–	(4)	–	(3)
Balance at 31 Dec 2025	7,819	713	462	(1)	8,993	(32)	(18)	(121)	1	(170)	7,787	695	341	–	8,823
Balance at 1 Jan 2025	7,723	978	504	(1)	9,204	(39)	(29)	(124)	1	(191)	7,684	949	380	–	9,013
Transfers to/from stage 1	196	(187)	(9)	–	–	(6)	6	–	–	–	190	(181)	(9)	–	–
Transfers to/from stage 2	(254)	254	–	–	–	2	(2)	–	–	–	(252)	252	–	–	–
Transfers to/from stage 3	(48)	(31)	79	–	–	–	3	(3)	–	–	(48)	(28)	76	–	–
Net remeasurements due to transfers	–	–	–	–	–	6	(6)	(11)	–	(11)	6	(6)	(11)	–	(11)
New lending	1,082	90	6	–	1,178	(9)	(1)	–	–	(10)	1,073	89	6	–	1,168
Repayments, additional drawdowns and interest accrued	(215)	(28)	(5)	–	(248)	–	–	–	–	–	(215)	(28)	(5)	–	(248)
Derecognitions	(966)	(192)	(94)	–	(1,252)	12	6	20	–	38	(954)	(186)	(74)	–	(1,214)
Changes to assumptions	–	–	–	–	–	4	2	1	–	7	4	2	1	–	7
Balance at 30 Jun 2025	7,518	884	481	(1)	8,882	(30)	(21)	(117)	1	(167)	7,488	863	364	–	8,715

Notes to the condensed consolidated interim financial statements

7. Deposits from customers

Deposits by customer segment

	30 Jun 2026 £'million	31 Dec 2025 £'million	30 Jun 2025 £'million
Deposits from retail customers	6,242	6,597	6,913
Deposits from corporate and commercial customers	6,974	6,848	6,450
Total deposits from customers	13,216	13,445	13,363

Deposits by product

	30 Jun 2026 £'million	31 Dec 2025 £'million	30 Jun 2025 £'million
Demand: current accounts	5,717	5,862	5,682
Demand: savings accounts	6,865	6,901	6,991
Fixed term: savings accounts	634	682	690
Deposits from customers	13,216	13,445	13,363

8. Debt securities

Name	Issue date	Currency	Amount issued £'million	Coupon rate	Call date	Maturity date
Fixed rate reset callable (MREL) notes	30/11/23	GBP	525	12.000%	30/04/28	30/04/29
Fixed rate reset senior non-preferred notes	30/11/23	GBP	150	14.000%	30/04/29	30/04/34

8. Debt securities (continued)

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
At beginning of period	684	685	675
Movements in Micro Hedging	(10)	(2)	10
Unwind of issuance costs	1	1	–
At end of period	675	684	685

Hedge accounting is applied to our debt securities to manage interest rate risk.

9. Lease liabilities

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
At beginning of period	185	189	205
Additions and modifications	2	–	1
Disposals	–	–	(13)
Lease payments made	(9)	(10)	(9)
Interest on lease liabilities	5	6	5
At end of period	183	185	189

Notes to the condensed consolidated interim financial statements

10. Share capital, share premium and other equity

	Number of shares m	Share capital £'million	Share premium £'million	Total share capital and share premium £'million	Other equity instruments £'million
At 1 January 2026	673	–	146	146	242
Issued to staff under existing employee schemes	–	–	–	–	–
AT1 securities issuance	–	–	–	–	–
At 30 June 2026	673	–	146	146	242
At 1 July 2025	673	–	144	144	242
Issued to staff under existing employee schemes	–	–	2	2	–
AT1 securities issuance	–	–	–	–	–
At 31 December 2025	673	–	146	146	242
At 1 January 2025	673	–	144	144	–
Issued to staff under existing employee schemes	–	–	–	–	–
AT1 securities issuance	–	–	–	–	242
At 30 June 2025	673	–	144	144	242

Called up share capital and share premium

Called up share capital comprises 673 million ordinary shares of 0.0001p each (31 December 2025: 673 million; 30 June 2025: 673 million), authorised and in issue. At 30 June 2026, our called up share capital was £673.61 (31 December 2025: £673.29; 30 June 2025: £673.11). The share premium reserve is used to record the excess consideration of any shares we have issued over the nominal share value.

Other equity instruments

Additional Tier 1 (AT1) securities which carry a discretionary coupon and have no fixed maturity or redemption date are classified as other equity instruments. Interest payments on these securities are recognised as distributions from equity in the period in which they are paid. In March 2025, the Bank issued AT1 instruments in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities for £250 million.

	Initial call date	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
At beginning of the period		242	242	–
Issued during the year:				
13.875% Perpetual Subordinated Contingent Convertible Securities	26 March 2030	–	–	250
Cost of issuance		–	–	(8)
Profit for the period attributable to other equity shareholders		17	17	–
Distribution on other equity instruments		(17)	(17)	–
At end of the period		242	242	242

Notes to the condensed consolidated interim financial statements

11. Earnings per Share

Basic earnings per share ('EPS') is calculated by dividing the profit attributable to ordinary shareholders of the 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 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.

There were nil anti-dilutive share options and awards excluded from the calculation of diluted earnings per share.

	Half year to 30 Jun 2026	Half year to 31 Dec 2025	Half year to 30 Jun 2025
Profit attributable to ordinary shareholders (£'million)	31.7	22.0	30.4
Weighted average number of ordinary shares in issue (thousands)			
Basic	673,417	673,151	673,025
Adjustment for share awards	8,585	7,979	8,379
Diluted	682,002	681,130	681,404
Earnings per share (pence)			
Basic	4.7	3.3	4.5
Diluted	4.6	3.2	4.5

Notes to the condensed consolidated interim financial statements

12. Fair value of financial instruments

	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
30 Jun 2026					
Assets					
Loan and advances to customers	9,074	–	–	9,051	9,051
Investment securities held at FVOCI	202	203	–	–	203
Investment securities held at amortised cost	3,855	2,600	1,219	–	3,819
Derivative financial assets	60	–	60	–	60
Liabilities					
Deposits from customers	13,216	–	–	13,213	13,213
Deposits from central banks	400	–	–	400	400
Debt securities	675	–	753	–	753
Derivative financial liabilities	63	–	63	–	63
Repurchase agreements	719	–	–	719	719
31 Dec 2025					
Assets					
Loan and advances to customers	8,823	–	–	8,867	8,867
Investment securities held at FVOCI	218	218	–	–	218
Investment securities held at amortised cost	3,942	2,641	1,250	–	3,891
Derivative financial assets	23	–	23	–	23
Liabilities					
Deposits from customers	13,445	–	–	13,444	13,444
Deposits from central banks	400	–	–	400	400
Debt securities	684	–	780	–	780
Derivative financial liabilities	–	–	–	–	–
Repurchase agreements	73	–	–	73	73
30 Jun 2025					
Assets					
Loan and advances to customers	8,715	–	–	8,735	8,735
Investment securities held at FVOCI	265	265	–	–	265
Investment securities held at amortised cost	3,781	2,557	1,146	–	3,703
Derivative financial assets	24	–	24	–	24
Liabilities					
Deposits from customers	13,363	–	–	13,362	13,362
Deposits from central banks	400	–	–	400	400
Debt securities	685	–	766	–	766
Derivative financial liabilities	–	–	–	–	–
Repurchase agreements	131	–	–	131	131

Notes to the condensed consolidated interim financial statements

12. 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 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 and liabilities
The fair values of derivatives are obtained from discounted cash flow models or option pricing models as appropriate.

Notes to the condensed consolidated interim financial statements

13. Contingent Liabilities

As part of the normal course of business we are subject to legal and regulatory matters. As at 30 June 2026, we do not have any material contingent liabilities.

14. Post balance sheet events

There are no post balance sheet events to note.

Alternative Performance Measures

In the reporting of financial information, we use certain measures that are not required under IFRS, the Generally Accepted Accounting Principles, under which we report. These measures are consistent with those used by management to assess underlying performance and have been defined below.

Cost of deposits

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

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Interest on customer deposits	64.5	64.4	78.8
Average deposits from customer	13,276	13,292	13,686
Cost of deposits (annualised)	0.98%	0.96%	1.16%

Net interest margin

Net interest income as a percentage of average interest-earning assets.

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Net interest income	241.5	237.4	222.9
Average interest-earning assets	15,304	15,212	15,643
Net interest margin (annualised)	3.18%	3.10%	2.87%

Coverage ratio

Expected credit losses as a percentage of gross loans.

	30 Jun 2026 £'million	31 Dec 2025 £'million	30 Jun 2025 £'million
Expected credit losses	134	170	167
Gross loans and advances to customers	9,208	8,993	8,882
Coverage Ratio	1.46%	1.89%	1.88%

Underlying cost: income ratio

Underlying total operating expenses as a percentage of underlying total income.

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Underlying operating expenses	230.6	238.0	234.7
Total underlying income	301.0	299.0	286.1
Underlying cost: income ratio	77%	80%	82%

Loan to deposit ratio

Net loans and advances to customers expressed as a percentage of total deposits as at the period end.

	30 Jun 2026 £'million	31 Dec 2025 £'million	30 Jun 2025 £'million
Net loans and advances to customers	9,074	8,823	8,715
Deposits from customer	13,216	13,445	13,363
Loan to deposit ratio	69%	66%	65%

Non-performing loan ratio

Gross balance of non-performing loans as a percentage of gross loans at period-end.

	30 Jun 2026 £'million	31 Dec 2025 £'million	30 Jun 2025 £'million
Non-performing loans	404	462	481
Loans and advances to customers	9,208	8,993	8,882
Non-performing loan ratio	4.39%	5.14%	5.42%

Return on tangible equity

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

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Statutory profit after tax	31.7	22.0	30.4
Average tangible equity	848.5	826.9	854.1
Return on tangible equity (annualised)	7.5%	5.4%	7.3%

Tangible net asset value per share

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

	Half year to 30 Jun 2026 £'million	Half year to 31 Dec 2025 £'million	Half year to 30 Jun 2025 £'million
Shares in issue	673	673	673
Total equity (excl. other equity instruments)	1,282	1,242	1,216
Intangible assets	164	143	130
Tangible net asset value per share	£1.66	£1.63	£1.61

Alternative Performance Measures continued

Underlying profit represents an adjusted measure, excluding the effect of certain items that are considered to distort period-on-period comparisons, in order to provide readers with a better and more relevant understanding of the underlying trends in the business.

Non-underlying item	Description	Reason for exclusion
Impairment and write-offs of property, plant, equipment and intangible assets	The costs associated with non-current assets that are either no longer being used by or are no longer generating future economic benefit for the business.	The impairments and write-offs relating to property, plant, equipment and intangible assets are removed as they distort comparison between years. This is on the basis that the write-offs and impairments relate to specific events and triggers which are not consistent between years.
Net C&I costs	These costs and income relate to the delivering the commitments associated with the Capability and Innovation Fund (awarded by BCR).	The commitments under the Capability and Innovation Fund have continued throughout H1 2026. 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 consist of money spent in relation to the RWA adjustment including the associated investigations by the PRA and FCA as well as work undertaken in relation to financial crime.	The remediation costs are felt to be time limited and will disappear once the investigations have concluded, as such these are removed to allow greater comparability between periods.
Transformation costs	Transformation costs primarily consist of costs associated with achieving the Group strategy including specific long-term incentive schemes. As of 1 January 2026, this included SVAP share-based payment charges, reflecting their alignment with the Bank's transformation programme.	The transformation costs are seen as a non-recurring cost stream aimed at driving the strategic agenda of the business, including a significant incentive scheme payable only on the delivery of specific growth criteria. These are therefore removed in order to prevent year-on-year distortion.
Portfolio sales (strategic disposals)	Historically, the Bank has undertaken a small number of significant loan portfolio sales as part of its strategic pivot towards corporate, commercial and SME lending, and specialist mortgages.	Where portfolio sales are strategic, infrequent and non-recurring in nature, the related gains and losses are excluded from underlying profit/loss to avoid distorting period-on-period comparability. The portfolio sale completed in 2026 was undertaken as part of the Bank's ongoing credit risk management activities and is therefore considered a normal business activity. As a result, the gain arising on the transaction has been included within underlying profit/loss.

Alternative Performance Measures continued

	Statutory basis £'million	Impairment and write offs of PPE and intangible assets £'million	Net C&I costs £'million	Transformation costs £'million	Remediation costs £'million	Portfolio sales £'million	Underlying basis £'million
Half year to 30 Jun 2026							
Net interest income	241.5	–	–	–	–	–	241.5
Net fee and commission income	43.3	–	–	–	–	–	43.3
Net gains on sale of assets	4.4	–	–	–	–	–	4.4
Other income	13.2	–	(1.4)	–	–	–	11.8
Total income	302.4	–	(1.4)	–	–	–	301.0
General operating expenses	(202.7)	–	1.4	1.0	(0.3)	–	(200.6)
Depreciation and amortisation	(30.0)	–	–	–	–	–	(30.0)
Impairment and write offs of property, plant, equipment and intangible assets	0.8	(0.8)	–	–	–	–	–
Total operating expenses	(231.9)	(0.8)	1.4	1.0	(0.3)	–	(230.6)
Expected credit loss expense	(9.8)	–	–	–	–	–	(9.8)
Profit before tax	60.7	(0.8)	–	1.0	(0.3)	–	60.6
Half year to 31 Dec 2025							
Net interest income	237.4	–	–	–	–	–	237.4
Net fee and commission income	45.3	–	–	–	–	–	45.3
Net gains/(losses) on sale of assets	(0.1)	–	–	–	–	0.3	0.2
Other income	17.9	–	(1.6)	–	–	(0.2)	16.1
Total income	300.5	–	(1.6)	–	–	0.1	299.0
General operating expenses	(217.1)	–	1.6	6.6	1.6	–	(207.3)
Depreciation and amortisation	(30.7)	–	–	–	–	–	(30.7)
Impairment and write offs of property, plant, equipment and intangible assets	(0.6)	0.6	–	–	–	–	–
Total operating expenses	(248.4)	0.6	1.6	6.6	1.6	–	(238.0)
Expected credit loss expense	(8.0)	–	–	–	–	–	(8.0)
Profit before tax	44.1	0.6	–	6.6	1.6	0.1	53.0
Half year to 30 Jun 2025							
Net interest income	222.9	–	–	–	–	–	222.9
Net fee and commission income	45.8	–	–	–	–	–	45.8
Net gains on sale of assets	5.3	–	–	–	–	(5.5)	(0.2)
Other income	18.8	–	(1.2)	–	–	–	17.6
Total income	292.8	–	(1.2)	–	–	(5.5)	286.1
General operating expenses	(212.3)	–	1.2	7.8	(0.4)	–	(203.7)
Depreciation and amortisation	(31.0)	–	–	–	–	–	(31.0)
Impairment and write offs of property, plant, equipment and intangible assets	(0.1)	0.1	–	–	–	–	–
Total operating expenses	(243.4)	0.1	1.2	7.8	(0.4)	–	(234.7)
Expected credit loss expense	(6.3)	–	–	–	–	–	(6.3)
Profit before tax	43.1	0.1	–	7.8	(0.4)	(5.5)	45.1