

## **Metro Bank FY 2025 Results**

**4 March 2026**

**Daniel Frumkin (CEO) and Marc Page (CFO)**

### **PRESENTATION**

#### **Operator**

Hello, everyone, and thank you for joining the Metro Bank Holdings PLC Full Year Results 2025. My name is [Gabrielle], and I will be coordinating your call today. During the presentation, you can register a question by pressing star followed by one on your telephone keypad. If you change your mind, please press star followed by two on your telephone keypad.

I will now hand over to your host, Daniel Frumkin, CEO of Metro Bank. Please go ahead.

#### **Daniel Frumkin, CEO**

Thank you, Gabrielle. Good morning. I'm Dan Frumkin, CEO of Metro Bank, and thank you so much for joining us today, as we reveal our fiscal year 2025 results.

Before I get into the numbers, I just wanted to take a moment to talk about how pleased I am with how well we're delivering the strategy that we outlined two years ago. The results you're going to see today are testament to all of the hard work from all of the colleagues across Metro, and I can't thank them enough for their efforts.

So, let's get stuck in. In terms of the agenda, I'll do a few slides as an overview, then Marc Page, the CFO, will join us to walk through the financial performance in more detail, and then I'll come back on to talk about a few slides about how the existing strategy continues to drive the future. Then, obviously, we're happy to take your questions.

So, let's start with what is a really strong performance. We generated a £98 million underlying profit for 2025. That is the highest in the history of Metro Bank, and not only did we generate the highest profit in the history of Metro Bank, we also generated the most revenue, the most NII, and the highest NIM in the history of Metro Bank. You can see our exit NIM was 3.17%. That is in line towards the upper end of the guidance we provided. We generated a RoTE of 6.4%, again, in line with guidance, and we reduced costs by 7%. That is ahead of the guidance we provided. By growing revenue and reducing costs, we widened our jaws that brought down the cost/income ratio, as you can see in the bottom left.

That revenue growth of 16% was really driven by a 22% increase in net interest income, as we brought down the cost of deposits and continued to increase lending yield, in spite of the fact that Bank of England reducing the Bank of England base rate by 100 basis points during 2025. That 22% growth in NII and the 16% growth in revenue were the highest of any UK bank that has reported to date.

On the upper right, we saw a strong commercial and corporate loan growth. We did £2 billion of new loans. That's almost triple what we did just two years ago. Even after all that lending, we still have an £800 million pipeline as we start 2026, and we're not done. We have tremendous capacity for growth. We have a loan-to-deposit ratio at 66%. We have a liquidity cover ratio over 300%, and we've been reclassified as a transfer firm under the MREL regime, which means we have to issue no new MREL, and have the optionality around the existing MREL, which has a call date in April 2028.

A really strong set of results. So, let's talk about the future. So, all of that's created the foundation for where we are. It's gotten us to the 6.4% RoTE. Let's just take a minute on this chart. The darker grey boxes that you see are broadly mechanical. They are either the roll-off of our treasury portfolio, which creates a 3% uplift in RoTE in 2026, and a further 1.4% RoTE uplift in 2027, or the larger grey box above the chart for '27 and '28, MREL, when we call it in April of 2028, creates a 4% uplift in RoTE in and of itself. So, those mechanical uplifts are over 8% of a RoTE uplift over the next couple of years.

So, what does that mean? It means that we will more than double return on tangible equity in the next seven months. By quarter 4 2026, we will be generating a 13% return on tangible equity. We further grow that into 2027 to 15%, and then we are now guiding greater than 18% return on tangible equity for 2028. That means we will treble - almost treble return on tangible equity from where we are today in 2028. That level of RoTE growth is exceptional, and driven by the strong performance of the underlying strategy. We don't have to do anything new to deliver that. We don't have to change who we are to do that. We deliver that by being Metro, and delivering the strategy as we've already outlined.

Let's talk about guidance. So, again, we provide three levels of guidance: NIMS, cost/income, and RoTE, yes? The NIMS guidance has been widened slightly, to 3.40% to 4.00% and 3.75% to 4.50%. We dropped the bottom end of that guidance by about 20, 25 basis points, given the rate uncertainty that's occurred in the market. However, we've held the cost/income ratio, as previously guided. So, if revenue's affected by lower net interest margins, we will make up for it through cost activity, to ensure we deliver the cost/income ratio as previously guided.

In addition, we've enhanced our guidance for quarter 4 - for return on tangible equity during 2026 to a quarter 4 measure. We did that because we thought it was important to show that we are more than doubling return on tangible equity in the next seven months, and we'll generate a 13% return on tangible equity this year. That does not mean we're still not confident about delivering double-digit return on tangible equity during 2026, because we are. We are just not guiding that, because we think it's more important for the market to understand how quickly Metro Bank gets to a 13% return on tangible equity. As I've said, we've introduced the greater than 18% return on tangible equity for 2028. Again, there's a clear path to getting there.

So, this slide is a slide we use quite a bit. Again, our model gives us a competitive advantage. Our localness, our relationship-led model allows us to generate low-cost deposits. We have the lowest funding costs of any high street bank. Our exit cost of deposits was 94 basis points. That gives us real power to generate strong returns. We use that liquidity to fund high-yield specialist lending and corporate and commercial lending, which gives us yields in line with the specialist lenders.

So, we fund ourselves more cheaply than any high street bank, and we lend and generate lending yields in line with the specialist lenders, and we do that efficiently. We were the only bank in the UK, the only bank in the UK to reduce costs during 2025, and we brought them down by 7%, which gives you the chart on the right. We operate in clear blue water. The ability to build a fundamental relationship-based model allows us to operate in clear blue water.

With that, I'll turn it over to Marc, who will walk you through the financials. Thank you.

Thank you, Dan. Good morning. Dan has already talked about the highlights of the year. What I'd like to do is take you through the building blocks, and how we think about those building blocks into the future.

So, on this chart, you can see that our trade momentum continues across all aspects of our business lines. Dan has already mentioned about our cost of deposits being a funding advantage. What you can see, over the past two years, is that we have reduced our cost of deposits and our exits by more than 100 basis points, to a market-leading position of 0.94%. Combined with our asset rotation strategy, whereby we have increased lending yields in a falling rate environment, has come together to increase our exit NIM to a high of 3.17%, which is the highest Metro Bank has delivered.

The combination of improving NIM has increased revenue by more than £81 million year-on-year to a high of £585 million, and by having strong cost discipline, as well as maintaining low cost of risk, we have improved our underlying PBT to a high of £98 million, which is £112 million momentum on the previous year. The combination of that has delivered a positive RoTE of 6.4%, and at the same time, we've strengthened our capital position. As you can see on the right-hand side, we now have a TCR of 18.4%, which is important as we go through our transfer approach.

So, we have delivered all market guidance, and we've outperformed on costs, and I'm now going to take you through how those building blocks play out over time, to deliver an increased RoTE of 18% or above in 2028. So, the four components of the building blocks. Firstly, costs. We have delivered a year-on-year absolute cost reduction of 7% to more than offset inflation. Also, pleasingly, if you look at all lines on the cost structure, so be that people, non-people, or our other costs, which includes depreciation, amortisation, and fraud, all of our cost lines have improved. It's that level of discipline which gives us the confidence to be able to increase our cost guidance this year, that we will maintain costs in 2026, flat relative to 2025.

It's this business model transformation and focus on costs, and the partnership with Infosys which gives us the ability to optimise our model as we go forward. The combination of increasing revenue has led to a 20 points reduction in the cost/income ratio, and sets us up well for the future guidance, in terms of improving this metric over the next couple of years.

Moving on to the second part, so our relationship strategy delivers us a strategic funding advantage. You can see that I've already talked about our exit cost of deposits, reducing from 2.06% to 94 basis points over the past couple of years, and that's being delivered in two ways. Firstly, we have excess liquidity, which we have allowed to run off, and that has reduced its mix from 15% down to just 7% of expensive fixed-term deposits.

If you look at the second part of that, however, is we are growing our current account franchise. We have increased our new current accounts by more than 100,000 in 2025 across both business and personal customers, and as a result, our current account NIBLs balances now accounts for 44% of our total deposit base. That is more than twice the average of the market peers, and provides us a strong platform to be able to recycle that into lending and asset growth into the future.

On the right-hand side, we also show you where those deposits have come from, and pleasingly, if you look at commercial and SME, that is growing as a proportion of our mix, as we target

relationship growth in those segments. We have a funding advantage, with a low loan-to-deposit ratio of 66% and a high liquidity coverage ratio, which sets us up well for growth in the future.

The third component, turning to growth. We've already looked at the highlights on the right through Dan's section. We have more than trebled our origination capability within commercial and SME over the past two years, so to a high of £2 billion. How that actually plays out is, it's high margin, at over 350 basis points above base rate, and we have a strong credit-approved pipeline to help us deliver the 2026 lending plan growth.

But if you zoom out and look at this, when we talk about asset rotation, if you look at the balance sheet on the left-hand side, you can see how our balance sheet has changed over time. The first thing to note is that year-on-year, broadly, our asset balance sheet is level. So, £9 billion [plays] £9.2 billion in the previous year. But if you look at the mix of those balances, it is changing. We have run off nearly £2.1 billion of non-core segments, and recycled that cash into our focus areas, which is commercial and SME lending and specialist mortgages. Our core business lines are up 56% year-on-year, so we have recycled the cash from lower-yielding returning segments into higher-yielding risk-adjusted returning segments, and at the same time, maintained a strong focus on asset quality.

You can see asset quality and protection, in terms of collateral, on the following slides. So, if you look at on the left-hand side, this looks at our non-performing ratio loans as a percentage, which are low for both retail mortgages and commercial, and the graph clearly illustrates stability through this lending period. On the right-hand side, we give you a bit more colour about the levels of protection collateral as we lend into our target segments. So, over 87% of our loans are collateral-backed with either property or government guarantees, and where they're property based, so 83% of loans, the average DTV is just 62%, which provide us with a prudent level of coverage for the lending that we take.

Moving on to the fourth part. The fourth part of our transformation is a level we've previously discussed. We have treasury maturities of roughly £1.5 billion maturing over the next two years. So, that will be about £1 billion in 2026 and £0.5 billion in 2027.

Now, the maturity profile is not even through the year. So, you can notice on both the chart on the left-hand side, the maturities are H2-weighted, and then the table on the right-hand side, you can see in 2027, they're all H2-weighted. Now, what does that mean for us? What it means is, when those balances mature, they will come off rates of circa less than 1%, and they will mature onto a rate of circa the prevailing base rate, as a minimum. That is income-additive, NII and NIM-additive. The cumulative effect of all the 2026 maturities is a £26 million PBT uplift.

By the time 2027 maturities have arisen, the cumulative effect is £38 million of increased revenue. Now, that is a 4.4% RoTE uplift from where we stand today. Now, it won't be evenly spread across the years, as you can see from the maturity profile, but actually, the benefit and leading us towards that upper - greater than 18% RoTE is an important part of our endurance strategy.

So, how have we guided today? Dan mentioned, at the top of the call, interest rates have fallen by 100 basis points in 2025. If we look at the guidance we provided today, we are expecting a further 50 basis points reduction, so a base rate of 3.25% by the summer of this year. That is lower than where we set the plan a year ago, and we updated you, but we have taken actions to offset that lower interest rate environment. Those actions include: we've outperformed on cost

guidance; we've actually delivered a higher deposit beta than forecast to offset; we've made asset disposals, which have improved our RoTE; and we've also established structural hedging programs to reduce interest rate sensitivity.

In addition, the change to our resolution strategy is additive, from a performance perspective, in both the short term and the longer term, as those rates mature in 2028. Now, how do rates play out? Illustratively, on the right-hand side, you can see in H2, so we had a base rate reduction in December. We're planning another one - we're expecting another one imminently. That would reduce our interest income. That interest income reduction is offset by the momentum in our underlying business that we've previously just shown you. In H2, then, where interest rates settle, you can see the momentum continues to grow, and more than offset to be able to deliver the greater than 13% RoTE by Q4 - in Q4 of this year.

In addition, to provide some colour, we have given you an illustrative interest rate sensitivity in the table below. What this does, it takes, as of today, a 50 basis points parallel shock to interest rates. So, by the time it gets to the summer of this year, they'll be at 2.75%. That would give an interest rate sensitivity of £23 million, or annualised to £41 million, for 2027.

Now, there's two points to note about this. Firstly, it doesn't take account of any of the management actions that we would take, as delivered on the left-hand side of this page. Secondly, it's a full-fat guidance, which also assumes that all of the lending we do from today, both in commercial and mortgages, and all of the maturity, would also have this interest rate shock applied to them. Now, clearly, interest rates are uncertain, and as of live today, the curve is higher than what you see on the left-hand side. But clearly, we'll watch this very closely, and take actions as needed.

So, bringing it all together, we've had an incredible year, with a significant increase in profitability to £98 million, and a RoTE of 6.4%. The reason we talk about the four building blocks is because they're enduring. We've improved our cost base, we've improved our deposit optimisation, the asset rotation is working, and we're set up with a healthy pipeline to continue growth over the next few years, and our treasury maturity will happen, and it will go on to a prevailing rate, which adds RoTE and earnings. At the same time, I already said we've increased our capital position and improved it, providing the capital for growth over the coming years. As the MREL debt matures in April 2028, that will lead to a RoTE uplift, if applied mechanically, 4% on full maturity.

So, turning back to guidance, so why are we confident in delivering a pathway to deliver more than 18% RoTE? So, firstly, the exit NIMs show continued momentum, as our asset rotation strategy continues to work in practice. We hold our cost/income ratio in line with previous guidance, and we are enhancing the cost guidance in 2026 to maintain costs broadly flat to 2025. The combination of asset rotation, cost discipline with credit underwriting leads to an improved RoTE of more than 13% by the end of this year, increasing to more than 15% and more than 18%, respectively, by 2028. We have a clear pathway, a clear strategy. It's working.

With that, I'm going to hand back to Dan.

**Daniel Frunkin, CEO**

Thanks, Marc. okay, so let's just spend a couple of minutes going through how this strategy drives the future.

So, this is how we win. So, the relationship-based model delivers us customers who want to bank with us, who are choosing to bank with us every day. We now have 78 stores. We opened three new stores in Gateshead, Salford, and Chester. This year, we signed leases in Leeds and Newcastle, and we continue to look for more locations, in particular in the East Midlands and the North of England. Those stores create a bit of a digital halo for us. We open more accounts digitally after we've opened a store. Again, it is that localness, the fact that we have a presence in the communities in which we operate, we lend into those communities, that gives us an opportunity to differentiate ourselves from some of our competitors.

We also have a full-service SME offering. So, we have local business managers in every store. We have local business managers across the estate. We have local directors in the majority of our stores. Again, 69% of the new commercial lending we did was to customers we've known for greater than five years. We have a sophisticated suite of products, cash management, FX. So, we are a full-service bank. So, again, we win by having a better service proposition than the larger banks, and a more full-service offering than the other mid-tier and smaller challenger banks. That allows us to grow customers every day.

The strategic drivers, the pillars that have underpinned the turnaround, remain the same. On cost, we've talked about the 7% reduction. I won't spend much more time. On infrastructure, we are making progress on continuing to improve the operations of the organisation, which allows us to be more cost-disciplined.

Over 100,000 hours in AMAZE Direct, our contact centres, have been saved through the use of AI. Scam Detect, which was a new tool launched by us before any other bank, has helped 1,700 customers avoid scams. Again, we're using AI in our commercial and corporate underwriting process. It's relatively new, but it's saved us over 200 man days already.

We continue to launch new products in the buy-to-let space, as you can see under revenue. We've increased our regional expansion, hiring teams throughout the UK. One of the things we don't talk about as much, but that we should remember is earlier this year, we completed the £2.5 billion residential mortgage sale. We sold £584 million of unsecured personal lending, and we raised £250 million of AT1 that was significantly oversubscribed.

Let's talk about corporate and commercial and SME lending for a second. Again, we had lots of proof points to choose from, but this will give you a sampling, because I know it gets a lot of conversation and discussion, as it should. 88% of the corporate lending we did was direct through a relationship manager, not broker-led, direct through a relationship manager. Two-thirds of the lending we're doing occurs outside of Greater London. We support the UK economy. We support the communities in which we operate. The businesses we're lending to, I get asked whether these are all startups. They're not. The businesses we're lending to have been in business, on average, between 10 and 20 years, and have circa 300 employees.

If you think about the quality of the lenders and the credit team that supports this activity, you can see towards the right, for the sectors we lend into, our corporate lenders have over 10 years of experience in those sectors. Our credit underwriting team, again, that reports independently of the lending team, has between 20 and 25 years of experience in their specialist sectors. Again, the market's quite large. We're just taking a small piece of a very big market.

On the right of this slide, you can see that we turned down £3.5 of credit for every £1 we did. We saw £4.5 billion of corporate credit opportunities, and we only did £1 billion of lending. The

reason we turn it down is because we're very disciplined at our risk-adjusted return on regulatory capital. That accounts for about half of the reason we turned it down, but about a third of the reason we turned it down is because we didn't like the structure of the underlying facilities. Then, 15%, we just didn't think the information was sufficient.

So, from this slide, it's pretty simple to take away, we know our customers we're lending to. The customers we're lending to have been in business for a long time, and we're extremely selective in discerning about who we do business with.

So, this slide, you've seen before. I guess, let's talk about what it means to be in clear blue water, because we're there already. This strategy that we're already delivering has put us in the clear blue water, the lowest funding cost of any bank in the high street, and yields in line with specialist lenders. That means that clear blue water allows us to deliver the highest net income in the history of Metro Bank, the highest revenue in the history of Metro Bank, the highest net interest income in the history of Metro Bank, the highest NIM in the history of Metro Bank.

It's not just those measures. We had the highest growth in revenue of any bank that's reported in the UK, the highest growth in NII of any bank that's reported in the UK. That is clear blue water. That allows us to almost treble return on tangible equity over the next two years. We are very confident with the path forward from here to a greater than 18% return on tangible equity in 2028.

With that, I look forward to taking your questions. Thank you.

#### **Operator**

Thank you, Dan. To ask a question, please press star followed by one on your telephone keypad now. If you change your mind, please press star followed by two. When preparing to ask your question, please ensure your device is unmuted locally.

Our first question is from Benjamin Toms from RBC Capital Markets. Your line is now open. Please go ahead.

#### **Benjamin Toms, RBC Capital Markets**

Morning.

#### **Daniel Frunkin, CEO**

Morning, Ben.

#### **Benjamin Toms, RBC Capital Markets**

Morning. Thank you for taking my questions. You provided, for the first time, your interest rate sensitivity on slide 15. I guess it's a bit odd talking about rates downside, rather than upside, given where the curve is today, but I guess rates can be volatile. But the disclosure notes that the sensitivity excludes management actions. Broadly speaking, what proportion of the £40 million headwinds do you think you could offset with management actions, if we were to get a shock in rates from here?

Also, on the slides, you noted that you started to build a structural hedge. Is there any more colour you can give us on this, whether that's notional size, swap duration or the locked-in yield?

Then secondly, your RoTE guidance of greater than 18% is attractive, in a sector context. Do you mind just letting us know what CET1 ratio assumption underpins that guidance? Given ongoing MREL tailwinds, presumably you're comfortable talking about RoTE increasing further, once we go beyond 2028. Thank you.

**Daniel Frunkin, CEO**

Sure. So, I'll start, and then I'm going to turn over to Marc on the interest rate sensitivity and the structural hedge. I just want to make one comment on interest rate sensitivity, because I think we prepared it slightly differently than I think other financial institutions, intentionally, to try to provide more transparency.

So, a lot of the interest rate sensitivity you see by the other banks is on a static balance sheet. So, it literally does a parallel shift on a static balance sheet, assuming some form of a beta. We did not do that. So, the interest rate sensitivity you see is on the balance sheet as it evolves over the next two years. So, again, I think that gives you a sort of a worst-case scenario. If we did a static balance sheet, the numbers would be significantly less.

With that, I'll turn it over to Marc to [walk through].

**Marc Page, CFO**

Yes. Thank you. Thanks, Ben. So, look, on the actions, I think all of the actions that we would take help to deliver the guidance that we've set out. We haven't gone into the specifics, in terms of which combination of actions, because I think it's very rate dependent.

I think to your point earlier, as we look at today, the rate curve actually looks more positive than even the guidance we provided. So, I guess we provided the sensitivities if things get worse. The underlying assumption today is the rate curve won't be as we guided. But clearly, we're very nascent of what happens in different environments, and we can take actions to offset accordingly. There will be similar actions, as we've said on the left-hand side of that page, which will be deposit bases, it will be cost management actions, and we have taken positions in terms of our hedges.

You did follow up with a question in terms of notional hedge sizes. As our book is changing, as we pivot to more corporate and commercial, more of that book becomes floating. So, as mortgage assets we put through disposals, the £584 million we put through in terms of unsecured lending, those are largely and predominantly fixed positions. Over time, as we lend more commercial, our book becomes more floating, and we will, therefore, put on positions to fix relative to the growing fixed current account base that we have. So, look, there is - I think, as of today, we have up to £2 billion of hedges in place, and that will augment our strategy, as we grow over time, in line with the plans.

**Daniel Frunkin, CEO**

Good. Thanks, Marc. In terms of the greater than 18% in the CET1, at this point, Ben, we haven't really guided CET1 out that far. I'm not really comfortable doing it, because it starts to get into a capital return story. Clearly, as we're generating greater than 15% return on tangible equity, the business can't organically use all the capital it's generating, which means that we're going to have to introduce the capital return strategy that we'll talk about at the end of this year, so everybody can start to have a little bit more clarity. As part of that, we'll start to provide a bit

more transparency about where we think CET1 will settle, but it's hard for us to do that today, because we need to really debate the capital return strategy and then share it, which will drive the CET1.

You're absolutely right that - listen, just the MREL alone, if we call it in 2028 in April, it creates a 4% annualised benefit, which means we really only get three-quarters of that in 2028, which means there's another 100 basis points in and of itself for 2029. But even beyond that, this model continues to generate outsized returns as we move beyond 2028, as we continue to transition the balance sheet, as we generate organic capital that allows us to grow, as we continue to take advantage of our funding advantage, and grow deposits cheaply. Yes, we're confident that beyond 2028, we still have room to stretch our legs.

#### **Benjamin Toms, RBC Capital Markets**

Thank you.

#### **Operator**

Thank you, Benjamin. Our next question is from Edward Firth from KBW. Your line is now open. Please go ahead.

#### **Edward Firth, KBW**

Thanks very much. Yes, morning everybody. I have two or three questions, actually. The first one was, I noticed you've dropped the 8% to 10% CAGR guidance. I guess I just - yes, it would be helpful to get some sort of steer from you, as to what you think the growth cadence is, in terms of the loan book. I'm thinking particularly near-term, is double-digit for '26 something that we should be thinking about, or should we still expect to see it reasonably low?

I guess related to that, you gave us some very good data, actually very interesting data, in terms of the type of customers you're lending to in the commercial book, but I just wondered if you could give us more colour about what sectors is that? Is it manufacturing? Is it property? Where is this lending? Where is it that you see you've got the competitive advantage against peers. So, that was the first question, so I'm going on a bit.

The second question was, in terms of deposit pricing, your deposit pricing is clearly impressive and a competitive advantage, but you're not growing it at the moment, and I'm just wondering how confident you are that you can sustain that to the level, if you're having to attract incremental new deposits. So, how should we expect that deposit pricing to evolve in a growth market?

Then, finally, sort of related to that, we all got very excited about AI this year, and what that might do in terms of deposit sweeping. It seems to be that your deposit customers would benefit hugely from that sort of product, and I'm just trying to think how worried you are, or concerned you are, that if that becomes the reality, that might have quite an impact in terms of the business model. Thanks so much.

#### **Daniel Frunkin, CEO**

Listen, Ed, that's a suite of really good questions. So, we dropped some of the specificity around the guidance, mainly because we thought we'd moved far enough forward that we didn't have to

provide that level of granularity. We do have the meeting on Friday. I hope you're going to make it, because we're happy to spend some more time going through a level of detail.

So, let me be really clear, and I'll do originations, because it doesn't always tie to the balance sheet, which I accept, which makes it a little hard. But we did £2 billion of new corporate and commercial originations last year. I would expect that number to increase by 20% to 25% again this year. So, it's still a super normal growth in corporate and commercial originations. As I said, we're spoiled for choice, and have opportunities to even do more than that. In terms of specialist residential mortgages, in terms of new originations, I think it was about [£1.7 million]. My guess is it'll be around there, maybe a little less, maybe a little more. That's the market we take advantage of. We have a very small market share, don't want to have that big a market share.

So, we just - we trade when the margins are where we need them to be. I think over time, over a five-year time horizon, where that 8% to 10% CAGR come in, it probably ends up about there, with the runoff book and everything else. I think that's probably still reasonable, but new originations on corporate and commercial, we still have plenty of opportunity.

In terms of the where, really good question, and we've said this before, so I'm happy to repeat it. We're very good in hotels. We're very good in hotels for the elderly, care homes. We're very good in medical practices, and so dental groups and physician groups. We're very good in other sectors, and we do some other one-off bits that are quite attractive. We have a very large flower grower, and all that kind of good stuff.

But broadly, we are UK domestic lending. So, we do not do a lot of manufacturing. We do not do a lot of transportation. We do not do a lot of places where you need a lot of FX, FX forwards, where you're buying goods in from all over the globe, where you're shipping goods out all over the globe, where you're broadly running a distribution centre, or any of that. That's not really where we excel today. That does not mean those aren't in our future plans, as you get beyond sort of '27, '28. But as we sit here today, we're really good in certain sectors. We're still quite small in those sectors, so we're not overly concentrated, and those are the sectors.

In terms of deposit pricing, it's a great question, and it gets back to the AI thing, and I'm not going to get into everybody being very excited about AI, because it does wind me up a bit. Although I must admit, I'm spending a chunk of money. But what we do well is we do transactional banking well. So, we look after your current account really well, and so for customers in the retail side, we make sure you can buy your Domino's on a Friday night, you can buy your tickets for Arsenal, and all of those kinds of good things. On the commercial and corporate side, we have good cash management services, good FX services. We do FX forwards, and we do some of that, so we provide a full suite of operational activities for those businesses.

Current accounts in the second half of 2025 did grow by 3%. So, we are seeing current account activity. We opened 110,000 new current accounts during 2025. We are seeing good current account activity. In terms of sweeps, actually, we're fine. We want to encourage businesses to put cash to work if they can. For the most part, we see most of the businesses, SME and commercial and corporate, keeping in their transacting, their operational accounts, and people, as well, about the right amount of money. Everybody needs to keep a bit of a cushion, god forbid.

So, we're not overly concerned about sort of sweeping [functionality] and everything else. Again, we do think there's room to grow current accounts. We do think there's room to continue to push forward. We continue to invest in some of our digital offerings and some of the things where, honestly, we're a bit behind the competitors, which will give us another leg to our growth story. We're pretty confident in that path forward.

**Edward Firth, KBW**

Great. Okay, thanks very much.

**Daniel Frunkin, CEO**

You're welcome.

**Operator**

Thank you, Edward. Our next question is from Samuel David from Autonomous. Your line is now open. Please go ahead.

**Daniel Frunkin, CEO**

Good morning.

**Samuel David, Autonomous**

Good morning. Congratulations on the results. Thanks for taking my question. I've just got a couple. I realise you kind of mentioned about longer-term CET1 guidance, but I just wanted to ask, I noticed that CET1 dropped marginally this half-on-half. It looks like RWA density is driving that. Do you think CET1 will drop again in 2026 before increasing, and if so, could you provide a guide?

The second one, I guess, is just on the MREL topic. I note that your slides include, or you have been discussing the call in 2028, and there's not much discussion on a potential buyback. So, is that reduced in priority? Should we kind of take that off the table as an option? Just interested in your latest thoughts regarding potential buyback of the senior paper. Thanks.

**Daniel Frunkin, CEO**

Yes, I'll answer the questions in reverse order, if that's okay, because I'm going to let Marc take the CET1 question. In terms of MREL, we would buy it back tomorrow, if people would sell it to us at a price that it makes economic sense. The problem becomes is, it's trading at such a premium that we can't make the math work to buy it back today.

Now, as we get closer to its call date, does the price start to normalise, and start to tend back to par? Maybe. Does it tend back to par sufficiently that the economics work in our favour? Maybe. If it does, we would absolutely execute a buyback. So, we look at it pretty frequently. Again, we're pretty loyal to Morgan Stanley. Morgan Stanley works with us on that math all the time. If it became economically viable, if it became in the shareholders' and other stakeholders' best interest to buy back, we would do it tomorrow. Just at the moment, given where it's trading, we can't make the math work. So, again, I think all our plans assume we just call it in April of '28.

I'll let Marc talk about the CET1.

**Marc Page, CFO**

Yes, so I think, Sam, so in terms of from CET1, it stayed constant over the course of '24 to '25. You're right, in terms of density of RWA. So, actually, the strategy is working. We would expect the RWA density to increase. As we pivot more to commercial, our density will increase from here, which is deliberate, and is in line with the guidance we've set, and actually, will show that the strategy is working. We don't provide half-on-half [1CET] guidance, but I think the position is clear. We're now organically generating sustainable profits, which helps fuel the growth. We've got the capital and the liquidity, and we're comfortably within our positions to fuel all of the guidance that we set out ahead.

**Daniel Frunkin, CEO**

I would just add that we have a very strong Tier 1 position, as well. The issuance of the AT1, and we actually even upsized the AT1 - one, because we had huge demand for it, when we went - to provide a bit more Tier 1 headroom, as well. So, you do need to keep that in mind, as we continue to grow.

**Samuel David, Autonomous**

Thank you.

**Operator**

Thank you, Samuel. As a reminder, to ask a question, please press star followed by one on your telephone keypad. Our next question is from Bridget Marchington from Barclays. Your line is now open. Please go ahead.

**Daniel Frunkin, CEO**

Good morning, Bridget, and welcome.

**Bridget Marchington, Barclays**

Hi. Thanks very much for taking my question. So, your costs came in better in 2025, and you've obviously guided to holding that flat in 2026. So, it's pointing to a slight uplift to 2026, and with the reiterating of the cost/income guidance, a slightly lower revenue. So, I was just wondering if you could speak a bit more about the drivers of this.

Then, a second question on the NIM. So, you've lowered the lower end of your exit NIM. I was just wondering if you could speak to the drivers of this, and if it's simply pointing to a bit of a difficult operating environment, and how you're navigating that, potentially pointing to the competition side of things. Thanks.

**Daniel Frunkin, CEO**

Okay, great. It was a little, you broke up a little bit, so I'm going to do my best. I think I'm going to try to do my best. I'm going to turn a little bit over to Marc. but on the cost/income ratio, and the bringing down of the NIM range ever so slightly, we think it literally - if there's an income headwind, it's rates. The business is performing really well. We're continuing to be spoiled for choice on asset origination. We continue to be very disciplined about deposits. It's rates.

So, we just don't quite know where rates are going, which means we have to be very disciplined about costs, which is why I think for almost everybody, their model - I think Ed might've been slightly different, but I think everybody would have had higher costs in their models, as you

looked at 2026, and we're going to outperform that, to give us a bit of cushion in case rates develop.

Again, if rates - again, who knows where rates go, but if rates develop the way we'd hoped, we'll deliver a NIM that is well within that range. I'd also say - I find it a little hard to not want to say that we are growing NIM, okay? So, the reality is, I don't know how many other financial institutions are giving you the NIM growth profile we're giving you, because of the asset rotation strategy we're taking. Even in the face of rate headwinds, we continue to expand NIM. So, yes, the lower end might have moved a bit, to provide a bit of cushion in case rates drop faster than we think, but the reality is, is we are growing NIM.

Then, in terms of the NIM, I don't know if there's anything else you'd want to add, Marc.

**Marc Page, CFO**

No, only just, I think there's a really good general expense [notes and] costs, which actually, if you look at it, it's the quality of the cost management actions, which is right across the board. So, it's consistently all the way through that discipline in our cost profiling. As Dan said, look, who knows where rates will go, but the actions we've taken so far to offset the 100 basis points reduction have worked, and we'll continue to deploy them in whatever rate environment comes next.

**Daniel Frunkin, CEO**

The costs are in footnote 6 of the preliminary financials.

**Bridget Marchington, Barclays**

Great. Thank you.

**Daniel Frunkin, CEO**

Thanks, Bridget. Nice to have you.

**Operator**

Thank you, Bridget. As a final reminder, to ask a question, please press star followed by one on your telephone keypad. We currently have no further questions, so I will hand back to Dan for closing remarks.

**Daniel Frunkin, CEO**

I just want to thank everybody for taking the time this morning. I genuinely appreciate it, and appreciate your engagement, and I'll speak to you again soon. Take care.

**Operator**

Thank you. This concludes today's Metro Bank Holdings PLC full year results 2025. Thank you for joining. You may now disconnect your lines.

**[END OF TRANSCRIPT]**