Metro Bank Holdings PLC
Pillar 3 2025

Contents

Forward–looking statements

This Pillar 3 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 Pillar 3 are based on our current expectations and, by their nature, forward–looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, that could cause our actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward–looking statements. As a result, you are cautioned not to place undue reliance on such forward–looking statements. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance. No assurances can be given that the forward–looking statements in this Pillar 3 will be realised. We undertake no obligation to release the results of any revisions to any forward– looking statements in this Pillar 3 that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement and we disclaim any such obligation.

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1. Executive Summary

This Pillar 3 disclosure complements and expands on information disclosed in Metro Bank Holding PLC's ("Metro Bank" or "the Group") 2025 Annual Report and Accounts ('ARA'). It provides information on Metro Bank and its subsidiaries' regulatory capital resources and requirements, including key financial ratios as required to meet the disclosure requirements under the UK Capital Requirements Regulations ('CRR') and the rules of the Prudential Regulation Authority, including the Disclosure (CRR) part of the PRA Rulebook.

Common Equity Tier ('CET1') Ratio

12.5%

(2024: 12.5%)

Tier 1 Capital Ratio

16.1%

(2024: 12.5%)

Total Capital Ratio ('TCR')

18.4%

(2024: 14.9%)

UK Leverage Ratio

7.8%

(2024: 5.6%)

Liquidity Coverage Ratio ('LCR')[1]

306%

(2024: 337%)

Risk Weighted Assets ('RWAs')

6,711

(2024: 6,442)

[1] LCR position as at 31 December 2025

1. Executive Summary continued

Application of the Basel Framework

Pillar 3 disclosure requirements are designed to promote market discipline through the disclosure of key information about risk exposures and risk management processes.

The framework consists of three pillars:

- **Pillar 1:** Defines the minimum capital requirements that banks are required to hold for credit, market and operational risks.
- **Pillar 2:** This builds on Pillar 1 and incorporates the bank's own assessment of additional capital resources needed in order to cover specific risks faced by the institution that are not covered by the minimum regulatory capital resources requirement set out under Pillar 1. The amount of any additional capital requirement is also assessed by the PRA during its Supervisory Review and Evaluation Process ('SREP') and is used to determine the overall capital resources required by the Bank.
- **Pillar 3:** Aims to improve market discipline by requiring banks to publish information on their principal risks, capital structure and risk management.

Scope

Metro Bank Holdings PLC is a UK based banking group that provides services to retail and commercial clients. It is authorised and regulated by the PRA and is required to comply with regulatory rules implemented by the PRA.

This document sets out our 2025 Pillar 3 Disclosure in accordance with the rules laid out in the PRA Rulebook and the UK CRR. The processes for preparing these disclosures are set out in the Bank's Pillar 3 policy. In meeting the regulatory requirements, this document provides information on Metro Bank's capital and liquidity position, risk management processes, regulatory methodologies, and disclosure.

Metro Bank Holdings PLC has four subsidiaries, of which one is dormant. Metro Bank Holdings PLC is regulated by the Prudential Regulatory Authority ('PRA'). There are no differences between the basis of consolidation for accounting and regulatory purposes. Further details on the Group's subsidiaries can be found in the Group's 2025 ARA.

Basis of disclosure

We are required to report on the basis of our consolidated financial situation. Unless otherwise stated, all figures are as at 31 December 2025, our financial year end, with comparative figures for 31 December 2024 where relevant. Comparative figures are those for Metro Bank Holdings PLC.

The disclosures may differ from similar information in our ARA prepared in accordance with International Financial Reporting Standards ('IFRS'); therefore, the information in these disclosures may not be directly comparable. For the year ended 31 December 2025 we used the Standardised Approach to credit risk, market risk and operational risk.

Frequency of disclosures

The Group's Pillar 3 disclosures are published semi–annually in conjunction with the date of publication of our financial statements.

Exemptions from disclosure

1. Materiality

In accordance with CRR Article 432 on materiality, confidentiality and proprietary and on disclosure frequency, firms may omit one or more disclosures if the information provided by such disclosures is not, in the light of the criterion, regarded as material.

We consider that information is material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions.

We have not omitted any disclosures on the basis of them being regarded as not material.

2. Proprietary or confidential information

In accordance with CRR Article 432 on materiality, confidentiality and proprietary and on disclosure frequency, firms may omit one or more disclosures if the information provided by such disclosures is regarded as proprietary or confidential. We consider information to be proprietary if sharing that information with the public would undermine our competitive position.

No disclosures have been omitted because they are proprietary or confidential.

This Pillar 3 disclosure builds on the information presented within our 2025 ARA, where additional business commentary is provided. Where specific disclosures, or rows and columns in the tables prescribed by the PRA, are not applicable to us or where the bank does not meet the threshold conditions, we omit them.

Summary of risk profile and governance

Metro Bank has continued to focus on ensuring that a strong and effective regulatory reporting framework remains embedded within the Group. Further details on our approach to risk management can be found in section 8 of this document, and in the Group's 2025 ARA.

The Risk Oversight Committee ('ROC') meet throughout the year. Details can be found in the Board Activities and stakeholder engagement section of the 2025 ARA.

Review by Board

Metro Bank is committed to a robust internal controls framework in order to ensure that external reports and disclosures are subject to adequate verification and comply with the relevant standards and regulations. As an external publication, the Pillar 3 disclosures have been subject to internal verification across the three lines of defence and are reviewed by the ROC on behalf of the Board. The governance in place allows for sufficient challenge and oversight prior to publication.

The disclosures have not been, and are not required to be, subject to independent external audit and do not constitute any part of our ARA.

"We attest to the best of our knowledge that the Metro Bank Holdings PLC Pillar 3 disclosures comply with the regulatory requirements around Pillar 3 and have been prepared in compliance with our internal controls framework."

Marc Page
Chief Financial Officer

Kirsten McLeod
Chief Risk Officer

2. Scope of Application

Table 1: UK LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

This table outlines the differences in the basis of consolidation for accounting and regulatory purposes. It provides an allocation of the balance sheet line items reported under the scope of regulatory consolidation between the different regulatory risk frameworks.

		31 December 2025						
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
		£'million	£'million	£'million	£'million	£'million	£'million	£'million
	Assets							
1	Cash and balances with the Bank of England	2,185	2,185	2,185	–	–	–	–
2	Loans and advances to customers	8,823	8,823	8,823	–	–	–	–
3	Investment securities held at FVOCI	218	218	218	–	–	–	–
4	Investment securities held at amortised cost	3,942	3,942	2,693	–	1,301	–	–
5	Financial assets held at fair value through profit and loss	–	–	–	–	–	–	–
6	Derivative financial assets	23	23	–	23	–	–	–
7	Property, plant and equipment	705	705	705	–	–	–	–
8	Intangible assets	143	143	–	–	–	–	143
9	Prepayments and accrued income	81	81	81	–	–	–	–
10	Assets classified as held for sale	–	–	–	–	–	–	–
11	Deferred tax asset	230	230	–	–	–	–	230
12	Other assets	125	125	125	–	–	–	–
13	**Total assets**	16,475	16,475	14,830	23	1,301	–	373
	Liabilities							
14	Deposits from customers	13,445	13,445	–	–	–	–	13,445
15	Deposits from central banks	400	400	–	–	–	–	400
16	Debt securities	684	684	–	–	–	–	684
17	Repurchase agreements	73	73	–	73	–	–	–
18	Derivative financial liabilities	-	-	–	–	–	–	–
19	Lease liabilities	185	185	–	–	–	–	185
20	Deferred grants	10	10	–	–	–	–	10
21	Provisions	6	6	–	–	–	–	6
22	Deferred tax liability	–	–	–	–	–	–	–
23	Other liabilities	188	188	–	–	–	–	188
24	**Total liabilities**	14,991	14,991	–	73	–	–	14,918

UK - LIA - Explanations of differences between accounting and regulatory exposure amounts

There are no differences between carrying values as reported in published financial statements and carrying values under the scope of regulatory consolidation. No entities are derecognised from the accounting balance sheet for regulatory purposes.

2. Scope of Application continued

Table 2: UK LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

This table provides a reconciliation between assets carrying values under the regulatory scope of consolidation as per Table 1 and the exposures used for regulatory purposes, split as per the regulatory risk framework.

		31 December 2025			
			Items subject to		
		Total	Credit risk framework	Securitisation framework	CCR framework
		£'million	£'million	£'million	£'million
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)**	16,102	14,778	1,301	23
2	**Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)**	73	–	–	73
3	**Total net amount under the regulatory scope of consolidation**	16,029	14,778	1,301	(50)
4	**Off–balance–sheet amounts**	1,040	1,040	–	–
5	*Differences in valuations*	–	–	–	–
6	*Differences due to different netting rules, other than those already included in row 2*	–	–	–	–
7	*Differences due to consideration of provisions*	–	–	–	–
8	*Differences due to the use of credit risk mitigation techniques (CRM)*	*61*	*51*	*(51)*	*61*
9	*Differences due to credit conversion factors*	*(785)*	*(785)*	–	–
10	*Differences due to Securitisation with risk transfer*	–	–	–	–
11	*Other differences*	*126*		–	*126*
12	**Exposure amounts considered for regulatory purposes**	16,471	15,084	1,250	137

Exposure amounts considered for regulatory purposes as a starting point for risk–weighted asset calculations shown in Table 2 differ to the carrying values under the regulatory scope of consolidation for the following reasons:

- As shown in row 8 of Table 2, off–balance sheet amounts are reduced by applicable credit risk mitigation techniques;
- As shown in row 9 of Table 2, off–balance sheet amounts are reduced by applicable credit conversion factors;
- As shown in row 11, other differences are primarily driven by exposures to Central Clearing Party ('CCP') (CCR framework).

2. Scope of Application continued

Table 3: UK LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

	31 December 2025						
		Method of regulatory consolidation					
Name of entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
Metro Bank Holdings PLC	Full consolidation	X					Holding company
Metro Bank PLC	Full consolidation	X					Banking
RDM Factors Limited	Full consolidation	X					Dormant
SME Invoice Finance Limited	Full consolidation	X					Invoice financing
SME Asset Finance Limited	Full consolidation	X					Asset financing

UK LIB - Other qualitative information on the scope of application

Aside from regulatory requirements, there are no current or foreseen material, practical or legal impediments to the transfer of capital or prompt repayments of liabilities when due.

3. Key Metrics and Risk Weighted Assets

Table 4: UK KM1 – Key metrics

This table below provides a summary of the main prudential regulation ratios and measures.

		31 December 2025 £'million	30 June 2025 £'million	31 December 2024 £'million
	Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	840	826	808
2	Tier 1 capital	1,082	1,068	808
3	Total capital	1,232	1,218	958
	Risk–weighted exposure amounts			
4	Total risk–weighted exposure amount	6,711	6,437	6,442
	Capital ratios (as a percentage of risk–weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	12.5%	12.8%	12.5%
6	Tier 1 ratio (%)	16.1%	16.6%	12.5%
7	Total capital ratio (%)	18.4%	18.9%	14.9%
	Additional own funds requirements based on SREP (as a percentage of risk–weighted exposure amount)			
UK 7a	Additional CET1 SREP requirements (%)	0.7%	0.7%	0.2%
UK 7b	Additional AT1 SREP requirements (%)	0.2%	0.2%	0.1%
UK 7c	Additional T2 SREP requirements (%)	0.3%	0.3%	0.1%
UK 7d	Total SREP own funds requirements (%)	9.2%	9.2%	8.4%
	Combined buffer requirement (as a percentage of risk–weighted exposure amount)			
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%
9	Institution specific countercyclical capital buffer (%)	2.0%	2.0%	2.0%
11	Combined buffer requirement (%)	4.5%	4.5%	4.5%
UK 11a	Overall capital requirements (%)	13.7%	13.7%	12.9%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.3%	7.6%	7.8%
	Leverage ratio			
13	Total exposure measure excluding claims on central banks	13,837	13,560	14,417
14	Leverage ratio excluding claims on central banks (%)	7.8%	7.9%	5.6%
	Liquidity Coverage Ratio[1]			
15	Total high–quality liquid assets (HQLA) (Weighted value – average)	5,552	6,289	7,189
UK 16a	Cash outflows – Total weighted value	1,962	2,006	2,184
UK 16b	Cash inflows – Total weighted value	189	400	413
16	Total net cash outflows (adjusted value)	1,773	1,689	1,854
17	Liquidity coverage ratio (%)	314%	427%	444%
	Net Stable Funding Ratio[2]			
18	Total available stable funding	13,965	14,465	16,676
19	Total required stable funding	8,448	8,560	10,475
20	NSFR ratio (%)	165%	169%	160%

[1] LCR is based on 12–month average.

[2] NSFR is based on 4–quarter average.

3. Key Metrics and Risk Weighted Assets continued

Table 5: UK KM2 – Key metrics: MREL

This table below shows the key metrics for the bank's capital resources and eligible liabilities.

		31 December 2025 £'million	31 December 2024 £'million
1	Total capital resources	1,232	958
2	Eligible senior unsecured instruments issued	522	521
3	Total MREL resources	1,754	1,479
4	Total risk–weighted assets	6,711	6,442
5	Total MREL resources as a percentage of total risk–weighted assets (%)	26.1%	23.0%
6	UK leverage exposure measure	13,837	14,417
7	Total MREL resources as a percentage of UK leverage exposure measure (%)	12.7%	10.3%

3. Key Metrics and Risk Weighted Assets continued

Table 6: UK OV1 – Overview of risk weighted exposure amounts

This table below shows a breakdown of RWAs and minimum capital requirement by risk type and approach.

		RWAs		Minimum capital requirements	
		31 December 2025 £'million	31 December 2024 £'million	31 December 2025 £'million	31 December 2024 £'million
1	Credit risk (excluding counterparty credit risk (CCR))	5,793	5,572	464	446
2	*Of which the standardised approach*	*5,793*	*5,572*	*464*	*446*
6	Counterparty credit risk	5	19	–	2
7	*Of which the standardised approach*	*3*	*19*	*–*	*2*
8a	*Of which exposures to a CCP*	2	–	–	–
8b	*Of which CVA*	–	–	–	–
16	Securitisation exposures in the banking book (after the cap)	138	124	11	10
18	*Of which SEC–ERBA (including IAA)*	*138*	*124*	*11*	*10*
23	Operational risk	759	720	61	58
23b	*Of which standardised approach*	*759*	*720*	*61*	*58*
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	*16*	*7*	1	1
29	**Total**	6,711	6,442	537	515

UK OVC – ICAAP Information

We manage our capital risk via our Capital Adequacy Framework which includes policies, strategy, limit setting, continuous monitoring and stress testing. Our ICAAP is a key component of this framework and provides an internal assessment of the bank's capital requirements and adequacy. This includes Pillar 2 assessments which cover risks unique to the bank and not adequately covered by Pillar 1. In addition, our ICAAP considers our capital adequacy in various stressed conditions which informs the sizing of our internal capital management buffer .

Metro Bank's Pillar 2A requirement as at 31 December 2025 was 1.21% of RWAs bringing the bank's total capital requirement to 9.21% of RWAs.

4. Own Funds

Table 7: UK CC1 – Composition of regulatory own funds

The table below summarises the composition of regulatory capital.

		Reference to UK CC2	31 December 2025 £'million
	Capital Resources		
1	Capital instruments and the related share premium accounts	a	146
	of which: share premium		*146*
2	Retained earnings	b	1,075
3	Accumulated other comprehensive income (and other reserves)	c	21
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**		1,242
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)		(0)
8	Intangible assets (net of related deferred tax liability)	d	(143)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	e	(259)
27a	Other regulatory adjustments to CET1 capital		–
28	Total regulatory adjustments to CET1		(402)
29	**Common Equity Tier 1 (CET1) capital**		840
44	**Additional Tier 1 capital**		242
45	**Tier 1 capital (T1 = CET1 + AT1)**		1,082
	Tier 2 capital: Instruments and provisions		
46	Capital instruments and the related share premium accounts	f	150
51	Tier 2 capital before regulatory adjustments		150
58	Tier 2 capital		150
59	**Total capital**		1,232
60	**Total risk exposure amount**		6,711
	Capital ratios and buffers		
61	CET1		12.5%
62	Tier 1		16.1%
63	Total capital		18.4%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)		9.7%
65	*of which: capital conservation buffer requirement*		*2.5%*
66	*of which: countercyclical buffer requirement*		*2.0%*
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)		6.5%
	Applicable caps on the inclusion of provisions in Tier 2		
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach		73

4. Own Funds continued

Table 8: UK CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The following table shows the Group's consolidated accounting and regulatory balance sheets as at 31 December 2025, with references to show linkages to Table 7.

		Reference to UK CC1	31 December 2025 Balance sheet as in published financial statements £'million	31 December 2025 Under regulatory scope of consolidation £'million
	Assets			
1	Cash and balances with the Bank of England		2,185	2,185
2	Loans and advances to customers		8,823	8,823
3	Investment securities held at FVOCI		218	218
4	Investment securities held at amortised cost		3,942	3,942
5	Financial assets held at fair value through profit and loss		–	–
6	Derivative financial assets		23	23
7	Property, plant and equipment		705	705
8	Intangible assets	d	143	143
9	Prepayments and accrued income		81	81
10	Assets classified as held for sale		–	–
11	Deferred tax asset	e	230	230
12	Other assets		125	125
13	**Total assets**		16,475	16,475
	Liabilities			
14	Deposits from customers		13,445	13,445
15	Deposits from central banks		400	400
16	Debt securities	f	684	684
17	Repurchase agreements		73	73
18	Derivative financial liabilities		–	–
19	Lease liabilities		185	185
20	Deferred grants		10	10
21	Provisions		6	6
22	Deferred tax liability	e	–	–
23	Other liabilities		188	188
24	**Total liabilities**		14,991	14,991
	Equity			
25	Called–up share capital and share premium	a	146	146
26	Retained earnings	b	1,075	1,075
27	Other equity instruments		242	242
28	Other reserves	c	21	21
29	**Total shareholders' equity**		1,484	1,484

4. Own Funds continued

Table 9: UK CCA – Main features of regulatory own funds instruments and eligible liabilities instruments

The table below shows details of the main features of these capital and eligible liability instruments.

	Capital Instruments main features				
1	Issuer	Metro Bank Holdings PLC	Metro Bank Holdings PLC	Metro Bank Holdings PLC	Metro Bank Holdings PLC
2	Unique identifier	GB00BMX3W479	XS2720121131/XS2720120919	XS2720120596/XS2720120679	XS3013012607
2a	Public or private placement	Public	Public	Public	Public
3	Governing law(s) of the instrument	English	English	English	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	n/a	Yes	Yes	Yes
	Regulatory treatment				
4	Transitional CRR rules	Common Equity Tier 1	Tier 2	Eligible Liabilities	Additional Tier 1
5	Post–transitional CRR rules	Common Equity Tier 1	Tier 2	Eligible Liabilities	Additional Tier 1
6	Eligible at solo/(sub–)consolidated/solo and (sub–) consolidated	Consolidated	Consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Fixed Rate Reset Callable Subordinated Notes	Fixed Rate Reset Callable Notes	Fixed Rate Reset Perpetual Subordinated Contingent Convertible Capital Securities
8	Amount recognised in regulatory capital (£)	144,371,663	150,000,000	521,833,363	241,805,914
9	Nominal amount of instrument (£)	672.62	150,000,000	525,000,000	250,000,000
9a	Issue price	Various	Par value	Par value	Par value
9b	Redemption price	n/a	100%	100%	100%
10	Accounting classification	Equity	Liability – amortised cost	Liability – amortised cost	Equity
11	Original date of issuance	Various	30/11/2024	30/11/2024	26/03/2025
12	Perpetual or dated	Perpetual	Dated	Dated	Perpetual
13	Original maturity date	n/a	30/04/2034	30/04/2029	n/a
14	Issuer call subject to prior supervisory approval	n/a	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	n/a	30/04/2029	30/04/2028	26/03/2030
16	Subsequent call dates, if applicable	n/a	None	None	None
	Coupons/dividends				
17	Fixed or floating dividend/coupon	n/a	Fixed	Fixed	Fixed
18	Coupon rate and any related index	n/a	14.00%	12.00%	13.87%
19	Existence of a dividend stopper	n/a	No	No	Yes
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	Mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	n/a	No	No	No
22	Non–cumulative or cumulative	Non–cumulative	Non–cumulative	Non–cumulative	Non-cumulative

4. Own Funds continued

	Capital Instruments main features				
23	Convertible or non–convertible	n/a	Convertible	Convertible	Convertible
24	If convertible, conversion trigger(s)	n/a	Statutory bail–in by the UK Resolution Authority	Statutory bail–in by the UK Resolution Authority	(1) Automatic conversion when the CET1 Capital Ratio falls below 7.00 per cent. (2) Statutory bail–in by the UK Resolution Authority
25	If convertible, fully or partially	n/a	Fully or Partially	Fully or Partially	(1) Fully (2) Fully or Partially
26	If convertible, conversion rate	n/a	n/a	n/a	(1) £0.601 per Conversion Share (subject to adjustment) (2) n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a	(1) Mandatory (2) n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a	(1) ordinary shares of the Issuer with a nominal value of 0.0001 pence. (2) n/a
29	If convertible, specify issuer of instrument in converts into	n/a	n/a	n/a	(1) Metro Bank Holdings PLC (2) n/a
30	Write–down features	n/a	Yes	Yes	Yes
31	If write–down, write–down trigger(s)	n/a	Statutory bail–in by the UK Resolution Authority	Statutory bail–in by the UK Resolution Authority	(1) Automatic conversion when the CET1 Capital Ratio falls below 7.00 per cent. (2) Statutory bail–in by the UK Resolution Authority
32	If write–down, full or partial	n/a	Fully or Partially	Fully or Partially	(1) Fully (2) Fully or Partially
33	If write–down, permanent or temporary	n/a	n/a	n/a	(1) Permanent (2) n/a
34	If temporary write–down, description of write–up mechanism	n/a	n/a	n/a	n/a
34a	Type of subordination (only for eligible liabilities)	n/a	Contractual	Structural subordination	Contractual
34b	Ranking of the instrument in normal insolvency proceedings		Dated Subordinated Debt	Unsecured and Unsubordinated Debt	Subordinated Debt
35	Position in subordination hierarchy in liquidation	n/a	Dated Subordinated Debt	Preferred Liabilities	Subordinate to Tier 2
36	Non–compliant transitioned features	n/a	n/a	n/a	n/a
37	If yes, specify non–compliant features	n/a	n/a	n/a	n/a
37a	Link to the full term and conditions of the instrument (signposting)	https://www.metrobankonline.co.uk/investor–relations/	https://www.metrobankonline.co.uk/investor–relations/	https://www.metrobankonline.co.uk/investor–relations/	https://www.metrobankonline.co.uk/investor–relations/

5. Countercyclical Buffer

Table 10: UK CcyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer[1]

The below table shows the geographical distribution of credit exposures relevant to the calculation of the countercyclical buffer in line with CRR Article 440.

		31 December 2025								
		General credit exposures	Securitisation exposures	Total exposure value	Own funds requirements			Risk–weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate
		Exposure value under the standardised approach	Exposure value for non–trading book		Relevant credit risk exposures – Credit Risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total			
		£'million	£'million	£'million	£'million	£'million	£'million	£'million	(%)	(%)
1	United Kingdom	10,198	1,195	11,393	460	11	471	5,878	98.89%	2.00%
2	Ireland	6	0	6	0	0	0	2	0.04%	1.50%
3	Singapore	2	0	2	0	0	0	1	0.01%	0.00%
4	Luxembourg	0	55	55	0	0	0	6	0.09%	0.50%
5	Others	49	-	49	3	0	3	41	0.69%	-
5	**Total**	10,255	1,250	11,505	463	11	474	5,928	100.0%	

[1]Note that exposures in the below table are prepared in accordance with CRD Article 140 and as such exclude exposures to central governments/banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and

Table 11: UK CcyB2 – Amount of institution–specific countercyclical capital buffer

This table shows an overview of institution specific countercyclical exposure and buffer requirements.

		31 December 2025
		£'million
1	Total risk exposure amount	6,711
2	Institution specific countercyclical capital buffer rate	2.00%
3	Institution specific countercyclical capital buffer requirement	134

6. Leverage

UK LRA – Disclosure of LR qualitative information

The leverage ratio measures the relationship between our capital resources and total assets, as well as certain off–balance sheet exposures. The purpose of monitoring and managing this metric is to enable regulators to limit the build–up of excessive leverage in the banking systems and at individual institutions. It is calculated as Tier 1 capital divided by adjusted balance sheet exposure.

We actively monitor and manage excessive leverage:

- we take into account the leverage exposure when forming business plans;
- we actively assess the overall level of leverage when determining the long–term plans for our growth and capital resources; and
- leverage is regularly reported to the Board and included within all business plans.

Our leverage ratio at 31 December 2025 was 7.8% (31 December 2024: 5.3%). Tables 12 to 14 provide more detail on the components of the exposure measure used to calculate our leverage ratio, disclosed in accordance with the templates prescribed by the PRA.

Table 12: UK LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

This table is a summary of the total leverage exposures and comprises total IFRS assets used for statutory purposes, regulatory consolidation and other leverage adjustments.

		31 December 2025 £'million
1	**Total assets as per published financial statements**	16,475
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	–
4	Adjustment for exemption of exposures to central banks	(1,986)
8	Adjustments for derivative financial instruments	66
9	Adjustments for securities financing transactions ('SFTs')[1]	12
10	Adjustments for off–balance sheet items	282
12	Other adjustments	(1,012)
13	**Total leverage ratio exposure**	13,837

[1] SFTs are any transaction where securities are used to borrow cash, or vice versa. Practically, this mostly includes repurchase agreements (repos), securities lending activities, and sell/buy–back transactions.

6. Leverage continued

Table 13: UK LR2 – LRCom: Leverage ratio common disclosure

This table shows the leverage ratio calculation and includes additional breakdowns for the leverage exposure measure.

		31 December 2025 £'million	31 December 2024 £'million
	On–balance sheet exposures (excluding derivative and SFTs)		
1	On–balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	15,841	17,086
6	(Asset amounts deducted in determining Tier 1 capital)	(402)	(375)
7	**Total on–balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)**	15,439	16,711
	Derivative Exposures		
8	Replacement cost associated with SA–CCR derivatives transactions (i.e. net of eligible cash variation margin)	33	21
9	Add–on amounts for potential future exposure associated with SA–CCR derivatives transactions	57	24
13	**Total derivatives exposures**	90	45
	Securities financing transaction (SFT) exposures		
16	Counterparty credit risk exposure for SFT assets	12	47
18	**Total securities financing transaction exposures**	12	47
	Other off–balance sheet exposures		
19	Off–balance sheet exposures at gross notional amount	1,041	
20	(Adjustments for conversion to credit equivalent amounts)	(759)	(672)
22	**Off–balance sheet exposures**	282	210
	Capital and total exposure measure		
23	Tier 1 capital	1,082	
24	Total exposure measure including claims on central banks	15,823	17,013
UK-24a	(–) Claims on central banks excluded	(1,986)	(2,596)
UK-24b	**Total exposure measure excluding claims on central banks**	13,837	14,417
	Leverage ratio		
25	Leverage ratio excluding claims on central banks (%)	7.8%	5.6%
UK–25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	7.8%	5.6%
UK–25c	Leverage ratio including claims on central banks (%)	6.8%	4.7%

6. Leverage continued

Table 14: UK LR3 LRSpl Split–up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

The table shows a breakdown of the on-balance sheet exposures excluding derivatives, SFTs and exempted exposures, by regulatory asset class.

		31 December 2025
		UK leverage ratio exposures
		£'million
1	**Total on–balance sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:**	13,453
3	Banking book exposures, of which:	13,453
4	Covered bonds	470
5	Exposures treated as sovereigns	632
6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	1,140
7	Institutions	56
8	Secured by mortgages of immovable property	6,025
9	Retail exposures	686
10	Corporate	1,834
11	Exposures in default	310
12	Other exposures (e.g. equity, securitisations and other non–credit obligation assets)	2,300

7. Liquidity

UK LIQA - Liquidity risk management

The Bank considers the effective and prudent management of liquidity to be fundamental to the ongoing strength and viability of the Bank. The Board has overall responsibility for establishing and maintaining an adequate risk management framework, including risk appetites that enable the management of the Bank's Liquidity Risks and Funding Risks. Metro Bank is committed to ensuring that it has, at all times, sufficient liquidity resources – in terms of both quantity and quality – to ensure it can meet payments as they fall due.

The purpose of the Bank's ILAAP, as defined by the Bank's Liquidity Policy, is to fulfil the following objectives:

- Ensure the bank has adequate liquidity now and over the horizon of its forecast;
- Identify the bank's material liquidity risks;
- Articulate the management of material liquidity risks and;
- Determine the Board's risk appetite.

The ILAAP represents an overview of the firm's approach to liquidity risk management, confirmation of the firm's prudent funding profile, and the Board's assessment of the prudent level of liquidity resources that the bank should hold in order to meet the Bank's liquidity risk appetite, which is deemed necessary to ensure that the Bank holds liquidity resources that are adequate in terms of both quantity and quality.

The Board is responsible for ensuring that the Bank meets the regulatory Overall Liquidity Adequacy Rule. ALCO has been established as the executive management committee which is responsible for managing the Bank's balance sheet and all associated balance sheet risks therein, including Liquidity and Funding Risk.

Treasury is responsible for managing the liquidity position of the Bank on a day-to-day basis to ensure compliance with the PRA's overall liquidity adequacy rule and any Metro Bank-specific limits and risk appetites and is the first line of defence at Metro Bank. The Bank operates a Three Lines of Defence model to provide challenge, oversight, and assurance of the management of liquidity by Treasury.

The Group has a single operating bank, Metro Bank PLC, which manages liquidity on behalf of the Group. There are no impediments (legal or otherwise) to the transferability of liquidity and funding between Group entities as and when required. All the Group's high-quality liquid assets reside within the single operating bank, Metro Bank PLC.

Our asset and liability management system is used to capture all positions across the Bank and evaluate their liquidity. We calculate our LCR and perform stress testing of our liquidity daily. Forward-looking short-range forecasts are produced at least monthly. Early warning indicators are set out in the Bank's Recovery Plan. A cost of funds model is used to help colleagues account for liquidity, capital and interest rate risk when making product pricing decisions. The Bank's liquidity position is reported to the PRA on a regular basis, in line with regulatory requirements, using the regulatory reporting system.

The Bank's liquidity risk appetite stress scenario ensures that a quantum of high-quality liquid assets is maintained to meet internal and regulatory (i.e. LCR) requirements over 30 days. The Bank, to meet its internal 90-day liquidity requirement, also uses additional assets that can be pre-positioned in the Bank of England Sterling Monetary Framework. The Bank has also identified additional recovery options, set out in its Recovery Plan, which generate additional liquidity, and has demonstrated its ability to execute them.

The Bank's contingency funding plans are contained within the Bank's Recovery Plan.

The Recovery Plan contains a set of management actions approved by the Board that could be invoked by the Recovery committee, which generate the ability to stabilise the bank's financial position, after a period of financial stress. The Recovery Plan is supported by scenario analysis to test recovery capacity and calibrate recovery indicators.

Stress testing and scenario analysis are integral components of the Bank's Internal Liquidity Adequacy Assessment Process ("ILAAP") and are used as key tools to ensure the adequacy of the Bank's liquidity resources. The objectives of Bank's liquidity stress testing processes are to:

- Determine the quantum of liquidity the bank requires for severe stress events;
- Support bank wide liquidity planning and management;
- Explore funding sensitivities in the long-term plan; and
- Assess how the bank's liquidity needs might change over time.

The primary objective is to determine the quantum of liquidity that the bank should hold to withstand an extreme but plausible stress scenario – which is the basis the Board's Risk Appetite stress.

The Bank considers that it has established a robust approach to liquidity management, defined by the Bank's Liquidity Policy, which ensures that the bank adheres to the PRA's Overall Liquidity Adequacy Rule, by linking the bank's Liquidity Objectives – which contains the Board's appetites for liquidity, funding and encumbrance – to the bank's ILAAP. Through the annual ILAAP exercise, the Bank has determined that it has adequate liquidity resources, both short-term and throughout its forecast.

7. Liquidity continued

The Bank aims to survive a combined name-specific and market-wide liquidity stress event for at least three months, at a level of severity determined by ILAAP stress testing, utilising our Liquidity Pool of high-quality liquid assets. Equally, the Bank aims to maintain a prudent funding profile by using stable funding to fund illiquid assets, without undue reliance on wholesale funding markets, whilst ensuring that funding is not inappropriately concentrated by customer, sector, or term, as identified during our liquidity stress testing. Finally, the Bank ensures that encumbrance of assets be monitored closely and maintained at levels sufficient to support additional secured funding that may be required during a liquidity stress.

The Bank's liquidity risk and related appetites are monitored and controlled by a range of regulatory and internal liquidity and funding metrics which measure liquidity adequacy, funding concentration and encumbrance.

7. Liquidity continued

Table 15: UK LIQ1 – Quantitative information of LCR

This table shows the last 12 months average level and components of the Liquidity Coverage Ratio (LCR).

		Total unweighted value (average)				Total weighted value (average)			
UK 1a	Quarter ending on	31 December 2025	30 September 2025	30 June 2025	31 March 2025	31 December 2025	30 September 2025	30 June 2025	31 March 2025
UK 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
	High–quality liquid assets	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million
1	Total high–quality liquid assets (HQLA)					5,552	5,808	6,289	6,713
	Cash – outflows								
2	Retail deposits and deposits from small business customers, of which:	11,261	11,577	11,969	12,414	851	866	866	890
3	*Stable deposits*	*6,575*	*6,608*	*6,619*	*6,602*	*329*	*330*	*331*	*330*
4	*Less stable deposits*	*4,202*	*4,353*	*4,553*	*4,804*	*500*	*513*	*533*	*559*
5	Unsecured wholesale funding	2,152	2,191	2,248	2,368	872	885	916	971
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	*705*	*710*	*687*	*694*	*176*	*178*	*172*	*174*
7	*Non–operational deposits (all counterparties)*	*1,447*	*1,481*	*1,561*	*1,674*	*696*	*707*	*744*	*797*
8	*Unsecured debt*	–	–	–	–	–	–	–	–
9	Secured wholesale funding					*2*	–	–	–
10	Additional requirements	279	243	208	172	51	48	44	38
11	*Outflows related to derivative exposures and other collateral requirements*	*28*	*29*	*28*	*26*	*28*	*29*	*28*	*26*
12	*Outflows related to loss of funding on debt products*	–	–	–	–	–	–	–	–
13	*Credit and liquidity facilities*	251	214	180	146	23	19	16	12
14	Other contractual funding obligations	79	72	69	66	17	13	11	10
15	Other contingent funding obligations	750	748	767	790	169	168	169	174
16	**Total cash outflows**					1,962	1,980	2,006	2,083
	Cash – inflows								
17	Secured lending (e.g. reverse repos)	–	–	–	–	–	–	–	–
18	Inflows from fully performing exposures	143	156	172	181	118	128	139	144
19	Other cash inflows	329	317	502	495	71	68	261	258
UK–19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non–convertible currencies)					–	–	–	–
UK–19b	(Excess inflows from a related specialised credit institution)					–	–	–	–
20	Total cash inflows	472	473	674	676	189	196	400	402
UK–20a	*Fully exempt inflows*	–	–	–	–	–	–	–	–
UK–20b	*Inflows subject to 90% cap*	–	–	–	–	–	–	–	–
UK–20c	*Inflows subject to 75% cap*	*472*	*473*	*674*	*676*	*189*	*196*	*400*	*402*
	Total adjusted value								
UK–21	**Liquidity buffer**					5,552	5,808	6,289	6,713
22	**Total net cash outflows**					1,773	1,784	1,689	1,764
23	**Liquidity coverage ratio**					314%	326%	427%	436%

7. Liquidity continued

UK LIQB - Other qualitative information on the scope of application

The LCR is driven by the size and composition of high-quality liquid assets and the liquidity requirement generated by net stressed outflows. The Bank's high-quality liquid assets are primarily Level 1-eligible in LCR. The primary source of liquidity requirement is deposits from retail and SME customers for which outflows are calculated based on regulatory LCR rules. Additional outflows include committed lending to customers and other lending facilities. Outflows are offset by inflows such as customer loan repayment, leading to net stressed outflows.

The Bank has strong liquidity and funding regulatory ratios. The LCR as at 31 December 2025 is 306% (31 December 2024 - 337%) and the 12 month average for 2025 is 314% (2024 - 444%).

The Bank's LCR has remained high throughout 2025 but has reduced since December 2024 due to the careful management of more expensive deposits to reduce funding costs. The Bank's average LCR was significantly higher in H1 2025 from the sale of residential mortgages to NatWest in September 2024, which increased LCR due to expected sale proceeds.

In line with the Bank's strategy to be the most trusted and recommended UK bank, Metro Bank is a deposit-funded bank concentrated in business current account and instant access deposits. The Bank has £0.4 billion remaining in funding from the Bank of England TFSME scheme, which is due to be repaid in 2027. The Bank monitors metrics which ensure that concentration of funding sources and maturity concentration remain within risk appetite

The Bank's liquidity buffer, known internally as its Liquidity Pool, is primary comprised of Level 1-eligible securities and cash reserve (c80% of total Liquidity Pool). Level 1 securities held consist of Gilts, AAA-rated covered bonds, and sovereign, supranational and agency (SSA) bonds. The remaining portfolio is predominantly Level 2 UK RMBS comprised of the senior tranche which are AAA-rated .

The Bank actively manages its derivative exposures and potential collateral calls and assesses exposure management through the ILAAP. Derivative outflows are captured within the Historical Look Back Approach, which considers the impact of market movements on derivative exposures. Potential contractual collateral calls under a 3-notch credit rating downgrade, including the impacts on derivative initial margin requirements, are also captured. The Bank assesses that it has no contractual downgrade triggers.

The LCR is calculated and reported in GBP as no other currencies are significant in accordance with the PRA Rulebook .

7. Liquidity continued

Table 16: UK LIQ2 – Net Stable Funding Ratio

This table shows the last 12 months average net stable funding ratio that the bank requires to maintain a stable funding profile in relation to their on- and certain off-balance sheet activities.

		31 December 2025				
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	> 1 yr	
		£'million	£'million	£'million	£'million	£'million
	Available stable funding (ASF) Items					
1	Capital items and instruments	1,456	–	–	150	1,606
2	*Own funds*	*1,456*	–	–	*150*	*1,606*
3	*Other capital instruments*		–	–	–	–
4	Retail deposits		10,900	189	41	10,362
5	*Stable deposits*		*6,692*	*139*	*31*	*6,521*
6	*Less stable deposits*		*4,208*	*50*	*10*	*3,842*
7	Wholesale funding:		2,399	50	407	1,476
8	*Operational deposits*		*566*	–	–	*283*
9	*Other wholesale funding*		*1,833*	*50*	*407*	*1,193*
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	*20*	*432*	–	521	*521*
12	*NSFR derivative liabilities*	*20*				
13	*All other liabilities and capital instruments not included in the above categories*		*432*	–	521	*521*
14	**Total available stable funding (ASF)**					13,965
15	Total high–quality liquid assets (HQLA)					388
1K–15a	Assets encumbered for more than 12m in cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		–	–	–	–
17	Performing loans and securities:		363	203	8,118	6,403
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		–	–	–	–
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*56*	*12*	*123*	*134*
20	*Performing loans to non– financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*255*	*132*	*2,771*	*2,549*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		–	–	–	–
22	*Performing residential mortgages, of which:*		*53*	*59*	*4,996*	*3,524*
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*49*	*56*	*4,869*	*3,412*
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange–traded equities and trade finance on–balance sheet products*		–	–	*228*	*196*
25	Interdependent assets		–	–	–	–
26	Other assets:		126	30	1,472	1,606
27	*Physical traded commodities*				–	–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		*25*	–	–	*21*
29	*NSFR derivative assets*		–			–
30	*NSFR derivative liabilities before deduction of variation margin posted*		*20*			1
31	*All other assets not included in the above categories*		*81*	*30*	*1,472*	*1,584*
32	Off–balance sheet items		1,028	–	–	51
33	**Total RSF**					8,448
34	**Net Stable Funding Ratio (%)**					165%

8. Risk Management

UK OVA – Institution risk management approach

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

Approach to risk management

Our risk management framework underpins our ability to safely deliver, ensuring risks are carefully considered when making decisions and are managed within acceptable limits on an ongoing basis. The Board sets its appetite for risk and puts in place tools and resources to manage each of our principal risks inside this appetite.

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

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

Principal risk exposures

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

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

- Credit risk
- Capital risk
- Liquidity and Funding risk
- Market risk
- Financial Crime risk
- Operational risk
- Conduct risk
- Regulatory risk
- Legal risk
- Model risk
- Strategic risk

Further details of these principal risk including our risk appetite, exposures and response to each is set out in ARA 2025.

Amongst these, certain risks have been considered most material to the Bank over the course of the year. Further details on these risks are set out on pages 27 to 28.

8. Risk Management continued

Principal risks

Principal risk	Exposure	Response	Outlook
Credit risk	Our primary source of credit risk is through the loans, limits and advances we make available to our customers. We have exposures across three key areas: corporate and commercial, retail mortgages, and consumer lending. Over the course of 2025, the macroeconomic environment has been stable but subdued, although uncertainty remains over the future path with inflation remaining above target levels and wider global political instability. Total ECL stock and coverage ratio have both decreased following the sale of the unsecured personal loan book with underlying changes in retail mortgages and corporate and commercial reflecting the growth in strategic areas.	We have an appetite and credit criteria appropriate for managing lending through an economic cycle. We are delivering the Bank's strategy to grow corporate and commercial lending, and specialist mortgage lending, through our credit risk appetite, framework, and policies, managing exposure to risk to minimise losses. We support customers who are in arrears, have payment shortfalls, or are in financial difficulties, to obtain the most appropriate outcome for both the Bank and the customer. Our policy and processes ensure that appropriate mechanisms and tools are in place to support customers during periods of financial difficulty and to minimise the duration of the difficulty and the consequence, costs and other impacts arising.	We remain in a strong position to support the Bank's strategy for growth, maintaining our risk appetite and policies as this develops, in a way that appropriately manages credit risk. Within the macroeconomic outlook, risks remain as central banks manage the course of interest rates in response to inflation whilst geopolitical risk continues from conflicts. We utilise forward looking macroeconomic scenarios provided by Moody's Analytics in the assessment of provisions. The use of an independent supplier for the provision of scenarios helps to ensure that the estimates are unbiased. The macroeconomic scenarios are assessed and reviewed monthly to ensure appropriateness and relevance to the ECL calculation.
Capital risk	Capital risk exposures arise from the depletion of our capital resources which may result from: • Increased RWAs • Losses • Changes to regulatory minima or other regulatory rules. Our capital risk management approach is centered around ensuring we can maintain appropriate levels of capital to meet regulatory minima, including changes, and support our strategic objectives. In December, the Bank of England confirmed that the Bank will be treated as a transfer firm under its MREL-related resolution framework, effective 1 January 2026.	Our capital risk mitigation is focused on three key components: • Sustainable profitability that allows us to generate organic capital growth. • The continued optimisation of our balance sheet to ensure we are utilising our capital stack efficiently. • Continuing to assess the raising of external regulatory debt capital, as and when market conditions and opportunities allow. The Board is committed to these principles and has taken steps through 2025 to strengthen the capital base.	The focus for 2026 remains on supporting the Bank's strategy through an appropriate and efficient capital stack that allows us to lend in our target market whilst maintaining ratios above our regulatory minima. We also continue to prepare for the implementation of Basel 3.1 from 1 January 2027.

8. Risk Management continued

Principle risks continued

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

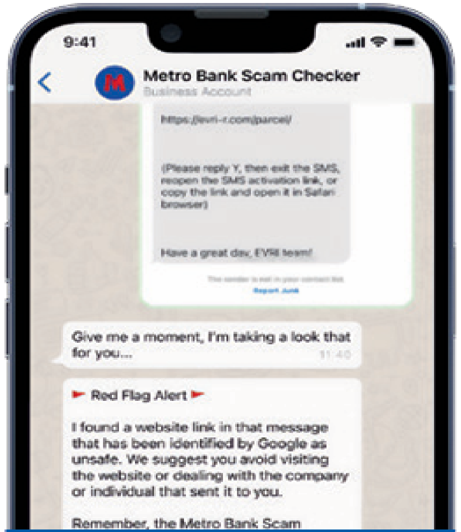
8. Risk Management continued

Emerging risks

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

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

Emerging risk	Response
Geopolitical instability Market volatility from trade disruptions, conflicts, supply chain shocks or energy insecurity. **Principal risks:** operational, financial crime, credit and market.	• ongoing investment in sanctions and AML control capabilities and active monitoring • resilience planning, including scenario plans for trade disruption, supply chain shocks, energy insecurity • diversified portfolios and revenue streams to manage concentrations in exposures.
Prolonged macroeconomic stagnation Persistent low domestic productivity, constrained business investment, rising defaults. **Principal risks:** credit, conduct and financial crime.	• flexible credit strategy with dynamic focus on profitable lending sectors • rigorous borrower risk assessments and enhanced oversight and management of vulnerable sectors • continued application of Consumer Duty principles to deliver good customer outcomes and proactive engagement with the FCA to align on collections strategies.
Digital disruption and technological competition Disruption of traditional banking models by fintechs, Big Tech and peer adopters. **Principal risks:** operational, strategic, regulatory and conduct.	• strategic transformation including adoption of a flexible IT infrastructure, investment in the digital customer experience and new product offerings • safe and staged introduction of AI/machine learning use cases (internal efficiencies, customer opportunities).
AI enabled threats Evolution of threats including fraud, financial crime and cryptography. **Principal risks:** operational, financial crime and regulatory.	• strengthen fraud and cyber defences, including enhanced detection of AI-generated content, adaptive monitoring and investment in behavioural analytics • review and enhance cryptographic resilience, including focus on asset inventory and alignment to emerging post-quantum standards across key third-party providers.
Climate-related financial risk Financial exposure to climate events and transition to a low-carbon economy. **Principal risks:** credit, operational and strategic.	• maintenance of a robust climate strategy, with climate risk fully embedded within the Enterprise Risk Management Framework and integrated into strategic planning activities • quantified and modelled climate risk assessments and scenario analysis for lending portfolios and operational risk exposures, ensuring sufficient capital is held to withstand modelled losses • embedding of climate risk controls into retail and commercial lending practices covering both physical and transition risk exposures.



First AI scam detection tool with Ask Silver

In April, the Bank launched a UK-first Scam Checker tool, developed with AI scam detection specialist Ask Silver.

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

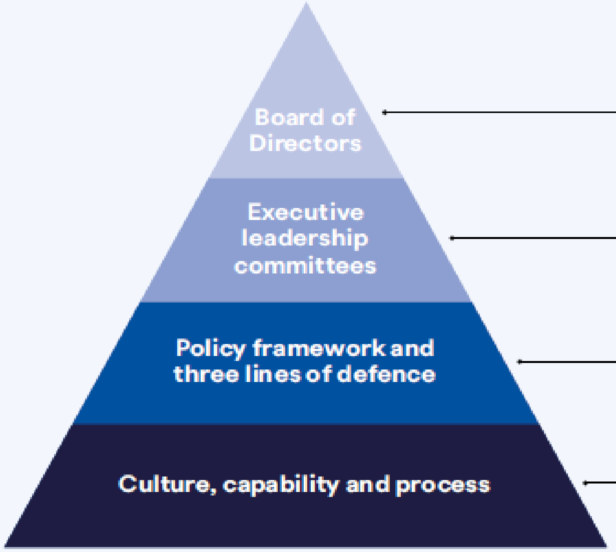
At a time when more than £1 billion is lost to fraud annually in the UK and impersonation scams continue to rise, the Metro Bank Scam Checker empowers our customers to stay safe whilst banking.

8. Risk Management continued

Risk management framework

Approach to risk management

Effective risk management is critical to achieving our strategic objectives. It is a key component of our day-to-day operational activities and is integrated within our strategic change initiatives. Our established Enterprise Risk Management Framework sets out how we identify, assess, manage and monitor the risks we face and is supported by a comprehensive suite of risk policies for colleagues to apply. These help the Bank to fulfil its obligations under the UK Corporate Governance Code:



The Board sets the risk appetite, approves the risk management frameworks and ensures an appropriate control environment is maintained.

The Executive leadership committees oversee the risk management framework and policies, and the Bank's strategy for managing its risks.

The Bank operates a "three lines of defence" model for risk management. Policies are aligned with the Bank's principal risks and risk appetite.

The Bank fosters a strong risk culture enabled by procedures, standards and training, and operates a control environment with collective responsibility for managing risk.

Risk management process

All of our colleagues are risk managers, in accordance with our 'Three Lines of Defence' risk model. Risk capability is embedded within the first line of defence (business) teams, overseen by our central Risk and Internal Audit teams in the second and third lines respectively.

1. Identification of the risks we are exposed to at various levels, making use of the Bank's established Risk Taxonomy.
2. Assessment or measurement of the identified risks using suitable risk management tools.
3. Response to the risk exposures, applying and operating appropriate controls to mitigate the risks to acceptable levels.
4. Monitoring and reporting of these risks to ensure they remain within risk appetite.

Risk culture

Managing risk is a key part of our AMAZEING values, which underpin everything we do. We continually seek to enhance our risk management framework to ensure we have the right capabilities in place to manage our risks within appetite and, in turn, deliver our strategic plan.

Our risk culture is shaped by our executive team and senior leaders, enabled through operation of the Senior Managers and Certification Regime and its principles of personal accountability. Risk management is a key aspect of every colleague's objectives and is embedded within our scorecard, against which performance is measured. We work to create an environment in which colleagues are encouraged and able to raise concerns and all colleagues are provided with risk training to ensure they develop and maintain the required levels of competence.

8. Risk Management continued

Risk governance and oversight

	Risk management framework		
	First line	**Second line**	**Third line**
	Take, own and manage risk	Set risk policy, oversee and monitor	Validate and assure
Roles and responsibilities	• conduct business in line with agreed strategy, risk appetite and limits • own and manage risks in line with agreed risk frameworks, policies and standards • design, implement, and maintain effective controls to mitigate risks • undertake self-testing against policies and standards to verify the effectiveness of controls • report/escalate to executive management.	• establish and communicate the risk management framework, governance structure, policies, methodologies and tools • facilitate the development of risk appetite and limits with input from senior management • advise the first line on risk management practices and regulatory requirements • monitor first line adherence to policy and operation in line with risk appetite via oversight and independent testing • report/escalate to executive management and the Board.	• provide independent assurance on governance, risk management, and control effectiveness • assess against regulatory developments and leading practices • report to the Board on the effectiveness of the first and second lines • evaluate risk culture and tone from the top as part of assurance activities.
Risk governance committees	• Executive Committee • Business Risk Committee	• Risk Oversight Committee • Executive Risk Committee • Other executive-level risk committees	• Audit Committee

8. Risk Management continued

Board			
Sets risk appetite and strategy			
• sets our strategy, corporate objectives and risk appetite.	• ensures an adequate framework is in place for reporting and managing risk.	• maintains an appropriate control environment to manage risk effectively.	• ensures capital, liquidity and other resources are adequate to achieve our objectives within risk appetite.
Risk Oversight Committee (ROC)			
Oversees risk governance and management			
• recommends risk appetite statement measures to the Board.	• reviews risk exposures in relation to the risk appetite.	• reviews risk frameworks and policies, and approves or recommends to the Board for approval.	• monitors the effectiveness of risk management processes and procedures put in place by management.
Audit Committee			
Oversees financial reporting			
• reviews our annual and half-year financial statements and accounting policies.	• reviews the effectiveness of the internal audit, audit controls, whistleblowing and fraud systems in place.	• advises on the appointment of external auditors.	• reviews internal and external audits and controls, monitors the scope of the annual audit and the extent of the non-audit work undertaken by external auditors.

Executive-level committees

Oversee the risk management framework

Executive Risk Committee (ERC)
- endorses the risk appetite for approval by the Board and monitors performance against risk appetite
- reviews and recommends risk frameworks for approval by ROC (and Board as appropriate)
- oversees the quality and composition of the credit risk portfolio, and recommends strategies to adjust the portfolio
- oversees and advises on financial and non-financial risk matters, including those escalated from oversight committees.

Asset and Liability Committee (ALCO)
- monitors performance against the Board capital/funding plans
- ensures that we meet internal liquidity and capital targets
- agrees pricing decisions to ensure visibility of capital and liquidity impacts
- monitors interest rate risk.

Credit Approval Committee (CAC)
- approves higher value lending requests.

Impairment Committee (ICOM)
- reviews and approves monthly portfolio-level impairment results.

8. Risk Management continued

Risk appetite

We define risk appetite as the aggregate level and types of risk that we are willing to tolerate in pursuit of our business objectives. Our risk appetite is expressed through qualitative statements that communicate the Board's tolerance for risk and provide clarity on the activities with which the Board is comfortable. These statements set the boundaries within which we operate, promoting good customer outcomes and protecting the Bank from excessive exposures. They are reviewed at least annually and supported by quantitative metrics that inform strategies, targets, policies, procedures, and controls.

We actively monitor exposure against our stated risk appetite on an ongoing basis. Key risk indicators are in place for all principal risks and these are reported regularly to Executive and Board committees together with actions and assessments of the adequacy of responses. Business areas supplement this monitoring with additional indicators that remain within the overall Board-approved limits. Our overall risk appetite statement is set out below.

Overall risk appetite statement

The Bank has a clear goal: to empower colleagues and communities with a human approach to banking, offering a superior level of service, whilst consistently delivering good customer outcomes and operating on an inclusive and socially responsible basis. It strives to achieve this by creating FANS, digitally and via its network of stores and AMAZE Direct, creating sustainable growth for its stakeholders, living by its AMAZEING values and taking active steps to reduce any negative impact on the climate and environment as a whole. We seek to balance risk and return as articulated in risk appetite statements which are separately defined for the Bank's principal risks, operating controls and processes and remaining within its impact tolerances at all times.

8. Risk Management continued

UK OVB - Disclosure on governance arrangements

Details of the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise is available on ARA 2025.

Details on the policy on diversity regarding selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved is available in the ARA 2025.

Table 17: Number of Directorships

The table below shows total number of directorships held by members of the management body. Further information on directors is available in the ARA 2025.

Name	Position	31 December 2025 Number of directorships held[1,2]
Robert Sharpe	Chairman	2
Daniel Frumkin	Chief Executive Officer	1
Marc Page	Chief Financial Officer	2
Catherine Brown	Senior Independent Director	3
Paul Coby	Independent Non–executive Director	1[3]
Dorita Gilinski	Shareholder–Nominated Non–executive Director	3
Jaime Gilinski Bacal	Shareholder–Nominated Non–executive Director	2
Cristina Alba Ochoa	Shareholder–Nominated Non–executive Director	2
Paul Thandi	Independent Non–executive Director	4
Michael Torpey	Independent Non–executive Director	4
Nick Winsor	Independent Non–executive Director	3

[1] Directorships counted in line with SYSC 4.3A.6. In this table, multiple directorships in the same group of companies have been counted as one directorship. The number of directorships does not include not include directorships of entities which for not pursue predominantly commercial objectives or are charitable in nature.

[2] Where required, applications for modification of SYSC 4.3A.6 have been submitted.

[3] Paul Coby is CIO at Persimmon Homes plc in a part-time role (4 days per week).

9. Credit Risk

UK CRA - General qualitative information about credit risk

Risk definition

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

Risk appetite statement

We have an active appetite for credit risk. Our credit risk appetite reflects our approach to relationship banking, providing lending capacity to support UK retail and commercial customers. In line with our continued strategy to expand our corporate and commercial lending and pivot further towards specialist retail mortgages, our credit risk appetite reflects the balance of supporting the lending plan and change in lending mix, and maintaining an acceptable tolerance for losses in the current macroeconomic environment. To enable us to remain within this tolerance, we control the quality of our credit assets through quantitative credit limits and a comprehensive credit risk management framework whilst seeking to limit concentrations in credit exposures.

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Exposure and assessment

Our primary source of credit risk is through the loans, limits and advances we make available to our customers. We have exposures across three key areas: retail mortgages, consumer lending, and corporate and commercial.

Credit risk measurement and management

We use a wide range of measures to assess, control and monitor credit risk including a suite of reports covering performance against risk appetite limits and key credit risk metrics such as new business flow, portfolio quality, early warning indicators, arrears and recovery performance, sector and geographical concentration, and exceptions to lending policy. Reports are provided periodically to the Executive Risk Committee, Risk Oversight Committee, and the Board. Where required, further insight on credit risk performance is obtained through portfolio reviews, and deep dives on material portfolios and key credit risk themes.

In addition, we measure credit risk through the application of models that use internal and external data to calculate ECL. These calculations are based on the application of IFRS 9 models and staging to determine the relevant term of the calculation (12 months or lifetime) and incorporate assessments of the probability of default (PD), loss given default (LGD), and exposure at default (EAD). There are individual assessments of defaulted corporate and commercial exposures (and for mortgage exposures in some circumstances), and where relevant, management judgement via post model adjustments (PMAs) and management overlays (MOs). The impairment assessment for year-end 2025 has been undertaken in line with our Impairment Policy.

All models are subject to independent validation and are overseen by the Model Risk Committee (MRC). PMAs have also been reviewed and approved at MRC. The overall ECL position and methodology is reviewed and approved by the Impairment Committee (ICOM) which is a sub-committee of Executive Risk Committee (ERC). Individual impairments for defaulted corporate and commercial customers are approved by the Individual Impairment Committee, a sub-committee of ICOM.

Rigorous internal challenge is undertaken to assess the reasonableness of the impairment calculations, models, MO/PMAs, individual assessments and overall level of impairments.

9. Credit Risk continued

UK CRB- Additional disclosure related to the credit quality of assets

Metro Bank applies IFRS 9 to calculate expected credit losses.

IFRS 9 staging and ECL recognition

IFRS 9 requires accounts to be allocated into one of three stages. Stage 3 reflects accounts in default. Stage 2 are the accounts which have shown a significant increase in credit risk since origination (SICR), with all other lending falling into Stage 1. IFRS 9 requires a higher level of ECL to be recognised for underperforming loans. For loans in Stage 2 and Stage 3 a lifetime ECL is recognised, with a 12-month ECL for performing loans (Stage 1).

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the PD over the remaining life of the financial instrument. Judgement may be required to determine when a significant increase in credit risk has occurred.

The assessment for both corporate and commercial, and retail financial instrument compares the PD occurring at the reporting date to that at initial recognition, considering reasonable and supportable information, including information about past events, current conditions, and future economic conditions. The assessment for a corporate and commercial financial instrument has additional quantitative and qualitative assessment, including financial performance, forecast economic conditions and our internal credit risk rating grade.

Non-performing loans (NPLs)

A loan will be considered to be ‘non-performing’ or ‘credit impaired’ when it meets our definition of default. A loan will be classed as in default when the loan is greater than 90 days past due, or the borrower is considered unlikely to pay without realisation of collateral. Unlikeliness to pay is assessed through the presence of triggers including the loan being in repossession, the customer having been declared bankrupt, or evidence of financial distress leading to forbearance. This definition of default is aligned with internal credit risk management policies, and accounting and regulatory definitions.

A loan is considered to be non-performing when it is subject to forbearance measures, consisting of concessions in relation to:

- a modification of the previous terms and conditions of the loan which the borrower is not considered able to comply with due to financial difficulty; or
- a total or partial refinancing of a troubled debt contract that would not have been granted had the borrower not been in financial difficulties.

In some cases it may not be possible to identify a single discrete event which defines an asset as ‘non-performing’ or ‘credit impaired’. Instead, the combined effect of several events may cause financial assets to become credit impaired.

Where an asset which has been classified as Stage 3 is showing improving trends and is no longer considered non-performing or credit impaired, a probation period of at least 3 months is implemented before transferring a financial instrument from Stage 3.

9. Credit Risk continued

UK CRD – Qualitative disclosure requirements related to standardised model

Metro Bank applies the standardised approach to calculate regulatory capital requirements for all exposures across all portfolios.

This section provides breakdown of exposures under standardised approach by asset class pre and post credit conversion factor (CCF) and credit risk mitigation (CRM), and by risk weight in tables 18 and 19.

Metro Bank uses external ratings from multiple External Credit Assessment Institutions (‘ECAI’) and are mapped to a prescribed credit quality step assessment scale as per the CRR mappings and in turn produces standard risk weightings. The ratings are applied to the following exposure classes:

- Central governments and central banks;
- Multilateral development banks; and
- Covered bonds; and
- Securitisation.

Table 18: UK CR4 – Standardised approach – Credit risk exposure and CRM effects

The table below shows impact of pre and post credit conversion factors and credit risk mitigation techniques on standardised exposures by asset class.

		31 December 2025					
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On–balance sheet exposures	Off–balance sheet exposures	On–balance sheet exposures	Off–balance sheet amount	RWAs	RWAs density
		£’million	£’million	£’million	£’million	£’million	%
1	Central governments or central banks	3,234	–	3,608	–	6	0%
2	Regional government or local authorities	–	–	–	–	–	–
3	Public sector entities	–	–	–	–	–	–
4	Multilateral development banks	1,140	–	1,140	–	–	0%
5	International organisations	–	–	–	–	–	–
6	Institutions	56	–	56	–	13	23%
7	Corporates	1,834	520	1,715	177	1,666	88%
8	Retail	687	349	504	43	336	61%
9	Secured by mortgages on immovable property	6,025	158	6,025	32	2,614	43%
10	Exposures in default	310	7	289	2	319	110%
11	Exposures associated with particularly high risk	2	6	2	1	5	150%
12	Covered bonds	470	–	470	–	47	10%
13	Institutions and corporates with a short–term credit assessment	54	–	54	–	16	30%
14	Collective investment undertakings	99	–	99	–	–	0%
15	Equity	–	–	–	–	–	–
16	Other items	841	–	841	–	786	93%
17	**Total**	14,752	1,040	14,803	255	5,808	39%

9. Credit Risk continued

Table 19: UK CR5 – Standardised approach

The table below shows standardised exposures post CCF and CRM by asset class across different risk weights.

		31 December 2025															
		Risk weight															Total
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	
		£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million
1	Central governments or central banks	3,606	–	–	–	–	–	–	–	–	–	–	2	–	–	–	3,608
2	Regional government or local authorities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Public sector entities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Multilateral development banks	1,140	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1,140
5	International organisations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Institutions	–	–	–	–	51	–	5	–	–	–	–	–	–	–	–	56
7	Corporates	–	–	–	–	–	–	–	–	–	1,892	–	–	–	–	–	1,892
8	Retail exposures	–	–	–	–	–	–	–	–	547	–	–	–	–	–	–	547
9	Exposures secured by mortgages on immovable	–	–	–	–	–	5,068	–	–	–	989	–	–	–	–	–	6,057
10	Exposures in default	–	–	–	–	–	–	–	–	–	234	57	–	–	–	–	291
11	Exposures associated with particularly high risk	–	–	–	–	–	–	–	–	–	–	3	–	–	–	–	3
12	Covered bonds	–	–	–	470	–	–	–	–	–	–	–	–	–	–	–	470
13	Exposures to institutions and corporates with a short –term credit assessment	–	–	–	–	36	–	18	–	–	–	–	–	–	–	–	54
14	Units or shares in collective investment undertakings	99	–	–	–	–	–	–	–	–	–	–	–	–	–	–	99
15	Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
16	Other items	55	–	–	–	–	–	–	–	–	785	–	–	–	–	1	841
17	**Total**	4,900	–	–	470	87	5,068	23	–	547	3,900	60	2	–	–	1	15,058

9. Credit Risk continued

UK CRC – Qualitative disclosure requirements related to CRM techniques

The core objective of the eligible collateral policy, is to ensure the effective management of collateral. It provides the basis for establishing operational requirements regarding the capture and storage of collateral information, including types of valuations and how they are used, and the principles by which collateral is allocated against facilities.

The main types of collateral taken by the Bank are:

- residential and commercial property
- cash
- government guarantees (CBILs and BBLs)

Table 20: UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

The table below shows a breakdown of on–balance sheet unsecured and secured credit risk exposures by different credit risk mitigation techniques.

		31 December 2025				
		Unsecured carrying amount	Secured carrying amount	Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		£'million	£'million	£'million	£'million	£'million
1	Loans and advances	3,630	7,514	7,251	263	–
2	Debt securities	4,205	52	–	52	
3	**Total**	7,835	7,566	7,251	315	–
4	*Of which non–performing exposures*	*184*	*262*	*239*	*23*	–
5	*Of which defaulted*	*117*	*255*			

Table 21: UK CR1–A – Maturity of exposures

The table below shows a breakdown of net exposures split by maturity.

		31 December 2025					
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
		£'million	£'million	£'million	£'million	£'million	£'million
1	Loans and advances	90	3,674	3,475	2,822	–	10,061
2	Debt securities	148	1,323	1,087	1,699	–	4,257
3	**Total**	238	4,997	4,562	4,521	–	14,318

9. Credit Risk continued

Table 22: UK CR1 – Performing and non–performing exposures and related provisions

This table provides an overview of the credit quality of on and off balance sheet non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class.

		31 December 2025														
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								
		Performing exposures			Non–performing exposures			Performing exposures – accumulated impairment and provisions			Non–performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write–off	Collateral and financial guarantees received	
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		On performing exposures	On non–performing exposures
		£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million
005	**Cash balances at central banks and other demand deposits**	2,123	2,123	–	–	–	–	–	–	–	–	–	–	–	–	–
010	**Loans and advances**	8,575	7,863	712	446	7	439	(48)	(30)	(18)	(115)	(0)	(115)	–	6,508	262
020	*Central banks*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
030	*General governments*	*0*	*0*	*–*	*–*	*–*	*–*	*(0)*	*(0)*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
040	*Credit institutions*	*1*	*1*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
050	*Other financial corporations*	*154*	*153*	*1*	*0*	*–*	*0*	*(0)*	*(0)*	*(0)*	*(0)*	*–*	*(0)*	*–*	*14*	*–*
060	*Non–financial corporations*	*3,739*	*3,504*	*235*	*145*	*0*	*145*	*(39)*	*(25)*	*(14)*	*(39)*	*(0)*	*(39)*	*–*	*1,957*	*47*
070	*Of which SMEs*	*2,581*	*2,409*	*172*	*136*	*0*	*136*	*(27)*	*(18)*	*(9)*	*(36)*	*(0)*	*(38)*	*–*	*1,477*	*40*
080	*Households*	*4,681*	*4,205*	*476*	*301*	*7*	*294*	*(9)*	*(5)*	*(4)*	*(76)*	*(0)*	*(76)*	*–*	*4,537*	*215*
090	**Debt securities**	4,257	4,257	–	–	–	–	(1)	(1)	–	–	–	–	–	52	–
100	*Central banks*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
110	*General governments*	*1,297*	*1,297*	*–*	*–*	*–*	*–*	*(0)*	*(0)*	*–*	*–*	*–*	*–*	*–*	*52*	*–*
120	*Credit institutions*	*1,611*	*1,611*	*–*	*–*	*–*	*–*	*(1)*	*(1)*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
130	*Other financial corporations*	*1,349*	*1,349*	*–*	*–*	*–*	*–*	*(0)*	*(0)*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
140	*Non–financial corporations*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
150	**Off–balance–sheet exposures**	1.033	1,004	29	7	–	7	1	1	–	4	–	4	–	–	–
160	*Central banks*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
170	*General governments*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
180	*Credit institutions*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
190	*Other financial corporations*	*181*	*181*	*0*	*0*	*–*	*0*	*0*	*0*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
200	*Non–financial corporations*	*606*	*578*	*28*	*3*	*–*	*3*	*1*	*1*	*–*	*4*	*–*	*4*	*–*	*–*	*–*
210	*Households*	*246*	*245*	*1*	*4*	*–*	*4*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
220	**Total**	15,988	15,247	741	453	7	446	(48)	(30)	(18)	(111)	(0)	(111)	–	6,560	262

9. Credit Risk continued

Table 23: UK CR2 – Changes in the stock of non–performing loans and advances

This table shows information on changes in the stock of on balance sheet non-performing loans and advances.

		31 December 2025
		Gross carrying amount
		£'million
010	**Initial stock of non–performing loans and advances**	505
020	Inflows to non–performing portfolios	137
030	Outflows from non–performing portfolios	(180)
040	Outflows due to write–offs	25
050	Outflow due to other situations	(205)
060	**Final stock of non–performing loans and advances**	462

9. Credit Risk continued

Table 24: UK CQ3 – Credit quality of performing and non–performing exposures by past due days

This table provides an overview of the credit quality of performing and non-performing exposures by past due days.

		31 December 2025											
		Gross carrying amount/nominal amount											
		Performing exposures			Non–performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 year ≤ 5 years	Past due > 5 year ≤ 7 years	Past due > 7 year s	Of which defaulted
		£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million
005	**Cash balances at central banks and other demand deposits**	2,123	2,123	–	–	–	–	–	–	–	–	–	–
010	**Loans and advances**	8,575	8,557	18	446	177	40	60	103	66	–	–	439
020	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–
030	*General governments*	–	–	–	–	–	–	–	–	–	–	–	–
040	*Credit institutions*	*1*	*1*	–	–	–	–	–	–	–	–	–	–
050	*Other financial corporations*	*154*	*154*	–	–	–	–	–	–	–	–	–	–
060	*Non–financial corporations*	*3,739*	*3,731*	*8*	*145*	*66*	*11*	*10*	*53*	*5*	–	–	*144*
070	*Of which SMEs*	*2,581*	*2,574*	*7*	*136*	*62*	*10*	*9*	*51*	*4*	–	–	*135*
080	*Households*	*4,681*	*4,671*	*10*	*301*	*111*	*29*	*50*	*50*	*61*	–	–	*295*
090	**Debt securities**	4,257	4,257	–	–	–	–	–	–	–	–	–	–
100	*Central banks*	–	–	–	–	–	–	–	–	–	–	–	–
110	*General governments*	*1,297*	*1,297*	–	–	–	–	–	–	–	–	–	–
120	*Credit institutions*	*1,611*	*1,611*	–	–	–	–	–	–	–	–	–	–
130	*Other financial corporations*	*1,349*	*1,349*	–	–	–	–	–	–	–	–	–	–
140	*Non–financial corporations*	–	–	–	–	–	–	–	–	–	–	–	–
150	**Off–balance–sheet exposures**	1,033			7								7
160	*Central banks*	–			–								–
170	*General governments*	–			–								–
180	*Credit institutions*	–			–								–
190	*Other financial corporations*	*181*			–								–
200	*Non–financial corporations*	*606*			*3*								*3*
210	*Households*	*246*			*4*								*4*
220	**Total**	15,988	14,937	18	453	177	40	60	103	66	–	–	446

9. Credit Risk continued

Table 25: UK CQ5 – Credit quality of loans and advances to non–financial corporations by industry

This table shows the credit quality of loans and advances on balance sheet exposure to non-financial corporations by industry types.

		31 December 2025			
		Gross carrying amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non–performing exposures
			Of which non–performing		
			Of which defaulted		
		£'million	£'million	£'million	£'million
010	Agriculture, forestry and fishing	13	1	(1)	–
020	Mining and quarrying	2	–	–	–
030	Manufacturing	101	2	(2)	–
040	Electricity, gas, steam and air conditioning supply	3	–	–	–
050	Water supply	8	1	–	–
060	Construction	130	9	(7)	–
070	Wholesale and retail trade	487	12	(15)	–
080	Transport and storage	117	5	(3)	–
090	Accommodation and food service activities	770	26	(16)	–
100	Information and communication	22	2	(1)	–
110	Financial and insurance activities	393	9	(9)	–
120	Real estate activities	913	26	(8)	–
130	Professional, scientific and technical activities	31	1	(1)	–
140	Administrative and support service activities	135	3	(4)	–
150	Public administration and defence, compulsory social security	1	–	–	–
160	Education	12	–	–	–
170	Human health services and social work activities	616	46	(9)	–
180	Arts, entertainment and recreation	83	1	(1)	–
190	Other services	47	–	(1)	–
200	**Total**	3,884	144	(78)	–

9. Credit Risk continued

Table 26: UK CQ1 – Credit quality of forborne exposures

This table provides an overview of the quality of on- and off-balance sheet forborne exposures.

		31 December 2025							
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non–performing forborne						
				Of which defaulted	Of which impaired	On performing forborne exposures	On non–performing forborne exposures		Of which collateral and financial guarantees received on non–performing exposures with forbearance measures
		£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	18	158	151	151	–	(11)	163	136
020	*Central banks*	–	–	–	–	–	–	–	–
030	*General governments*	–	–	–	–	–	–	–	–
040	*Credit institutions*	–	–	–	–	–	–	–	–
050	*Other financial corporations*	–	–	–	–	–	–	–	–
060	*Non–financial corporations*	*4*	*12*	*12*	*12*	–	*(2)*	*12*	*15*
070	*Households*	*14*	*146*	*139*	*139*	–	*(9)*	*151*	*121*
080	Debt Securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	–	–	–	–	–	–	–
100	**Total**	18	158	151	151	–	(11)	163	136

10. Counterparty Credit Risk

UK CCRA – Qualitative disclosure related to CCR

Counterparty credit risk is the risk that the counterparty to a transaction may default prior to the final settlement of the cash flows pertaining to that transaction. This may relate to financial derivatives, securities financing transactions and long settlement transactions. We are exposed to counterparty credit risk through derivative transactions.

We use derivative contracts to manage interest rate risk in the banking book and foreign exchange risk. Policies and contracts are in place to transfer/receive cash collateral when derivative mark–to–market exposures exceed agreed minimum transfer values, documented under standard International Swaps and Derivatives Association (‘ISDA’) master netting agreements, supported by Credit Support Annexes (‘CSA’). The Bank clears interest rate swaps through a central counterparty.

We assign counterparty credit limits based on the credit assessment and rating of the counterparty and monitor exposures against these limits on a daily basis. Our exposure to counterparty credit risk is measured under the SA–CCR method, which is a more risk sensitive approach.

Minimum capital requirements for counterparty credit risk are disclosed in Tables 28 and 29. The other component of counterparty credit risk is the credit valuation adjustment capital charge which is disclosed separately.

Table 27: UK CCR1 – Analysis of CCR exposure by approach

This table provides a comprehensive view of the methods used to calculate CCR regulatory requirements (excluding central clearing counterparties) and the main parameters used within each method.

		31 December 2025							
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre–CRM	Exposure value post–CRM	Exposure value	RWEA
		£'million	£'million	£'million		£'million	£'million	£'million	£'million
UK1	Original Exposure Method (for derivatives)	–	–		1.4	–	–	–	–
UK2	Simplified SA–CCR (for derivatives)	–	–		1.4	–	–	–	–
1	SA–CCR (for derivatives)	–	–		1.4	1	1	1	–
2	IMM (for derivatives and SFTs)			–	–	–	–	–	–
2a	*of which securities financing transactions netting sets*			–		–	–	–	–
2b	*of which derivatives and long settlement transactions*			–		–	–	–	–
2c	*of which from contractual cross–product netting sets*			–		–	–	–	–
3	Financial collateral simple method (for SFTs)					–	–	–	–
4	Financial collateral comprehensive method (for SFTs)					73	12	12	2
5	VaR for SFTs					–	–	–	–
6	**Total**					74	13	13	2

10. Counterparty Credit Risk continued

Metro Bank uses the standardised approach to calculate CVA capital charge: This approach takes account of the external credit rating of each counterparty, EAD from the calculation of the CCR and the effective maturity.

Table 28: UK CCR2 – Transactions subject to own funds requirements for CVA risk

		31 December 2025	
		Exposure value	RWA
		£'million	£'million
1	Total transactions subject to the Advanced method	–	–
2	(i) VaR component (including the 3× multiplier)		–
3	(ii) stressed VaR component (including the 3× multiplier)		–
4	Transactions subject to the Standardised method	1	–
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	–	–
5	Total transactions subject to own funds requirements for CVA risk	1	0

Table 29: UK CCR8 – Exposures to CCPs

		31 December 2025	
		Exposure value	RWA
		£'million	£'million
1	**Exposures to QCCPs (total)**		2
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	124	2
3	(i) OTC derivatives	124	2
4	(ii) Exchange–traded derivatives	–	–
5	(iii) SFTs	–	–
6	(iv) Netting sets where cross–product netting has been approved	–	–
7	Segregated initial margin	–	
8	Non–segregated initial margin	–	–
9	Prefunded default fund contributions	–	–
10	Unfunded default fund contributions		–

11. Market Risk

UK MRA - Qualitative disclosure requirements related to market risk

Risk definition

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

Risk appetite statement

Our market risk appetite is determined by reference to a number of sub-risk appetites:

Earning sensitivity — We have a low appetite for earnings risk, with the Board determining a limit calibrated to ensure net interest income does not exceed an amount recommended and scrutinised by the ALCO and approved by ROC. The limit is calibrated using a 2% instantaneous shock in both directions.

Economic value sensitivity — We have a low appetite for economic value risk, with the Board determining a limit calibrated to ensure that a change to the present value of our balance sheet does not exceed an amount as recommended and scrutinised by ALCO and approved by ROC. The limit is calibrated by calculating the impact of a 2% instantaneous shock in both directions.

Revaluation risk — We have a low appetite for revaluation risk, with the Board prescribing that we should avoid situations where the potential losses caused by changes in market prices shall not exceed capital held under standard risk weights, taking account of any offsets, determined by our revaluation risk stress scenario.

Foreign exchange risk — We have no appetite for foreign exchange risk, with the Board determining that exposures in foreign currencies should not represent a material portion of our capital resources.

Exposure and assessment
We do not have a trading book and we do not actively seek to create value through taking interest rate positions. Whilst we support our customers to make payments or hold accounts in foreign currency, we actively avoid exposing our own balance sheet to foreign exchange risk.

The primary source of our market risk exposure arises from structural interest rate risk in the banking book mismatch between the fixed rate assets and liabilities and any differences in bases. Interest rate risk in the banking book crystallises in, and is measured through, the sensitivity of our current and future net interest income and our economic value to movements in market interest rates.

Interest rate risk
ARA 2025 sets out the interest rate risk repricing gaps of our balance sheet in the specified time buckets, indicating how much of each type of asset and liability reprices in the indicated periods, after applying expected pre-repayments in line with our policy.

A positive interest rate sensitivity gap exists when more assets than liabilities reprice during a given period. A positive gap tends to benefit net interest income in an environment where interest rates are rising; however, the actual effect will depend on multiple factors, including actual repayment dates and interest rate sensitivities within the periods. The converse is true for a negative interest rate sensitivity gap. The balances set out in the analysis do not reconcile with the carrying amounts as disclosed in the consolidated balance sheet. The difference arises primarily from a principal only basis, treatment of arrears, ECL, and accrued interest for interest rate purposes.

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

Response
The Board is responsible for setting market risk appetite. Market risk is mitigated through a risk management framework that allows it to be monitored and managed by first line management and second line risk, with oversight from ALCO. Accordingly, ALCO ensures that steps taken to identify, measure, monitor and control the interest rate risk in the banking book are consistent with the approved strategies and policies.

Management limits are set at ALCO for economic value and net interest income sensitivity to ensure prompt action and escalation. Limits and the relevant metrics are also reported to ROC and the Board. These limits are sufficient to allow efficient operational management of financial hedging.

We benefit from natural offsetting between certain assets and liabilities, which may be based on both the contractual and behavioural characteristics of these positions. Where natural hedging is insufficient, we hedge net interest rate risk exposures appropriately, including, where necessary, with the use of derivatives. We enter into derivatives only for hedging purposes and not as part of customer transactions or for speculative purposes.

11. Market Risk continued

Our Treasury and Prudential Risk teams work closely together to ensure that risks are identified and managed appropriately – and that we are well-positioned to avoid losses outside our appetite, in the event of unexpected market moves.

Monitoring/reporting

The Treasury function has responsibility for managing within our market risk policy and strategy. We have an independent second line Prudential Risk team who monitor our market risk exposures daily including ensuring compliance with the policies we have developed. The Prudential Risk team runs additional interest rate risk simulations monthly to assess other threats that may not be evident in the standard parallel shock metrics.

We measure interest rate risk exposure using methods including the following:

- Interest rate gaps: calculating the net difference between total assets and total liabilities across a range of time buckets.
- Economic value sensitivity: calculating repricing mismatches across our assets and liabilities over the horizon of our balance sheet and then evaluating the change in value arising from an instantaneous 2% change in the yield curve in both directions, taking into consideration any embedded customer optionality. Our economic value sensitivity risk appetite scenario is based on an instantaneous parallel rate movement of 2% at all repricing maturities, which is widely considered severe but plausible. Additionally, we evaluate the PRA’s outlier test in line with regulatory requirements.
- Net interest income sensitivity: calculating repricing mismatches across our assets and liabilities over a one-year horizon and then evaluating the change in net income arising from an instantaneous 2% change in the yield curve in both directions. Our net interest income risk appetite scenario is based on an instantaneous parallel rate movement of 2% at all repricing dates, which is widely considered severe but plausible. We also assess basis risk by considering divergences between the Bank of England base rate and the Sterling Overnight Index Average (SONIA).

12. Securitisation

UK SECA – Qualitative disclosure requirements related to securitisation exposures

We invest in highly rated securitisation issues in eligible, established asset classes to support regulatory liquidity requirements. In line with our liquidity risk appetite, our Treasury Dealing Policy restricts investment activity to senior, high–quality liquid securities in a small number of established, low risk–sectors. We do not act as a sponsor or originator in any. securitisations. We use a number of rating agencies to assess the rating of the positions in which we invest.

Table 30: UK SEC1 – Securitisation exposures in the non–trading book

This table shows the non-trading book securitisation exposure split by exposure type and associated regulatory capital requirements.

		31 December 2025		
		Institution acts as investor		
		Traditional		
		STS	Non–STS	Total
		£'million	£'million	£'million
1	**Total exposures**	1,118	132	1,250
2	Retail (total)	1,118	132	1,250
3	*residential mortgage*	*803*	*132*	*935*
4	*credit card*	*126*	*0*	*126*
5	*other retail exposures*	*189*	*0*	*189*

Table 31: UK SEC4 – Securitisation exposures in the non–trading book and associated regulatory capital requirements – institution acting as investor

This table shows the non-trading book securitisation exposures.

		31 December 2025				
		Exposure values (by RW bands/ deductions)		Exposure values (by regulatory approach)	RWEA (by regulatory approach)	Capital charge after cap
		≤20% RW	>20% to 50% RW	SEC–ERBA (including IAA)	SEC–ERBA (including IAA)	SEC–ERBA (including IAA)
		£'million	£'million	£'million	£'million	£'million
1	**Total exposures**	1,301	–	1,301	138	11
2	Traditional securitisation	1,301	–	1,301	138	11
3	Securitisation	1,301	–	1,301	138	11
4	Retail underlying	1,301	–	1,301	138	11
5	*Of which STS*	*1,118*	–	*1,118*	*112*	*9*

13. Operational Risk

UK ORA – Qualitative information on operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

We aim to accept a minimal level of operational risk and in doing so seek to minimise operational failures. Key Risk Indicators are used to provide an overview of the control environment and to assess performance against our operational risk appetite. As part of the ICAAP our key operational risks are evaluated and quantified through stress scenarios, which are then utilised in the bank's operational risk capital assessment.

Each business area is required to conduct regular risk and control assessments which identify and analyse the core risks facing their business. These are maintained in conjunction with our Operational Risk team, who provide challenge and oversight of the process.

Business Continuity Plans are in place for all operational locations. These plans are updated and tested to ensure that they are robust and fit for purpose. We use external disaster recovery sites as back–up locations for both IT servers and staff.

Table 32: UK OR1 – Operational risk own funds requirements and risk–weighted exposure amounts

		31 December 2025				
		Relevant indicator				
		Year–3	Year–2	Last year	Own funds requirements	Risk weight exposure amount
	Banking activities	£'million	£'million	£'million	£'million	£'million
1	Banking activities subject to standardised approach (TSA)	547	503	582	61	759

14. Asset Encumbrance

UK AE4 – Encumbered and unencumbered assets

An asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn.

Our encumbered assets are used to support collateral requirements for central bank schemes (including TFSME, of which £0.4 billion remains), third party repurchase agreements and to a lesser extent collateral for derivatives. The Bank has not issued any securitisations.

The Bank's sources of encumbrance and encumbered assets are mostly in GBP, with a small proportion in USD. The Bank considers all unencumbered debt securities and a significant proportion of loans to customers to be available to support additional secured borrowing or collateral requirements.

The Bank has £13,263 million of financial assets (31 December 2024: £13,660million) which could be encumbered for funding purposes, made of £9,008 million of loans (31 December 2024: £9,055 million) and £4,255 million of securities (31 December 2024: £4,606 million). The Bank has £2,440 million of mortgage loans as at 31 December 2025 (31 December 2024: £2,878 million), which could provide secured funding as central bank–eligible collateral or as part of a securitisation which are already positioned at the Bank of England. The Bank had £1,234 million of fixed and intangible assets as at 31 December 2025 (31 December 2024: £1,249 million) which cannot be encumbered for funding purposes.

Encumbrance remains low overall. We have pledged £902 million (2024: £1,034 million) of the financial assets above as encumbered collateral which can be called upon in the event of default. Of this, £87 million (2024: £445 million) is made up of high–quality securities and £816 million (2024: £589 million) is from our own loan portfolio.

Tables 33, 34 and 35 provide breakdown of the encumbered and unencumbered assets based on 4–quarter median over the last 12 months.

Table 33: UK AE1 – Encumbered and unencumbered assets

		31 December 2025							
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million
010	**Assets of the reporting institution**	874	229			15,576	5,773		
030	Equity instruments	–	–	–	–	–	–	–	–
040	Debt securities	190	155	189	154	3,948	3,687	3,863	3,600
050	*of which: covered bonds*	*–*	*–*	*–*	*–*	*469*	*469*	*469*	*469*
060	*of which: securitisations*	*45*	*36*	*45*	*36*	*1,082*	*891*	*1,084*	*893*
070	*of which: issued by general governments*	*116*	*116*	*115*	*115*	*1,100*	*1,100*	*1,074*	*1,074*
080	*of which: issued by financial corporations*	*45*	*38*	*45*	*38*	*2,881*	*2,565*	*2,824*	*2,527*
090	*of which: issued by non–financial corporations*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
120	Other assets	662	74			11,558	2,052		

14. Asset Encumbrance continued

Table 34: UK AE2 – Collateral received and own debt securities issued

		31 December 2025			
		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		£'million	£'million	£'million	£'million
130	Collateral received by the reporting institution	–	–	–	–
240	Own debt securities issued other than own covered bonds or securitisations	–	–	–	–
241	Own covered bonds and asset–backed securities issued and not yet pledged			–	–
250	Total assets, collateral received and own debt securities issued	885	229		

Table 35: UK AE3 – Sources of encumbrance

		31 December 2025	
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		£'million	£'million
10	Carrying amount of selected financial liabilities	553	764

15. Interest Rate Risk in the Banking Book

UK IRRBBA – IRRBB risk management objectives and policies

Interest rate risk in the banking book ('IRRBB') arises from changes in market interest rates and customer behaviour that could adversely affect the financial performance of the Bank through earnings volatility or economic value. This is driven by exposures to duration risk, optionality risk, credit spread risk and basis risk. The Bank has a low appetite for IRRBB and takes a prudent approach to the measurement and management of IRRBB.

The Board is responsible for setting the IRRBB risk appetite. IRRBB is mitigated through a risk management framework that allows IRRBB to be monitored and managed by first line management and second line risk, with oversight from senior management and ALCO. Accordingly, ALCO ensures that steps are taken to identify, measure, monitor and control IRRBB consistent with the approved strategies and policies. These include:

- **Appropriate limits on IRRBB,** including the definition of specific procedures and approvals necessary for exceptions, and ensuring compliance with those limits e.g. risk appetites for earnings risks and economic value risk;
- **Adequate systems** and standards for measuring and reporting IRRBB;
- **Policies for measuring IRRBB**, valuing positions and assessing performance, including procedures for updating interest rate shock and stress scenarios and key underlying assumptions driving the institution's IRRBB analysis;
- **A comprehensive IRRBB reporting and review** process including daily reporting of key metrics and other analysis reported to ALCO monthly and;
- **Active hedging strategies**, including both natural hedging (i.e. without interest rate swaps through repricing off-sets of assets and liabilities) and hedging with swaps (i.e. through the purchase of interest rate swaps to reduce time bucket mismatches causing otherwise significant Economic Value of Equity ("EVE") / Net Interest Income ("NII") exposure), in order to ensure risk is managed within aforementioned limits.

Additionally, the bank's third line Internal Audit function perform periodic reviews of IRRBB management, including external benchmarking of key assumptions to peer group firms.

ALCO is responsible for overseeing the management of IRRBB within the limits approved by Board. Day-to-day management of IRRBB is delegated to Treasury. The Bank benefits from natural offsetting repricing between assets and liabilities, which may be based on both contractual and behavioural characteristics of certain products. Where natural hedging is insufficient, we hedge net interest rate risk exposures appropriately, including, where necessary, with the use of interest rate derivatives.

Specific risk measures that the Bank uses to manage IRRBB include:

- NII sensitivity is performed daily and assesses changes to earnings over a 12-month time horizon caused by a range of interest rate shocks and scenarios;
- Economic value of equity sensitivity caused by a range of interest rate shocks and scenarios is performed daily and measured against internal limits;
- Economic value of equity sensitivity is also measured in line with PRA requirements against six interest rate shock scenarios and assessed monthly and;
- Credit Spread Risk in the Banking Book ('CSRBB') is assessed daily through historic Value-at-Risk ('VaR') applied to the Bank's entire liquid asset portfolio. CSRBB is measured at a 99% confidence level based on daily spread movements with a three-month holding period.

The Bank assesses EVE and NII sensitivity using +/- 200 bps and +/- 250 bps parallel interest rate shocks and various non-parallel interest rate shock scenarios, including those prescribed by the PRA. The scenarios take account of customer behaviour including optionality embedded in products.

Metro Bank makes the following assumptions:

ΔEVE

The ΔEVE calculations are produced in accordance with PRA requirements and include the following key assumptions:

- The balance sheet is modelled on a run–off basis;
- The EVE measures are calculated using ALCO–approved behavioural assumptions, including assumptions on customer asset prepayment rates and duration of non–maturing deposits and;
- Commercial margins and interest flows are removed from cash flows and discounting is performed using the Sterling risk–free rate.

15. Interest Rate Risk in the Banking Book continued

ΔNII

The ΔNII calculations are produced in accordance with PRA requirements and include the following key assumptions:

- NII sensitivity is based on a constant balance sheet with assets and liabilities rolling over into average maturities;
- Interest rate changes are passed on to administered rate products using ALCO-approved assumptions and;
- Non-maturing administered rate deposits are excluded from NII sensitivity if they are insensitive to interest rate movements, based on ALCO-approved assumptions (i.e. they do not reprice within the 12-month NII sensitivity scenario horizon).

Key assumptions utilised by EVE and NII metrics in table UK IRRBB1 are consistent with internal EVE and NII metrics aside from the following assumptions:

- A portion of equity is included in the cashflow profile for the internal EVE calculation. This equity is modelled with a behavioural life agreed at ALCO. The exclusion of equity in the PRA EVE calculation presented in table UK IRRBB1 (following PRA calculation guidelines) creates a position which has negative value as rates rise but positive if rates fall since the hedges associated with equity are no longer offset (as equity is excluded), and therefore no longer hedges certain assets;
- Administered rate deposit products are modelled with contractual interest rate floors, not behavioural floors and;
- Interest rate shocks for both EVE and NII sensitivity are based upon +/- 200 bps parallel shifts in interest rates, in line with Board risk appetite, instead of +/- 250 bps in table UK IRRBB1.

The Bank's balance sheet is predominantly naturally hedged with respect to interest rate risk, due to offsets that occur between assets and liabilities driven by customer behaviour. However, the Bank does utilise derivatives (interest rate swaps) to manage IRRBB when and if required.

Where we are using interest rate swaps to hedge the changes in fair value attributable to the interest rate risk of a recognised asset or liability that could affect profit or loss, we apply fair value hedge accounting.

The Bank does not currently use interest rate swaps to hedge the exposure to variability in cash flows attributable to interest rate risk (but has the ability to do so). Where the variability in cash flows on a recognised asset or liability could affect profit or loss, the Bank has the ability to apply cash flow hedge accounting.

As measured by the Group's NII shock scenario (see table 36), the Group has a negative sensitivity to falling rates over the short–term, however, it has the ability to hedge interest rate metrics towards neutral if and when it desires.

The average repricing maturity assigned to non-maturing deposits (NMDs) is 2.5 years. This includes both rate sensitive balances that reprice overnight and stable rate insensitive balances profiled on a behavioural term agreed at ALCO.

The longest repricing maturity assigned to NMDs is 5 years

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15. Interest Rate Risk in the Banking Book continued

Table 36: UK IRRBB1 – Quantitative information on IRRBB

		ΔEVE		ΔNII		Tier 1 capital	
		31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
		£'million	£'million	£'million	£'million	£'million	£'million
010	Parallel shock up	0	5	(5)	24		
020	Parallel shock down	7	(9)	4	(25)		
030	Steepener shock	7	24				
040	Flattener shock	(6)	(22)				
050	Short rates shock up	(7)	(18)				
060	Short rates shock down	7	19				
070	Maximum	(7)	(22)	(5)	(25)		
080	Tier 1 capital					1,082	808

16. Remuneration

UK REMA – Remuneration policy

Metro Bank's remuneration policies set out how colleagues are remunerated in a way that supports the strategic goals of the Bank whilst remaining compliant with regulations.

Our approach to remuneration is one of simplicity, we offer colleagues a reward structure that supports our unique culture and long-term strategy as well as being aligned to the shareholder needs. Colleague reward is aligned to their performance rating (AMAZEING review); this shows how colleagues have behaved in line with our culture and values, and also how they have performed against objectives. The Bank's approach to remuneration, in particular variable remuneration, is underpinned by risk principles in our corporate scorecard which discourages unnecessary risk-taking.

This disclosure should be read in conjunction with the disclosures contained in the Directors' Remuneration Report of the Annual Report & Accounts ('the DRR'). The DRR includes information on the role of the People & Remuneration Committee ('the Committee').

Material Risk Takers

The Remuneration Code and European Regulatory Technical Standards require the Bank to identify its Material Risk Takers ('MRTs'). MRTs are those colleagues who operate in roles that are deemed to have, or potentially have, a material impact on the risk profile of the Bank. Metro Bank had classified 60 members of staff as material risk takers in 2025 (2024: 66). This figure includes joiners and leavers.

The following groups of individuals have been identified as meeting the criteria for MRTs:

- Members of the **Supervisory Function** i.e. Executive Directors and Non-Executive Directors ('NEDs') of Metro Bank Holdings PLC;
- Members of the **Management Function** i.e. Senior Managers who sit on the Executive Committee and;
- Other colleagues who are either **Senior Managers** or **Other MRTs** (also referred to as 'other identified staff') i.e. individuals whose activities could have an impact on the Bank's risk profile, or those not covered within the above that have been identified as MRT's due to their level of remuneration.

The Bank's remuneration policies are in place to inform the remuneration of these colleagues.

Approach to remuneration

The approach taken for our MRT population will differ from that of the wider colleague population. We offer base salary, variable remuneration and a consistent benefit offering to all colleagues. To align the interests of our MRT population with those of our shareholders, we may deliver a portion of variable reward in retained shares, deferred cash, deferred shares, and where appropriate, awards under the Bank's long-term share plans aligned to the regulatory requirements.

The Bank aims for salaries to remain competitive against peers in the financial services sector and uses market data as a reference point. Variable remuneration is based on a mix of corporate performance and a colleague's achievement against their objectives. Risk is considered when determining variable remuneration for all colleagues, in particular MRTs. For the 2025 performance period, we have moved to a 1:1.5 cap on annual bonus for Executive Director's ('EDs'), with no eligibility to participate in the LTIP following their 2025 Share Value Alignment Plan ('SVAP') award. The new SVAP, which is a long-term plan spanning a performance period of five years, was approved at the 2025 Annual General Meeting. Further information relating to the SVAP and remuneration of our colleagues can be found in our DRR.

Base salary

Salaries are paid to all MRTs (except for NEDs who receive fees reviewed annually against external market information). Salaries are reviewed annually, taking into account individual performance, experience and market information.

Variable remuneration

All Material Risk Takers (excluding NEDs) are eligible to be considered for an annual bonus. The annual bonus is awarded on a discretionary basis, and for all colleagues, excluding ED's, considers colleagues' behaviours and performance based on their AMAZEING review as well as corporate performance and affordability. Corporate performance targets are agreed at the beginning of the year by the Committee and are reflected in our corporate scorecard.

In line with the Director's Remuneration Policy for EDs, annual bonus is determined by an assessment of the Balanced Scorecard outcome and personal performance. The Balanced Scorecard will normally determine all or at least 80% of the bonus outcome with the remainder based on achievement against individual performance objectives. For the 2025 performance year the ED's annual bonus was determined by 100% of the Balance Scorecard outcome.

Where appropriate, and in line with regulatory requirements, a proportion of any annual bonus may be delivered in shares and/or subject to deferral (see section below). Annual bonus deferrals will be made under the Deferred Variable Reward Plan ('Deferral Plan'). Deferral levels are set at the time of award and in line with regulatory requirements (see below) taking into account total remuneration for the financial year.

16. Remuneration continued

Long-term incentives

The Bank's LTIP and SVAP are designed to align senior colleagues' remuneration with the long-term interests of the Bank and its shareholders. It rewards long-term delivery of the Bank's strategy and growth. Performance conditions may apply and are normally tested over a minimum period of three financial years. Subject to the achievement of any performance conditions, awards will vest according to timetables designed to meet with regulatory requirements. Aligned to the Directors Remuneration Policy, following an award under the SVAP in 2025, there will be no further awards under any other long term incentive plan for the life of the current approved Directors Remuneration Policy.

Guaranteed variable remuneration

Guarantees, such as new hire awards or buyout awards, are only offered in exceptional circumstances to new hires for the first year of service and in accordance with regulatory requirements. Any awards made to new hires to compensate them for unvested variable remuneration they forfeit on leaving their previous employment will be subject to appropriate retention, deferral, performance and clawback arrangements in accordance with applicable regulatory requirements. Retention awards may be made to existing colleagues in limited circumstances and are subject to prior regulatory approval in line with applicable regulatory requirements.

Deferral and vesting

Variable remuneration is delivered in line with revised regulatory requirements. For MRTs receiving a variable remuneration award in respect of 2025 performance that exceeds the 'de minimis' level:

- at least 40% of total variable remuneration on the first £0.66m, will be deferred into share options, increasing to 60% for awards above £0.66m;
- at least 50% of total variable remuneration is paid in share options, through a combination of retained shares, deferred shares or a long-term incentive plan; and
- only upfront / retained shares are subject to retention periods.

The Committee considers input from the Chief Risk Officer ('CRO') before any deferred awards are released. Malus and clawback apply to all elements of variable remuneration. Cash bonus and share awards may be delayed or reduced before they are paid/before they vest (malus) or may be subject to clawback on or after payment should management or the Committee conclude that an adjustment needs to be made. Clawback may be applied up to seven years from the award date, or ten years where an investigation has commenced.

While not exhaustive, the situations where malus and/or clawback may be applied are as follows:

- The colleague has participated in or is responsible for conduct that has resulted in significant losses to the Bank;
- The colleague has failed to meet appropriate standards of fitness and propriety;
- There is reasonable evidence of misconduct or serious error by a colleague;
- The Bank and/or the business unit for which the colleague works suffers a material downturn in its business performance;
- The Bank and/or the business unit for which the colleague works suffers a significant failure in risk management;
- There has been a material misstatement in the Bank's financial results or an error in assessing any applicable performance condition;
- The Bank has suffered an instance of corporate failure which has resulted in:
    - the conditions for use of the stabilisation powers under the special resolution regime in accordance with Part 1 to 3 of the Banking Act 2009 being satisfied;
    - the Company entering into a compromise or arrangement in accordance with sections 1 to 7 of the Insolvency Act 1986 for the purpose of repayment or restructuring of the Company's debts; or
    - the passing of a resolution or making of an order which is sanctioned by the Court for the appointment of a liquidator or administrator;
- The Bank or any Group Member suffers substantial reputational damage to its business from an event to which the colleague made a material contribution as a result of their action or conduct or failure to act;
- The colleague is subject to a regulatory censure in respect of a material failure in control;
- The level of the award is not, in the opinion of the Board, sustainable when assessing the overall financial viability of the Company or any Group Member.

The above principles apply to all variable remuneration for all MRTs across the Bank.

The Committee has discretion to challenge the formulaic variable reward outcomes where it believes it is not appropriate.

The link between pay and performance

Variable reward payments require robust performance against challenging conditions. Performance conditions have been designed to drive the delivery of our business strategy and consist of a number of financial and non-financial metrics, as well as individual performance based on the colleague's AMAZEING review. For the purposes of remuneration, colleagues' AMAZEING reviews occur annually, taking into account colleagues' behaviours and also their achievement against objectives.

The corporate scorecard is the same for all colleagues (including Material Risk Takers) and includes both financial and non-financial performance metrics; the latter including risk management. The variable reward pool is based on the overall performance of the Bank in terms of culture and delivery in line with the corporate scorecard, which includes the following four categories:

- Financial
- Risk and Regulatory
- Customers
- People

The Committee also considers inputs from the CRO who provides an independent review as to whether and to what extent the variable remuneration pool should be subject to an adjustment.

16. Remuneration continued

Remuneration for Material Risk Takers

The following tables display the 2025 fixed and variable remuneration for Metro Bank's MRT population. The Bank is not structured in such a way to break down the data by business area. In addition, to preserve the anonymity of individual's remuneration, some tables do not show the breakdown between each distinct MRT category.

Table 37: UK REM1 – Remuneration awarded for the financial year

			31 December 2025			
			MB Supervisory function	MB Management function	Other senior management	Other MRT (or other identified staff)
1	Fixed Remuneration[1]	Number of identified staff	11	10	2	38
2		Total fixed remuneration £'million	2.5	2.5	0.4	6.1
3		Of which: cash–based £'million	2.5	2.4	0.4	5.5
7		Of which: other £'million[2]	0.0	0.1	-	0.6
9	Variable remuneration	Number of identified staff	11	10	40	
10		Total variable remuneration £'million	1.8	3.7	2.3	
11		Of which: cash–based £'million	0.9	1.7	1.2	
12		Of which: deferred £'million	-	-	-	
UK–13b		Of which: shares or equivalent ownership interests £'million	0.9	2.0	1.1	
UK–14b		Of which: deferred £'million	0.8	1.9	1.1	
17	**Total remuneration £'million**		4.3	6.2	8.8	

[1] Fixed remuneration is predominantly delivered in cash and relates to the period for which the individual was an MRT. Other fixed remuneration includes employer pension contributions and non-cash benefits such as medical cover. NED fees are included as fixed remuneration under the Supervisory function column.

[2] The value of other fixed remuneration for the Supervisory function is £29,569 and for Other senior management is £34,713.

16. Remuneration continued

Table 38: UK REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		31 December 2025		
		MB Supervisory function	MB Management function	Other senior management or other identified staff
	Guaranteed variable remuneration awards			
1	Guaranteed variable remuneration awards – Number of identified staff	–	1	–
2	Guaranteed variable remuneration awards –Total amount £'million[1]	–	0.765	–
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap £'million	–	0.765	–
	Severance payments awarded in previous periods, that have been paid out during the financial year			
4	Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff	–	–	–
5	Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount £'million	–	–	–
	Severance payments awarded during the financial year			
6	Severance payments awarded during the financial year – Number of identified staff	–	1	1
7	Severance payments awarded during the financial year – Total amount £'million[2]	–	0.145	0.054
8	Of which paid during the financial year £'million	–	0.145	0.054
9	Of which deferred £'million	–	–	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap £'million	–	0.145	0.054
11	Of which highest payment that has been awarded to a single person £'million	–	0.145	0.054

[1] This award is in relation to a loss of opportunity awarded for a new hire identified within the Supervisory function.

[2] The severance payments awarded during the financial year is in relation to redundancy. No performance linked awards are being made to colleagues exiting by redundancy as aligned to our plan rules.

16. Remuneration continued

Table 39: UK REM3 – Deferred variable remuneration[1,2,3]

		31 December 2025							
		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
		£'million	£'million	£'million	£'million	£'million	£'million	£'million	£'million
1	MB Supervisory function								
2	– cash based[4]	–	–	–	–	–	–	–	–
3	– share based[5]	1.6	0.2	1.4	–	–	0.3	–	0.2
7	MB Management function								
8	– cash based[6]	–	–	–	–	–	–	–	–
9	– share based	2.3	0.1	2.1	–	–	0.6	–	0.1
19	Other senior management and other identified staff								
20	– cash based[7]	–	–	–	–	–	–	–	–
21	– share based[8]	1.4	0.1	1.4	–	–	0.4	–	–
25	**Total Amount**	5.3	0.4	4.9	–	–	1.3	–	0.3

[1] Includes awards for any colleague identified as a Material Risk Taker during 2025.

[2] Values based on the face value of awards at time of grant.

[3] Since 2021 deferred share awards granted as nominal price options and prior to that were mainly market price share options.

[4] There is one individual who was on the MB Management function for part of the year and then the MB Supervisory function for part of the year; for the purposes of this table, they are included in the MB Supervisory function figures.

[5] The amount of deferred cash for the MRT's in the MB Supervisory function that was awarded for previous periods is £25,440, of which £8,480 vested in the financial year and £16,960 will vest in subsequent financial years. The amount awarded before the financial year actually paid out in the financial year is also £8,480.

[6] The amount of deferred cash for the MRT's in the MB Management function that was awarded for previous periods is £4,888, of which £2,444 vested in the financial year and £2,444 will vest in subsequent financial years. The amount awarded before the financial year actually paid out in the financial year is also £2,444.

[7] The number of deferred shares for MRTs in the MB Management function awarded before the financial year actually paid out in the financial year is the value of £16,020.

[8] The amount of deferred cash for the Other senior management and other identified staff that was awarded for previous periods is £31,123, of which £10,837 vested in the financial year and £20,286 will vest in subsequent financial years. The amount awarded before the financial year actually paid out in the financial year is also £10,837.

[9] The number of deferred shares for MRTs in the Other senior management and other identified staff awarded before the financial year actually paid out in the financial year is the value of £15,657. £40,997 of deferred shares for this population has vested but is subject to retention periods.

16. Remuneration continued

Table 40: UK REM4 – Remuneration of 1 million EUR or more per year[1]

	Total remuneration in respect of the performance year	31 December 2025 Identified staff that are high earners as set out in Article 450(i) CRR
1	€1,000,000 – €1,500,000	1
2	€1,500,000 – €2,000,000	1
3	€2,000,000 – €2,500,000	0
4	€2,500,000 – €3,000,000	1
5	€3,000,000 and above	0

[1] Remuneration converted to Euros using the exchange rate £1 = €1.14233 (exchange rate for December 2025 per European Commission exchange rates website).

Table 41: UK REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)[1]

		31 December 2025				
		Management body remuneration				
		MB Supervisory function	MB Management function	Total MB	All other MRTs	Total[2]
1	**Total number of identified staff**					60
2	Of which: members of the MB	11	10	21		
3	Of which: other senior management				2	
4	Of which: other identified staff				38	
5	**Total remuneration of identified staff £'million**	4.3	6.2	10.5	8.7	
6	Of which: variable remuneration £'million	1.8	3.7	5.5	2.3	
7	Of which: fixed remuneration £'million	2.5	2.5	5.0	6.4	

[1] Given the small size of some of the populations within each business area at Metro Bank, we have decided to disclose this table on a summarised basis to protect the anonymity of remuneration

[2] The total does not match the sum of total MB + senior management + other identified staff because there is one individual who was on the Management function for part of the year and then the Supervisory function for part of the year.

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