Interim Report for the half year ended 30 June 2025

Metro Bank Holdings PLC

This is
Relationship Banking

Contents

Forward looking statements

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

No assurances can be given that the forward-looking statements in this interim report will be realised. We undertake no obligation to release the results of any revisions to any forward-looking statements in this interim report that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement and we disclaim any such obligation.

Basis of preparation

Financial information in this interim report is prepared on a statutory (taken from our financial statements) and underlying basis (which we use to assess performance on a management basis). Further details on how we calculate underlying performance, as well as our other alternative performance measures can be found on pages 43 to 45.

Summarised interim results

	Half year to 30 Jun 2025	Half year to 31 Dec 2024	Change (HoH)	Half year to 30 Jun 2024	Change (YoY)
Profit and loss					
Underlying profit/(loss) before tax[1]	£45.1m	£12.8m	252%	(£26.8m)	268%
Statutory profit/(loss) before tax	£43.1m	(£178.6m)	124%	(£33.5m)	229%
Total income (statutory)	£292.8m	£169.2m	73%	£236.1m	24%
Total operating expenses (statutory)	£243.4m	£346.9m	(30%)	£263.4m	(8%)
Net interest margin[2]	2.87%	2.22%	65 bps	1.64%	123 bps
Cost of deposits[2]	1.16%	1.72%	(56 bps)	2.18%	(102 bps)
Return on tangible equity[3]	7%	(41%)	48%	(4%)	11%
	30 Jun 2025	31 Dec 2024	Change (HoH)	30 Jun 2024	Change (YoY)
Balance sheet					
Customer deposits	£13,363m	£14,458m	(8%)	£15,726m	(15%)
Customer loans	£8,715m	£9,013m	(3%)	£11,543m	(24%)
Loan to deposit ratio[2]	65%	62%	3 pps	73%	(8 pps)
Total assets	£16,428m	£17,582m	(7%)	£21,489m	(23%)
Tangible net asset value per share	£1.61	£1.57	£0.04	£1.38	£0.23
Asset quality					
Coverage ratio[2]	1.88%	2.07%	(19 bps)	1.67%	21 bps
Cost of risk[2]	0.14%	0.01%	13 bps	0.10%	4 bps
Capital ratios					
Common Equity Tier 1 (CET1) ratio	12.8%	12.5%	30 bps	12.9%	(10 bps)
Total capital ratio	18.9%	14.9%	400 bps	15.0%	390 bps
Total regulatory capital plus MREL ratio	27.0%	23.0%	400 bps	22.2%	480 bps
Regulatory leverage ratio	7.9%	5.6%	230 bps	5.5%	240 bps
Customer metrics					
Stores	76	75	1	75	-

1. Underlying profit/(loss) before tax is an alternative performance measure and excludes items considered to distort period-on-period comparisons, in order to provide readers with a better and more relevant understanding of the underlying trends in the business. A reconciliation between our statutory and underlying results can be found on page 46.
2. Alternative performance measures are defined on page 44. Coverage ratios are calculated using underlying data.
3. RoTE is calculated as profit after tax divided by tangible equity (equity excluding other equity instruments adjusted for the deduction of intangible assets.

Officers and external auditors

For the half year ended 30 June 2025

Board of Directors

Executive Directors

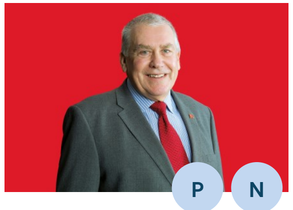
Daniel Frumkin

Chief Executive Officer

Marc Page

Chief Financial Officer

Non-executive Directors



Robert Sharpe

Chair

Catherine Brown

Senior Independent non-executive director

Michael Torpey

Independent non-executive director

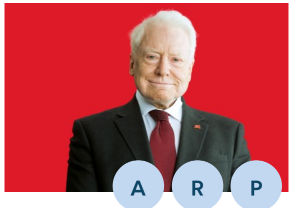
Paul Thandi

Independent non-executive director

Non-executive Directors

Nicholas Winsor

Independent non-executive director



Paul Coby

Independent non-executive director

Cristina Alba Ochoa

Shareholder-nominated non-executive director

Jaime Gilinski Bacal

Shareholder-nominated non-executive director

Dorita Gilinski

Shareholder-nominated non-executive director

Company Secretary

Clare Gilligan

Company Secretary

Key to Committees: Audit A Risk Oversight R People and Remuneration P Nomination N

Independent auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

Business review

The successful delivery of our strategy has resulted in strong financial performance for the first half of the year. We delivered a significant increase in profitability for H1 2025 on both an underlying and statutory basis. We have demonstrated a clear path to achieving mid-to-upper teens RoTE by 2027, with strategic delivery across H1 providing confidence to reaffirm market guidance provided at year-end.

Our local, relationship-led service model is a unique structural advantage to deliver best-in-class risk adjusted returns. As we celebrate our 15-year anniversary, our unwavering commitment to relationship banking is what sets us apart from other banks; deepening connections with customers, communities and increasing market share.

We continue our strategic shift to corporate, commercial, and SME lending, and specialist mortgages at pace. We delivered record growth in gross new lending in corporate, commercial and SME, doubling year-on-year to £1 billion in H1 2025. Alongside this, we built a credit approved pipeline for corporate, commercial and SME of £800 million—already more than all lending in 2023.

We have maintained tight control on costs, delivering an 8% reduction half-on-half. This now gives us the ability to scale efficiently going forward. Our strategic partnership with Infosys continues to enhance digital capabilities, improve automation, and embed further AI capabilities.

As we have effectively rotated our assets we have been able to actively manage down excess liquidity, particularly expensive fixed-term deposits (FTD), resulting in a further reduction in cost of deposits in the period. This means that the Bank now has the lowest cost of deposits of any UK high street bank. NIBLs remain double the market average and FTD/ cash ISAs comprise only one fifth of the market average, providing a lasting strategic advantage. Underlying momentum in the franchise remains strong.

We have optimised our capital position providing capacity for further growth following the £250 million Additional Tier 1 securities issuance and completion of the £584 million[1] unsecured personal loan portfolio sale in H1 2025. Both transactions were key milestones in our strategy to reposition the balance sheet, actively manage asset rotation and enhance risk-adjusted returns on capital.

Future benefits are expected from recently announced changes in the Bank of England's Statement of Policy on MREL. We expect to be reclassified a transfer firm with MREL capital equal to minimum capital requirements. Given this, there are no plans to raise future MREL. We continue to review our liability structure on an economic basis in the context of our ongoing regulatory and liquidity needs.

Given our successful operational execution across H1 2025, we are confident to reaffirm all guidance previously provided at year-end results:

- RoTE: mid to upper single digit in 2025, double digit in 2026 and mid to upper teens thereafter
- Continued NIM expansion driven by asset rotation and cost of deposits, with 2025 exit run-rate expected to be between 3.00%-3.25%, 3.60%-4.00% in 2026 and 4.00-4.50% in 2027, respectively
- Continued cost discipline and control, on track to deliver a 4-5% year-on-year reduction in costs for 2025. Cost to income ratios for 2026. 2027 and 2028 to be between 75%-70%, 65%-60%, and 55%-50%, respectively

By 2027, the Bank will be generating one of the highest returns on tangible equity of any UK high street bank.

Progress on strategic priorities

Revenue

We achieved record new lending growth of £1 billion in H1 2025, double that of H1 2024, across our corporate, commercial and SME portfolios. This strong performance is further underscored by a credit approved pipeline of £800 million at H1 2025 that exceeds our total 2023 lending. Combined, the £1 billion of new lending and £800 million credit approved pipeline, are equal to all new originations in the last two years. Our relationship managers organically generated 70% of new corporate and commercial lending. We remain focused on pricing discipline ensuring we maintained an average margin in excess of 350 bps over base rate, driving year-on-year improvements in yield.

Progress in specialist mortgage originations was equally strong, with the Bank firmly established as a specialist mortgage provider of choice. We continue to enhance our specialist proposition and launched two further products (House in Multiple Occupancy "HMOs" and Multi-Unit Freehold Blocks "MUFB") in July. New lending, together with attrition of legacy portfolios at lower yields, has led to a 49bps year-on-year improvement in overall yield.

We continued to actively manage down excess liquidity throughout H1 2025, in particular expensive tactical and fixed-term deposits, effectively lowering our cost of funding. An exit cost of deposits at June 2025 of 1.02% means the Bank has the lowest cost of deposits of any UK high street bank. NIBLs remain double the market average, providing a lasting strategic advantage. Cost of deposits are now below levels required to hit our 2027 guidance.

The combined impact of increased lending yields and a lower cost of deposits has resulted in an exit NIM of 2.95% in June 2025, already nearing our guidance range of 3.00-3.25% by December 2025. Overall revenue increased 22% year-on-year, despite 100 bps year-on-year reduction in Bank of England base rate and a meaningfully smaller balance sheet following c.£3 billion of asset sales in the period. Strong revenue performance gives us confidence in our guidance.

1. Cut-off as at 31 December 2024

Business review continued

Cost
We continue to take a disciplined approach to costs and have reduced underlying costs by 8% in the first half of the year, giving us an efficient scalable platform going forward. We remain on track to deliver a 4-5% year-on-year reduction in costs for the full year 2025, with store openings, growth marketing campaigns, and embedded inflation expected to increase costs in H2 2025. Our strategic partnership with Infosys continues to enhance digital capabilities, improve automation, and embed further AI capabilities. Costs are now below levels required to hit our 2027 guidance.

Infrastructure
Over the last six months, we have continued to invest in platforms and capabilities to support growth momentum and deliver even better customer experiences. Our strategic partnership with Infosys is improving our digital capabilities. It includes the provision of actionable data analytics, automated processes, and enhanced digital platforms. Significant upgrades to financial crime and fraud infrastructure have helped protect our customers, and our upgraded call centre has improved customer experience while also driving efficiency.

Stores continue to sit at the heart of our service offering as an enabler of our relationship banking model. In line with our strategic pivot, new store locations will be chosen to support both local communities and our growing corporate, commercial and SME banking customers. We opened a new store in Chester in July 2025, and two new stores are set to open in Gateshead and Salford later in 2025. All these improvements ensure we are building capability for the future.

Balance sheet optimisation
We have optimised our capital position for growth following the inaugural £250 million Additional Tier 1 securities issuance, followed by the completion of £584 million unsecured personal loan portfolio sale in H1 2025. Both transactions were in line with our strategy to reposition and strengthen the balance sheet, creating additional capacity for growth to enable the bank to continue its rotation towards higher yielding commercial, corporate, SME lending and specialist mortgages.

We increased the Bank's total capital plus MREL ratio to 27.0% at H1 2025, up 400 bps half-on-half from 23.0% as at H2 2024, and 410bps above regulatory minimum requirements (including buffers). This reflects our ongoing focus on capital management while optimising risk-adjusted returns on regulatory capital.

Future benefits are expected from recently announced changes in the Bank of England's Statement of Policy on MREL. We expect to be reclassified a transfer firm with MREL capital equal to minimum capital requirements. Given this, there are no plans to raise future MREL. We continue to review our liability structure on an economic basis in the context of our ongoing regulatory and liquidity needs.

We continue to run off low-yielding legacy portfolios, and replace them with high-yielding corporate, commercial and SME lending and specialist mortgages. Higher cost fixed-term deposits have further reduced by 39% half-on-half, and now comprise just 5% of total deposits. This means that the Bank has the lowest cost of deposits of any UK high street bank. NIBLs remain double the market average and FTD/ cash ISAs are just one fifth of the market average, providing a lasting strategic advantage. All the actions taken to optimise the balance sheet have created capacity for future growth momentum.

Communications
We continue to focus on engaging our colleagues, communities and stakeholders. At Metro Bank, we pride ourselves on creating an environment where colleagues can grow, thrive and be their true authentic selves. Our recent Voice of the Colleague engagement survey saw an increase in our overall engagement score from October 2024. We continue to focus on our culture of promoting from within, with over 39% of the positions in the first half of the year filled by colleagues being promoted or moving around the business. Given our strategic focus on corporate, commercial and SME lending, we have hired additional staff into corporate and commercial relationship and credit teams to drive our next stage of growth.

We have strengthened our unique relationship-led model with our new brand positioning and proudly put ourselves on the map as the relationship banking specialists. As we celebrate our 15-year anniversary as a company, our support for our customers and communities continues to help us to stand out and grow, whilst strengthening our culture. Additionally, our ongoing partnership with the ECB and Metro Bank Girls in Cricket Fund supports and empowers the development of women's and girls' cricket both at a national and community level, with the aim of delivering a lasting legacy for female representation in the sport. The partnership includes the sponsorship of key sporting events including the Women's Ashes where we continue to be the title partner, expanding our reach and exposure .

Outlook
Our strategic actions delivered strong performance and growth momentum, in the first half of the year, giving us the confidence to reaffirm our market guidance in full. We have secured the capital capacity needed for growth, and have a clear path to delivering mid-to-upper teens RoTE by 2027, with cost of deposits and operating costs both already below levels needed to meet 2027 guidance. We are well-positioned to deliver on all guidance, with actions already taken to build momentum beyond 2027.

Dan Frumkin
Chief Executive Officer
5 August 2025

1. Cut-off as at 31 December 2024

Finance review

Income Statement

The Bank delivered a strong performance in the first half of 2025 reflecting the benefits of our strategic pivot to higher margin business in the form of corporate, commercial and SME lending and specialist mortgages, continued discipline in managing our costs and optimising our funding model.

The Bank's statutory profit before tax was £43.1 million, up 229% compared to the first half of 2024 (half year to 31 December 2024: £178.6 million loss before tax; half year to 30 June 2024: £33.5 million loss before tax) driven by improvements in net interest income and continued cost reduction.

Table 1: Summary income statement

	Half year to 30 Jun 2025 (unaudited) £'million	Half year to 31 Dec 2024 (unaudited) £'million	Half year to 30 Jun 2024 (unaudited) £'million	Year-on-year change
Underlying net interest income	222.9	206.0	171.9	30%
Underlying net non-interest income	63.2	63.5	62.1	2%
Total underlying income	286.1	269.5	234.0	22%
Underlying operating expenses	(234.7)	(255.8)	(254.6)	8%
Expected credit loss expense	(6.3)	(0.9)	(6.2)	2%
Underlying profit/(loss) before tax	45.1	12.8	(26.8)	268%
Non-underlying items	(2.0)	(191.4)	(6.7)	70%
Statutory profit/(loss) before tax	43.1	(178.6)	(33.5)	229%

Net interest income

Total income was £286.1 million, an increase of 22% on the same period in 2024 (half year to 31 December 2024: £269.5 million; half year to 30 June 2024: £234.0 million) primarily attributable to growth in net interest income.

Net interest income of £222.9 million was up 30% on the prior year (half year to 31 December 2024: £206.0 million; half year to 30 June 2024: £171.9 million) driven by increased lending yields and a lower cost of deposits, demonstrating the progress against our strategy of effective asset rotation and deposit optimisation. Net interest margin grew by 1.23% from 1.64% in the half year to 30 June 2024 to 2.87% in the half year to 30 June 2025, resulting from enhanced focus on higher margin business and the subsequent generation of additional higher margin income. Cost of deposits (annualised) was 1.16%, down by 1.02% (half year to 30 June 2024: 2.18%) due to the attrition of higher cost fixed-term savings accounts.

Operating expenses

Total operating expenses were £234.7 million, down 8% on the half year to 30 June 2024 (half year to 31 December 2024: £255.8 million; half year to 30 June 2024: £254.6 million) primarily driven by annualisation benefit of actions taken in 2024. Cost discipline remains a strategic focus for the bank.

Expected credit losses

Asset quality remained stable in the half year to 30 June 2025 with expected credit loss expense of £6.3 million in the half year to 30 June 2025 (half year to 31 December 2024: £0.9 million, half year to 30 June 2024: £6.2 million).

Cost of risk[1] was 0.14% (half year to 31 December 2024: 0.01%; half year to 30 June 2024: 0.10%). The credit quality of new lending remained strong through the prevailing macroeconomic environment and the Bank retained its prudent approach to provisioning. Credit quality is further discussed within the Risk Review section on pages 9 to 17.

Balance Sheet

Total assets were 7% lower at £16,428 million at 30 June 2025 (31 December 2024: £17,582 million; 30 June 2025: £21,489 million) primarily driven by a reduction in net lending balances as the Bank continues to strategically reposition its balance sheet towards higher yielding corporate, commercial and SME lending and specialist mortgages.

Table 2: Summary balance sheet (unaudited)	30 Jun 2025 (unaudited) £'million	31 Dec 2024 (audited) £'million	Change
Assets			
Loans and advances to customers	8,715	9,013	(3%)
Treasury assets	6,386	7,301	(13%)
Other assets	1,327	1,268	5%
Total assets	16,428	17,582	(7%)
Liabilities			
Deposits from customers	13,363	14,458	(8%)
Deposits from central banks	400	400	0%
Debt securities	685	675	1%
Other liabilities	522	866	(40%)
Total liabilities	14,970	16,399	(9%)
Total shareholders equity	1,458	1,183	23%
Total equity and liabilities	16,428	17,582	(7%)

Lending

Total net loans were £8,715 million at 30 June 2025 (31 December 2024: £9,013 million; 30 June 2024: £11,543 million) down 3% from 31 December 2024 reflecting the sale of the £584 million[2] portfolio of performing-book unsecured personal loans in the first half of 2025.

Deposits

Customer deposits reduced by 8% to £13,363 million at 30 June 2025 (31 December 2024: £14,458 million; 30 June 2024: £15,726 million) reflecting our strategic deposit optimisation initiatives. This controlled reduction demonstrates our proactive approach to managing down expensive tactical deposits. The decrease primarily resulted from the natural run-off of higher-cost fixed term savings accounts as we successfully transition toward more cost-effective funding alternatives.

1. Alternative performance measures are outlined on page 44. Coverage ratios are calculated using underlying data.
2. Cut-off as at 31 December 2024.

Finance review continued

Liquidity and funding

The Bank remains highly liquid with a liquidity coverage ratio (LCR) of 315% (31 December 2024: 337%, 30 June 2024: 365%) and cash balances of £2,340 million (31 December 2024: £2,811 million, 30 June 2024: £4,131 million).

Net Stable Funding Ratio (NSFR) has decreased to 165% at 30 June 2025 compared to 169% at 31 December 2024 driven by a reduction in retail deposits due to a reduction in tactical deposits.

All customer loans are fully funded by customer deposits with a loan-to-deposit ratio of 65% compared to 62% at 31 December 2024. The Bank continues to utilise Bank of England facilities, repurchase agreements and debt markets where necessary; our use of repurchase agreements has fallen to £131 million at 30 June 2025 (31 December 2024: £391 million, 30 June 2024: £391 million).

The Treasury portfolio of £6,386 million includes £4,046 million of investment securities, all of which are rated AA or higher.

The Bank will continue to see a NIM and income benefit from the roll-off and reinvestment of low-yielding fixed rate Treasury assets. Over the next 2.5 years, £1,626 million of fixed rate treasury assets will mature at an average blended yield of just over 1% and these will be replaced by assets with yields in line with or greater than the prevailing base rate.

Capital

The Bank continued to optimise its capital structure to drive growth momentum in delivering strategy. We ended the period with all capital ratios above regulatory minima, including CRD IV buffers. The increase across all ratios is due to the profit for the period, the successful issuance of £250 million Additional Tier 1 securities and the sale of the performing-book unsecured personal loan portfolio.

Table 3: Capital ratios and requirements (unaudited)

	30 Jun 2025 (unaudited)	Minimum requirement including buffers[1]	Minimum requirement excluding buffers[1]
CET1	12.8%	9.7%	5.2%
Tier 1	16.6%	11.4%	6.9%
Total regulatory capital	18.9%	13.7%	9.2%
Total regulatory capital plus MREL	27.0%	22.9%	18.4%

1. CRD IV buffers as at 20 June 2025.

Total risk-weight assets at 30 June 2025 were £6,437 million (31 December 2024: £6,442 million, 30 June 2024: £7,239 million). This flat position reflects the £584 million sale of the performing-book unsecured personal loan portfolio offset by an increase in commercial lending.

Basel 3.1

We continue to prepare for the implementation of the rules on 1 January 2027 and based on our current balance sheet lending profile, the RWA impact has been estimated as broadly neutral. We will continue to review the impact as our lending mix evolves over the second half of the year.

Looking forward

Having secured the capital capacity needed for future growth, we have a clear path to delivering mid-to-upper teens return on tangible equity by 2027, providing confidence to reconfirm our market guidance in full.

Marc Page
Chief Financial Officer
5 August 2025

Risk review

Risk focus in the first half of 2025 has remained on safely supporting the Bank as it progresses with its strategic growth objectives.

We continue to identify, define and assess a range of principal risks to which we are exposed, for which risk appetite is set and monitored via key risk indicators. These are consistent with our 2024 Annual Report and Accounts, comprising:

Liquidity and funding risk

The risk that we fail to meet our obligations as they fall due. Funding risk is the risk that we cannot fund assets that are difficult to monetise at short notice (i.e., illiquid assets) with funding that is behaviourally or contractually long-term (i.e., stable funding).

Credit risk

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

Operational risk

The risk that events arising from inadequate or failed internal processes, people and systems, or from external events cause regulatory censure, reputational damage, financial loss, service disruption and/or detriment to our FANS.

Financial crime risk

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

Conduct risk

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

Market risk

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

Model risk

The risk of potential loss and regulatory non-compliance resulting from decisions that could be principally based on the output of models, due to errors in the development, implementation, or use of such models.

Regulatory risk

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

Legal risk

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

Capital risk

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

Strategic risk

The risk of having an insufficiently defined, flawed or poorly implemented strategy, a strategy that does not adapt to political, environmental, business and other developments and/or a strategy that does not meet the requirements and expectations of our stakeholders.

Emerging risk exposures

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

Geopolitical instability remains a potential headwind, with the impacts of regional conflicts and trade policies of the United States and China influencing the global economy. Subdued UK economic growth continue to pose an emerging threat to strategic objectives, with reduced consumer confidence having the potential to stress credit portfolios.

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

Risk review continued

Risk environment to 30 June 2025

The Bank's programme of strategic transformation has continued through the first half of the year. Following the successful transfer of an initial scope of business activities to our strategic outsourcing partner Infosys in late 2024, further processes were transferred in Q2 2025. Comprehensive risk assessments were completed in advance and our regulators were updated throughout, with steps taken to ensure the partnership meets regulatory expectations for material outsourcing relationships.

H1 saw the Bank complete its fourth annual operational resilience self-assessment, confirming its ability to remain within defined impact tolerances in a severe disruption event. The transitional period for this regulatory requirement has now ended and ongoing resilience is established in business-as-usual operations and is integral to future planning activity.

Whilst we have seen some deterioration in the UK economy, with unemployment rising since December 2024, most indices are in line with or better than built into our previous outlook. Portfolio performance has remained strong after stripping out the impacts of assets sales, with arrears reducing overall. We continue to monitor the economic environment given ongoing uncertainties in both the UK and global landscape and have appropriate levels of provisions in place.

Capital management steps taken in the first half of 2025, including the sale of the performing-book unsecured personal loan portfolio and the successful issuance of £250 million Additional Tier 1 securities, have strengthened the Bank's key capital ratios which are all being maintained above regulatory requirements and underpin the increased lending activity. Liquidity levels have remained robust throughout the period.

Work has continued to enhance the Bank's financial crime control environment, with further progress made in deploying new capabilities across financial crime systems and tooling. Financial crime risk remains a key priority, and the Bank maintains close engagement with the FCA to ensure ongoing alignment with regulatory expectations.

Safeguarding customer funds and delivering good customer outcomes remains paramount. Investments in innovative tooling to prevent and detect fraud continue, with the Bank launching a scam checker capability earlier this year accompanied by deployment of advanced payment profiling systems. Evidence that we continue to operate in a heightened external threat landscape has been provided in the form of high-profile cyber-attacks on UK based companies. The adequacy of our control environment remains under continuous review and response.

Risk review continued

Credit risk[1]

Portfolio performance has remained robust during the first half of 2025 with 30+ days total arrears and 30+ days arrears rate having reduced at an overall level. ECL stock has decreased overall with a reduction from the asset sale of RateSetter personal loans partially offset by an increase in Commercial. Annualised cost of risk (CoR) has increased to 0.14% as of 30 June 2025 (31 December 2024: 0.06%).

Loans and advances to customers

Gross loans and advances to customers have decreased by £322 million from £9,204 million at 31 December 2024 to £8,882 million at 30 June 2025. The reduction was driven by the sale of the performing-book unsecured personal loan portfolio and partially offset by increases in the commercial portfolio, with retail mortgages remaining flat.

Expected credit losses and cost of risk

Expected credit losses (ECL) have reduced during the year by £24 million to £167 million at 30 June 2025 (31 December 2024: £191 million) predominantly driven by the performing-book unsecured personal loan and other debt sales, with CoR increasing from a low base in December 2024. The Bank holds Post Model Adjustments (PMAs) and Model Overlays (MOs) that reflect risks not fully accounted for in the models (see Note 1 – Basis of preparation and accounting policies). MOs and PMAs can be found on page 25.

Table 4: Expected credit loss allowance

	30 Jun 2025 £'million (unaudited)	31 Dec 2024 £'million (audited)	Change £'million
Retail mortgages	15	15	-
Consumer lending	73	108	(35)
Commercial lending	79	68	11
Total expected credit loss allowances	167	191	(24)

Table 5: Cost of risk and coverage ratios

	Cost of risk		Coverage ratios[2]	
	Half year to 30 Jun 2025 (unaudited)	Full year to 31 Dec 2024 (audited)	30 Jun 2025 (unaudited)	31 Dec 2024 (audited)
Retail mortgages	0.01%	(0.03%)	0.29%	0.29%
Consumer lending	(2.40%)	0.71%	54.89%	14.43%
Commercial lending	0.80%	(0.01%)	2.20%	2.06%
Cost of risk	0.14%	0.06%	1.88%	2.07%

Non-performing loans (NPLs)

NPLs decreased to £481 million (31 December 2024: £504 million) with the overall NPL ratio decreasing to 5.42% (31 December 2024: 5.48%). The NPL ratio for mortgages has increased to 4.10% (31 December 2024: 3.95%). The NPLs for consumer have decreased to £82 million (31 December 2024: £97 million) with the NPL ratio increasing to 60.70% (31 December 2024: 13.02%). The rate increase is driven by the sale of the performing-book unsecured personal loan portfolio. NPL ratios have decreased for Commercial to 30 June 2025: 5.23% (31 December 2024: 6.16%) due to successful BBLS claims and portfolio growth.

1. Exposures outlined in the Credit risk section do not include Treasury assets.
2. Coverage ratios are calculated using underlying data.

Table 6: Non-performing loans

	30 Jun 2025 £'million (unaudited)	31 Dec 2024 £'million(audited)	Change £'million
Retail mortgages	211	203	8
Consumer lending	82	97	(15)
Commercial lending	188	204	(16)
Total	481	504	(23)

Stage 2 balances

Stage 2 balances are identified using quantitative and qualitative tests that determine the significant increase in credit risk ("SICR") criteria. In addition, customers that trigger the 30 days back stop classification are also reported in Stage 2, in line with IFRS 9 standards.

Stage 2 balances have decreased in the 6 months to 30 June 2025, with the quantitative SICR criteria continuing to be the primary driver. This is driven by the sale and run off of the unsecured personal loan book. As of 30 June 2025, 89% (31 December 2024: 85%) of Stage 2 balances triggered quantitative SICR criteria, 9% (31 December 2024: 11%) triggered qualitative SICR and the remaining 2% (31 December 2024: 4%) triggered the 30 days past due backstop criteria.

Table 7: Stage 2 balances[3]

	30 Jun 2025		31 Dec 2024	
	Gross carrying amount £'million (unaudited)	Loss allowance £'million (unaudited)	Gross carrying amount £'million (audited)	Loss allowance £'million (audited)
Quantitative	789	13	836	18
Qualitative	78	6	105	6
30 days past due backstop	17	2	37	5
Total stage 2	884	21	978	29

3. Where an account satisfies more than one of the Stage 2 criteria above, the gross carrying amount and loss allowance has been assigned in the order presented. For example, an account that triggers both Quantitative and Qualitative SICR criteria will only be reported as Quantitative SICR.

Risk review continued

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

The table below summarises balances by PD bandings and IFRS 9 production stage, at a total Bank level. All PDs include forward looking information and are based on a 12-month view for all stages. The information in these tables has been presented at a total bank level including BBLS. Overall, we are seeing a shift from band 2 and 3 into band 1. This is mainly driven by new business in band 1 with band 2 and 3 reducing due to sale of the unsecured personal loan book and BBLS transfer. The majority of BBLS accounts remaining have a PD that sits around the threshold of 17% and they can therefore fluctuate between bands 2 and 3 month on month.

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

		30 Jun 2025 (unaudited)										
		Gross lending £'million					Loss allowance £'million					
	PD Range %	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Coverage ratio[1]
Band 1	0.00 – 3.00	6,943	485	-	-	7,428	25	5	-	-	30	0.40%
Band 2	3.00 – 17.00	572	329	-	-	901	5	12	-	-	17	1.75%
Band 3	17.00 - 99.99	3	70	-	-	73	-	4	-	-	4	6.18%
Band 4	100	-	-	481	(1)	480	-	-	117	(1)	116	24.33%
Total		7,518	884	481	(1)	8,882	30	21	117	(1)	167	1.88%

		31 Dec 2024 (audited)										
		Gross lending £'million					Loss allowance £'million					
	PD Range %	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Coverage ratio[1]
Band 1	0.00 – 3.00	6,865	404	-	-	7,269	27	3	-	-	30	0.41%
Band 2	3.00 – 17.00	592	422	-	-	1,014	11	14	-	-	25	2.47%
Band 3	17.00 - 99.99	266	152	-	-	418	1	12	-	-	13	3.11%
Band 4	100	-	-	504	(1)	503	-	-	124	(1)	123	24.45%
Total		7,723	978	504	(1)	9,204	39	29	124	(1)	191	2.07%

1. Coverage ratios calculated using underlying figures.

Risk review continued

Retail mortgage lending

Mortgage balances have remained flat during 2025 at £5,152 million (31 December 2024: £5,145 million).

Table 9: Residential mortgage lending by repayment type

	30 Jun 2025 (unaudited)			31 Dec 2024 (audited)		
	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million
Interest only	1,259	1,421	2,680	1,330	1,398	2,728
Capital and interest	2,410	62	2,472	2,362	55	2,417
Total	3,669	1,483	5,152	3,692	1,453	5,145

Average debt-to-value (DTV) of the portfolio has increased by 1% over the first half of 2025 to 60% at 30 June 2025, (31 December 2024: 59%) and average LTV for new lending has increased to 71% (2024: 69%). Accounts that are three or more months in arrears have increased slightly from 2.22% at 31 December 2024 to 2.31% at 30 June 2025, however early arrears cases (one to less than three months in arrears) have reduced at 1.01% at 30 June 2025 (31 December 2024: 1.55%).

Table 10: Retail mortgage lending by DTV banding

	30 Jun 2025 (unaudited)			31 Dec 2024 (audited)		
DTV Ratio	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million
Less than 50%	1,221	235	1,456	1,282	263	1,545
51-60%	567	200	767	601	210	811
61-70%	602	407	1,009	611	417	1,028
71-80%	798	617	1,415	761	543	1,304
81-90%	423	23	446	397	16	413
91-100%	56	-	56	39	3	42
More than 100%	2	1	3	1	1	2
Total	3,669	1,483	5,152	3,692	1,453	5,145

The geographic distribution of our retail mortgages customer balances is set out in Table 11. All of our loan exposures which are secured on property are secured on UK-based assets. Our current retail mortgages portfolio is concentrated within London and the South-East, which is representative of our original customer base and store footprint. We are expanding our footprint which will reduce the geographical concentration of lending over time.

Table 11: Residential mortgage lending by geographical exposure

	30 Jun 2025 (unaudited)			31 Dec 2024 (audited)		
Region	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million	Retail owner occupied £'million	Retail buy-to-let £'million	Total retail mortgages £'million
Greater London	1,311	810	2,121	1,324	808	2,132
South East	964	292	1,256	975	283	1,258
East of England	376	118	494	379	114	493
South West	311	67	378	313	63	376
North West	160	46	206	155	44	199
West Midlands	152	52	204	154	47	201
East Midlands	103	43	146	104	40	144
Yorkshire and the Humber	108	25	133	107	25	132
Scotland	83	10	93	80	9	89
North East	35	7	42	34	7	41
Wales	66	13	79	67	13	80
Total	3,669	1,483	5,152	3,692	1,453	5,145

Consumer lending

Consumer balances have reduced to £133 million as at 30 June 2025 (31 December 2024: £745 million) as a result of the sale of the unsecured personal loan book in April 2025, write-off of non-performing loans, and the continued run-off of credit cards and other legacy products.

The total ECL coverage position for consumer has increased to 54.5%[1] due to the unsecured personal loan book sale and run-off of performing assets (31 December 2024: 14.4%).

1. Coverage ratios calculated using underlying figures.

Risk review continued

Commercial lending

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

Our commercial balances have increased from £3,314 million to £3,597 million during the first half of 2025 reflecting the business strategy to grow the commercial portfolio.

Commercial customers are managed through an early warning categorisation where there are early signs of financial difficulty, thereby allowing timely engagement and appropriate corrective action to be taken. Early Warning categories support our IFRS 9 stage classification. The percentage of the portfolio in Early Warning categories has improved since December 2024, although there has been some deterioration in the mix within this population. Close customer management is key to identifying issues and supporting our customers.

The ECL allowance has increased to £79 million as at 30 June 2025 (31 December 2024: £68 million) with coverage[1] increasing to 2.20% (31 December 2024: 2.06%). The proportion of commercial lending in Stage 2 has reduced to 6.6% (31 December 2024: 7.3%) as a percentage of total balances due to a reduction in BBLS and an increased volume of new lending.

Our commercial book consists predominately of SME lending which is reflected in the coverage. Commercial customers may be impacted by interest rates, and other increased costs. We continue to hold appropriate levels of ECL to reflect these risks.

Table 12: Commercial term lending (excl. BBLS) by DTV branding

	30 Jun 2025 (unaudited)			31 Dec 2024 (audited)		
DTV Ratio	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million
Less than 50%	53	641	694	81	578	659
51-60%	28	397	425	39	414	453
61-70%	52	488	540	59	275	334
71-80%	53	60	113	64	65	129
81-90%	42	85	127	38	82	120
91-100%	1	25	26	1	45	46
More than 100%	-	503	503	1	447	448
Total	229	2,199	2,428	283	1,906	2,189

Table 13: Commercial term lending (excl. BBLS) by industry exposure

	30 Jun 2025 (unaudited)			31 Dec 2024 (audited)		
Sector	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million
Real estate (rent, buy, sell)	229	445	674	283	414	697
Hospitality	-	547	547	-	442	442
Health & social work	-	513	513	-	430	430
Legal, accountancy & consultancy	-	267	267	-	207	207
Retail	-	139	139	-	122	122
Recreation, cultural & sport	-	88	88	-	82	82
Construction	-	30	30	-	36	36
Investment & unit trusts	-	13	13	-	6	6
Real estate (development)	-	10	10	-	14	14
Education	-	7	7	-	13	13
Real estate (management)	-	4	4	-	5	5
Other	-	136	136	-	135	135
Total	229	2,199	2,428	283	1,906	2,189

As of 30 June 2025, 73% of property secured lending had a DTV of 80% or less, reflecting the prudent risk appetite historically applied. Lending with DTV >100% includes loans which benefit from additional forms of collateral, such as debentures. The value of this additional collateral is not included in the DTV but does provide an additional level of credit risk mitigation. DTV >100% also includes government backed lending where the facility does not also benefit from property collateral. The proportion of the portfolio with DTV>100% has remained broadly stable in the first half of 2025.

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

The sector profile for commercial term lending other than real estate is broadly consistent with the position as at 31 December 2024.

1. Coverage ratios calculated using underlying figures.

Risk review continued

Table 14: Commercial term lending (excl. BBLS) by repayment type

	30 Jun 2025 (unaudited)			31 Dec 2024 (audited)		
	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million
Interest only	219	453	672	270	393	663
Capital and interest	10	1,746	1,756	13	1,513	1,526
Total	229	2,199	2,428	283	1,906	2,189

Table 15: Commercial term lending (excl. BBLS) by geographic exposure

	30 Jun 2025 (unaudited)			31 Dec 2024 (audited)		
Region	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million	Professional buy-to-let £'million	Other term loans £'million	Total commercial term loans £'million
Greater London	146	916	1,062	181	813	994
South East	43	373	416	48	334	382
East of England	12	213	225	20	200	220
North West	6	118	124	7	115	122
South West	8	98	106	10	90	100
West Midlands	3	247	250	3	185	188
East Midlands	5	60	65	6	55	61
Yorkshire and the Humber	2	55	57	2	11	13
North East	1	71	72	2	73	75
Wales	2	7	9	2	4	6
Scotland	-	19	19	-	3	3
Northern Ireland	1	1	2	1	1	2
National	-	21	21	1	22	23
Total	229	2,199	2,428	283	1,906	2,189

Risk review continued

Capital risk

Capital ratios have strengthened following the successful Additional Tier 1 securities issuance and sale of a portfolio of unsecured personal loans during Q1, with the Bank remaining above regulatory minima. Maintaining capital above regulatory requirements and to support strategic growth remains a key focus of the Bank.

Capital requirements

Table 16: Capital and ratio requirements (unaudited)

	30 Jun 2025 (unaudited)	31 Dec 2024 (audited)	Minimum requirement including buffers[1]	Minimum requirement excluding buffers[1]
CET1	12.8%	12.5%	9.7%	5.2%
Tier 1	16.6%	12.5%	11.4%	6.9%
Total regulatory capital	18.9%	14.9%	13.7%	9.2%
Total regulatory capital plus MREL	27.0%	23.0%	22.9%	18.4%

1. CRD IV buffers as at 20 June 2025.

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

Risk-weighted assets

Risk weighted assets ended the period at £6,437 million down from £6,442 million as at 31 December 2024. The slight reduction has been primarily driven by the sale of £584 million[1] of unsecured personal loans in Q1, largely offset by increased commercial lending in line with the Bank's strategy.

Capital resources

Table 17: Capital requirements

	30 Jun 2025 (unaudited) £'million	31 Dec 2024 (audited) £'million
Ordinary share capital	-	-
Share premium	144	144
Retained earnings	1,052	1,022
Other reserves	20	17
Intangible assets	(130)	(126)
Other regulatory adjustments[1]	(260)	(249)
Total Tier 1 capital (CET1)	826	808
Additional Tier 1 capital	242	-
Total Tier 1 capital	**1,068**	**808**
Debt securities (Tier 2)	150	150
Total Tier 2 capital	150	150
Total regulatory capital	1,218	958

1. Other regulatory adjustments relates to the deferred tax asset recognised in 2024.

Capital landscape

We continue to work through the implications of the implementation of Basel 3.1 for which the PRA published its latest policy statement and consultation paper. These set out the PRA's approach to calculating adjustments to the Pillar 2A requirement once the SME support factor is removed, as well as changes to the Pillar 2A assessment for credit, operational, market and counterparty risk and pension obligation risk. Future benefits are also expected from recently announced changes in the Bank of England's Statement of Policy on MREL.

Liquidity and Funding Risk

We continue to maintain prudent liquidity levels, and access to contingent liquidity, through the holding of high-quality liquid assets in the form of investment securities with strong credit ratings as well as cash balances held at the Bank of England. We continue to aim to attract service-led core deposits which are less sensitive to competition within the deposit market and as such have been reducing the balances of our 'tactical' less stable deposits. The Liquidity Coverage Ratio finished at 315% (31 December 2024: 337%) and the Net Stable Funding Ratio at 165% (31 December 2024: 169%), both well above regulatory minima.

1. Cut-off as at 31 December 2024

Risk review continued

Market Risk

We are not a trading bank and so have a low appetite for those market risks which we do take, with clear limits set for net interest income and economic value sensitivity. Our primary market risk relates to interest rate risk in the banking book where we have remained within our Board's Risk Appetite throughout the first half of the year and continue to manage on a daily basis. We benefit from natural offsetting between certain assets and liabilities, which may be based on both the contractual and behavioural characteristics of these positions. Where natural hedging is insufficient, we hedge net interest rate risk exposures appropriately, including, where necessary, with the use of derivatives. We enter into derivatives only for hedging purposes and not as part of customer transactions or for speculative purposes.

Financial Crime Risk

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

Operational risk

Our operational risk exposures have remained largely stable through the first half of the year, including those associated with activities now supported by our strategic outsourcing partner, Infosys. Resilience and recovery arrangements have continued to be tested, informed by the geopolitical environment in which we operate, and we have updated our wider operational resilience self-assessment in line with regulatory requirements. With the Bank's network of third-party service relationships increasingly integral to our operations and resilience, new tooling has been introduced to further strengthen our governance and risk oversight.

Our investment in the latest fraud and cyber controls continues in response to a dynamic threat environment. Amongst these, tooling leveraging artificial intelligence and/or machine learning capabilities is being assessed and safely deployed, following the Bank's AI risk management policy that forms part of our well-established risk management framework.

Conduct, regulatory and legal risk

We remain focused on satisfying the requirements of the Consumer Duty, which sets the high expected standard for conduct and the delivery of good customer outcomes. The first half of 2025 has seen further progress to embed and operationalise the Duty, including availability of enhanced management information on potential customer harm, refinement of our approach to quality assurance and updates to our product development and ongoing governance methodologies. We continue to proactively engage with the FCA to remain aligned on expectations.

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

Model risk

Model risk remains stable with robust risk governance in operation that continues to help mitigate potential increased risk from the impacts and uncertainties arising from macroeconomic challenges.

We continue to perform model validations prior to model implementation, when a model is changed and on a periodic basis. Robust model inventory management remains in place, and we have increased focus on comprehensive oversight of end user developed applications (EUDAs), including those in use by our key third parties.

Strategic risk

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

Statement of Directors' responsibilities

The Directors confirm to the best of their knowledge these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' giving a true and fair view of the assets, liabilities, financial position and profit or loss as and as required by DTR 4.2.7R and DTR 4.2.8R, namely:

- An indication of important events that have occurred during the first six months ended 30 June 2025 and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related-party transactions in the first six months ended 30 June 2025 and any material changes in the related-party transactions described in the last annual report.

Signed on its behalf on 5 August 2025 by:

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

Independent review report to Metro Bank Holdings PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Metro Bank Holdings PLC's condensed consolidated interim financial statements (the "interim financial statements") in the interim report of Metro Bank Holdings PLC for the 6 month period ended 30 June 2025 (the "period").

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

The interim financial statements comprise:

- the Condensed consolidated balance sheet as at 30 June 2025;
- the Condensed consolidated statement of comprehensive income for the period then ended;
- the Condensed consolidated cash flow statement for the period then ended;
- the Condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

Basis for conclusion

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

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

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

Conclusions relating to going concern

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the interim report, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
5 August 2025

Condensed consolidated statement of comprehensive income (unaudited)

For the half year ended 30 June 2025

	Note	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Interest income	2	364.0	440.5	494.9
Interest expense	2	(141.1)	(234.5)	(323.0)
Net interest income		222.9	206.0	171.9
Fee and commission income		47.9	49.8	48.2
Fee and commission expense		(2.1)	(2.5)	(2.3)
Net fee and commission income		45.8	47.3	45.9
Net gains/(losses) on sale of assets		5.3	(101.5)	0.1
Other income		18.8	17.4	18.2
Total income		292.8	169.2	236.1
General operating expenses	3	(212.3)	(264.0)	(225.0)
Depreciation and amortisation		(31.0)	(39.2)	(38.1)
Impairment and write-offs of PPE and intangible assets		(0.1)	(43.7)	(0.3)
Total operating expenses		(243.4)	(346.9)	(263.4)
Expected credit loss expense		(6.3)	(0.9)	(6.2)
Profit/(loss) before tax		43.1	(178.6)	(33.5)
Tax (expense)/credit	5	(12.7)	254.2	0.4
Profit/(loss) for the period		30.4	75.6	(33.1)
Other comprehensive income for the period				
Items which will be reclassified subsequently to profit or loss where specific conditions are met:				
Movements in respect of investment securities held at fair value through other comprehensive income (net of tax):				
changes in fair value		1.9	1.8	1.6
Total other comprehensive income		1.9	1.8	1.6
Total comprehensive income/(expense) for the period		32.3	77.4	(31.5)
Earnings per share				
Basic earnings per share (pence)	11	4.5	11.2	(4.9)
Diluted earnings per share (pence)	11	4.5	11.2	(4.9)

The accompanying notes on pages 24 to 43 form an integral part of these condensed interim financial statements.

Condensed consolidated balance sheet (unaudited)

As at 30 June 2025

	Note	30 Jun 2025 £'million	31 Dec 2024 £'million	30 Jun 2024 £'million
Assets				
Cash and balances with other banks		2,340	2,811	4,131
Loans and advances to customers	6	8,715	9,013	11,543
Investment securities held at FVOCI		265	377	347
Investment securities held at amortised cost		3,781	4,113	4,341
Derivative financial assets		24	16	19
Property, plant and equipment		713	711	709
Intangible assets		130	126	179
Prepayments and accrued income		82	93	119
Deferred tax asset	5	231	240	-
Other assets		147	82	101
Total assets		16,428	17,582	21,489
Liabilities				
Deposits from customers	7	13,363	14,458	15,726
Deposits from central banks		400	400	3,050
Debt securities	8	685	675	675
Repurchase agreements		131	391	391
Derivative financial liabilities		-	1	-
Lease liabilities	9	189	205	230
Deferred grants		11	13	13
Provisions		8	11	11
Deferred tax liabilities	5	-	-	13
Other liabilities		183	245	276
Total liabilities		14,970	16,399	20,385
Equity				
Called up share capital	10	-	-	-
Share premium	10	144	144	144
Retained earnings		1,052	1,022	946
Other equity instruments	10	242	-	-
Other reserves		20	17	14
Total equity		1,458	1,183	1,104
Total equity and liabilities		16,428	17,582	21,489

The accompanying notes on pages 24 to 43 form an integral part of these condensed interim financial statements.

These condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 5 August 2025 and were signed on its behalf by:

Dan Frumkin
Chief Executive Officer

Marc Page
Chief Financial Officer

Robert Sharpe
Chair

Condensed consolidated cash flow statement (unaudited)

For the half year ended 30 June 2025

	Note	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Reconciliation of profit/(loss) before tax to net cash flows from operating activities				
Profit/(loss) before tax		43	(178)	(34)
Adjustments for non-cash items		(197)	(229)	(130)
Interest received		378	452	496
Interest paid		(190)	(267)	(318)
Changes in other operating assets		219	2,549	771
Changes in other operating liabilities		(1,373)	(3,780)	(717)
Net cash (outflows)/inflows from operating activities		(1,120)	(1,453)	68
Cash flows from investing activities				
Sales, redemptions and paydowns of investment securities		614	379	638
Purchase of investment securities		(161)	(185)	(445)
Purchase of property, plant and equipment		(18)	(38)	(3)
Purchase and development of intangible assets		(19)	(11)	(8)
Net cash inflows from investing activities		416	145	182
Cash flows from financing activities				
Repayment of capital element of leases	9	(9)	(12)	(10)
Issuance of shares and other equity instruments	10	250	-	-
Cost of equity issuance	10	(8)	-	-
Net cash inflows/(outflows) from financing activities		233	(12)	(10)
Net (decrease)/increase in cash and cash equivalents		(471)	(1,320)	240
Cash and cash equivalents as at start of period		2,811	4,131	3,891
Cash and cash equivalents as at end of period		2,340	2,811	4,131

Non-cash items	Note	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Interest income	2	(364)	(440)	(495)
Interest expense	2	141	235	323
Depreciation and amortisation		31	39	38
Impairment and write-off of property, plant equipment and intangible assets		-	44	-
Expected credit loss expense		6	1	6
Share option charge		1	1	1
Grant income recognised in the income statement		(2)	-	(3)
Amounts provided for (net of amounts released)		-	(8)	-
Tax charge		(13)	-	-
Gains and losses on sale of assets and fair value gains on derivatives		3	(101)	-
Total adjustment for non-cash items		(197)	(229)	(130)

Condensed consolidated statement of changes in equity (unaudited)

For the half year ended 30 June 2025

	Called-up Share capital £'million	Share premium £'million	Retained earnings £'million	FVOCI reserve £'million	Share option reserve £'million	Other equity Instruments £'million	Total equity £'million
Balance as at 1 Jan 2025	-	144	1,022	(7)	24	-	1,183
Profit for the period	-	-	30	-	-	-	30
Other comprehensive income (net of tax) relating to investment securities designated at FVOCI	-	-	-	2	-	-	2
Total comprehensive income	-	-	30	2	-	-	32
Issuance of other equity instruments	-	-	-	-	-	250	250
Cost of issuance of other equity instruments	-	-	-	-	-	(8)	(8)
Equity-settled share based payments	-	-	-	-	1	-	1
Balance as at 30 Jun 2025	-	144	1,052	(5)	25	242	1,458
Balance as at 1 Jul 2024	-	144	946	(9)	23	-	1,104
Profit for the period	-	-	76	-	-	-	76
Other comprehensive income (net of tax) relating to investment securities designated at FVOCI	-	-	-	2	-	-	2
Total comprehensive income	-	-	76	2	-	-	78
Net share option movements	-	-	-	-	1	-	1
Balance as at 31 Dec 2024	-	144	1,022	(7)	24	-	1,183
Balance as at 1 Jan 2024	-	144	978	(11)	23	-	1,134
Loss for the period	-	-	(33)	-	-	-	(33)
Other comprehensive income (net of tax) relating to investment securities designated at FVOCI	-	-	-	2	-	-	2
Total comprehensive loss	-	-	(33)	2	-	-	(31)
Net share option movements	-	-	1	-	-	-	1
Balance as at 30 Jun 2024	-	144	946	(9)	23	-	1,104
Note	10	10				10	

The accompanying notes on pages 24 to 43 form an integral part of these condensed interim financial statements.

Notes to the condensed consolidated interim financial statements (unaudited)

1. Basis of preparation and accounting policies

1.1 General information
Metro Bank Holdings PLC ("our" or "we") is the holding company of Metro Bank PLC, which provides retail and commercial banking services in the UK. Metro Bank Holdings PLC is a public limited liability company incorporated and domiciled in England and Wales and is listed on the London Stock Exchange (LON:MTRO). The address of its registered office is: One Southampton Row London WC1B 5HA.

1.2 Basis of preparation
The condensed consolidated interim financial statements of Metro Bank Holdings PLC and its subsidiaries for the half year ended 30 June 2025 were authorised for issue in accordance with a resolution of the Directors on 5 August 2025.

These condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with UK adopted International Accounting Standards (IAS 34 'Interim Financial Reporting') and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The comparative financial information as at and for the periods ended 31 December 2024 and 30 June 2024 do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2024 has been delivered to the Registrar of Companies.

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

Going concern
The Directors consider that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements. In reaching this assessment, the Directors have considered projections for the Group's capital and funding position as well as other principal risks disclosed in the risk report of the 2024 Annual Report & Accounts.

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

The Directors believe the Group to remain a going concern on the basis that it maintains sufficient resources (including liquidity and capital) to be able to continue to operate for the foreseeable future (considered to be 18 months from the date of these interim financial statements). The Directors do not consider there to be any material uncertainties with regards to the assessment on going concern.

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

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

Accounting policies
The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2024.

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

1.4 Critical accounting judgements
No new critical accounting judgements have been identified in the period and our approach to these judgements remain consistent with methods outlined in the Group's consolidated financial statement for the year ended 31 December 2024.

In our 2024 Annual Report and Accounts we identified the following critical accounting judgements:

- Recognition of deferred tax assets - availability of future taxable profit against which tax losses carried forward can be utilised
- Measurement of the expected credit loss allowance - significant increase in credit risk
- Measurement of the expected credit loss allowance - use of post model overlays
- Impairment of non-financial assets - key assumptions used for value in use calculations.

Notes to the condensed consolidated interim financial statements (unaudited)

Recognition of deferred tax assets - Availability of future taxable profit against which tax losses carried forward can be utilised

Our methodology remains aligned to that described in note 9 to the 2024 Annual Report & Accounts. Key assumptions have been updated for the half year ended 30 June 2025, and the future taxable profits supports the continued recognition of deferred tax assets.

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

Our measurement methodology and policy remains consistent with that described in note 30 to the 2024 Annual Report & Accounts.

Measurement of the expected credit loss allowance -use of post model overlays

We have applied expert judgement to the measurement of the ECL in the form of Post Model Adjustments (PMAs).

PMAs refer to increases/decreases in ECL to address known model limitations, either in model methodology or model inputs. These rely on analysis of model inputs and parameters to determine the change required to improve model accuracy. These may be applied at an aggregated level, however they will usually be applied at account level.

Management overlays reflect management judgement. These rely more heavily on expert judgement and will usually be applied at an aggregated level. For example, where recent changes in market and economic conditions have not yet been captured in the macroeconomic factor inputs to models (e.g., industry – specific stress event). No management overlays were applicable at 30 June 2025.

PMAs have been reassessed during the period to ensure an appropriate level of ECL to account for the high level of global political and macroeconomic uncertainty. The level of PMAs increased in the first half of 2025 with the total percentage of ECL stock standing at 14% as at 30 June 2025 (31 December 2024: 10%). The increase relates to the removal of negatives PMAs following model enhancements and the reduction in the overall stock due to portfolio sales.

PMAs make up £23.3 million of the ECL stock as at 30 June 2025 (31 December 2024: £18.7 million) and comprise of the following:

- Macro Correlation Uncertainty – Raised in Q4 2024 to reflect the uncertainty risk and the potential adverse effects of significant government support that was in place during and following the Covid period, and the subsequent growth in SME debt which may not be fully reflected in model outputs (30 June 2025: £12.3 million; 31 December 2024: £11.5 million)
- CRE adjustment – Reflects potential downside risk in property price indices beyond the latest scenarios for the commercial property portfolios (30 June 2025: £0.5 million; 31 December 2024: £0.7 million)
- Climate change impact – Reflects the impact of climate change on property values for the mortgage and commercial portfolios (30 June 2025: £2.8 million; 31 December 2024: £2.8 million)
- Mortgage model and data enhancements – Will be removed once the model and data enhancements are implemented into production (30 June 2025: £2.1 million; 31 December 2024: £2.9 million)
- Commercial model enhancements – Held in anticipation of remaining model adjustments for the commercial portfolio (30 June 2025: £5.7 million; 31 December 2024: £4.6 million). The increase in the overlay over the period is to reflect the impact from the Enhanced Business Overdrafts portfolio growth which utilises the IFRS9 Commercial models as a proxy for ECL assessment.

Impairment of non-financial assets - key assumptions used for value in use calculations

Our methodology remains aligned to that described in note 15 to the 2024 Annual Report & Accounts. Key assumptions have been updated for the half year ended 30 June 2025, and material headroom remains within our impairment test.

Notes to the condensed consolidated interim financial statements (unaudited)

1.5 Critical accounting estimates

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

In our 2024 Annual Report and Accounts we identified the following critical accounting estimate:
- Recognition of deferred tax assets
- Measurement of the expected credit loss allowance - multiple forward-looking macroeconomic scenarios

Recognition of deferred tax assets
Estimates are based on the Long-Term Plan (which include inherent uncertainties). The Long-term Plan reflect management's view of future business prospects at the time of the assessment. Our methodology remains aligned to that described in Note 9 to the 2024 Annual Report & Accounts and in Note 5 to these condensed interim financial statements.

Multiple forward-looking macroeconomic scenarios
The ECL recognised in the financial statements reflects the effect on ECL of a range of possible outcomes, calculated on a probability-weighted basis, based on a number of economic scenarios, including management overlays where required. These scenarios are representative of our view of forecast economic conditions, sufficient to calculate unbiased ECL. The following assumptions, considered to be the key drivers of ECL, have been used for the scenarios applied:
- UK interest rates
- UK unemployment rates
- UK HPI changes, year on year
- UK GDP changes, year on year
- UK commercial real estate index, year on year.

The weightings applied to each scenario are:

Scenario weighting	Half year to 30 Jun 2025	Half year to 31 Dec 2024	Half year to 30 Jun 2024
Baseline	50%	50%	50%
Upside	20%	20%	20%
Downside	25%	25%	25%
Severe Downside	5%	5%	5%

We have assessed the IFRS 9 ECL sensitivity impact at a total portfolio level, by applying a 100% weighting to each of the four chosen scenarios.

Scenario	ECL £'million	Variance to reported ECL at 30 June 2024
Weighted	167	n/a
Baseline	160	(4%)
Upside	153	(8%)
Downside	186	12%
Severe downside	203	22%

We note that the sensitivities disclosed above represent example scenarios and may not represent actual scenarios which occur in the future. If one of these scenarios did arise then at that time the ECL would not equal the amount disclosed above, as the amounts disclosed do not take account of the alternative possible scenarios which would be considered at that time. We also note that the sensitivities disclosed above do not consider movements in impairment stage allocations that would result under the different scenarios.

Notes to the condensed consolidated interim financial statements (unaudited)

2. Net Interest Income

Interest income

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Cash and balances with other banks	54.5	79.2	113.9
Loans and advances to customers	250.0	276.0	310.2
Investment securities held at amortised cost	53.2	64.7	61.4
Investment securities held at FVOCI	2.1	15.1	3.2
Interest income calculated using the effective interest rate method	359.8	435.0	488.7
Derivatives in a hedging relationship	4.2	5.5	6.2
Total interest income	364.0	440.5	494.9

Interest Expense

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Deposits from customers	78.8	130.1	173.5
Deposits from central banks	8.9	44.4	79.8
Repurchase agreements	4.8	9.1	17.4
Debt securities	42.5	42.4	42.4
Lease liabilities	5.3	6.1	6.3
Interest expense calculated using the effective interest rate method	140.3	232.1	319.4
Derivatives in a hedging relationship	0.8	2.4	3.6
Total interest expense	141.1	234.5	323.0

3. General operating expenses

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
People costs	99.3	99.0	110.6
Information technology costs	28.9	31.1	29.0
Occupancy expenses	15.5	14.9	16.0
Money transmission and other banking related costs	20.9	26.6	22.7
Transformation costs	7.8	26.6	4.5
Remediation costs	(0.4)	19.5	1.8
Capability and Innovation fund costs	1.2	1.3	2.1
Legal and Regulatory fees	4.7	4.9	4.1
Professional fees	17.3	13.1	14.6
Printing, postage and stationary	2.6	3.8	3.7
Travel costs	0.7	0.8	0.6
Marketing costs	3.5	5.4	4.0
Costs associated with capital raise	-	-	0.1
Other expenses	10.3	17.0	11.2
Total general operating expenses	212.3	264.0	225.0

4. People costs

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Wages and salaries	81.7	82.1	91.9
Social security costs	11.1	9.9	10.8
Pension costs	5.5	6.0	6.9
Equity-settled share based payments	1.0	1.0	1.0
Total people costs	99.3	99.0	110.6

Notes to the condensed consolidated interim financial statements (unaudited)

5. Taxation

Tax (expense)/credit for the period

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Current tax			
Current tax	(4.4)	-	-
Total current tax expense	(4.4)	-	-
Deferred tax			
Origination and reversal of temporary differences	(8.3)	253.7	0.4
Adjustment in respect of prior periods	-	0.5	-
Total deferred tax (expense)/credit	(8.3)	254.2	0.4
Total tax expense (expense)/credit	(12.7)	254.2	0.4

Reconciliation of the total tax (expense)/credit	Half year to 30 Jun 2025 £'million	Effective tax rate %	Half year to 31 Dec 2024 £'million	Effective tax rate %	Half year to 30 Jun 2024 £'million	Effective tax rate %
Profit/(loss) before tax	43.1		(178.6)		(33.5)	
Tax (expense)/credit at statutory income tax rate of	(10.8)	25%	44.6	25%	8.4	25%
Tax effects of:						
Non-deductible expenses - depreciation on non-qualifying fixed assets	(1.5)	(3.5%)	(2.8)	(1.6%)	(0.2)	(0.6%)
Non-deductible expenses - other	(0.4)	(0.9%)	(7.6)	(4.3%)	(0.1)	(0.3%)
Share based payments	-	0.0%	-	0.0%	(0.2)	(0.6%)
Adjustment in respect of prior years	-	0.0%	0.6	0.3%	-	0.0%
Current year losses to date for which no deferred tax asset has been recognised	-	0.0%	7.8	4.4%	(7.8)	(23.3%)
Losses offset against current year profits	-	0.0%	(0.3)	(0.2%)	0.3	0.9%
Movement in recognised DTA for unused tax losses	-	0.0%	211.9	118.6%	-	0.0%
Tax (expense)/credit reported in the consolidated income statement	(12.7)	29.5%	254.2	142.3%	0.4	1.2%

Effective Tax Rate
The effective tax rate for the period on recurring profits is 29.5% (half year to 31 December 2024: 142.3%; half year to 30 June 2024: 1.2%). The tax charge for the period has been calculated by applying the estimated annual tax charge for the full year to the half year profits, with the tax charge on discrete items calculated separately. This is the approach required by IAS 34 'Interim Financial Reporting'. The ETR is higher than the substantively enacted UK tax rate of 25% due to non-tax deductible expenditure, including fixed asset depreciation upon which a tax deduction is not available.

Notes to the condensed consolidated interim financial statements (unaudited)

5. Taxation Continued

Deferred tax

A deferred tax asset must be regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable tax profits from which the future of the underlying timing differences can be deducted.

The following table shows deferred tax recorded in the statement of financial position and changes recorded in the tax expense:

	Unused tax losses £'million	Investment securities & impairments £'million	Share based payments £'million	Property, plant & equipment £'million	Intangible assets £'million	Total £'million
30 Jun 2025						
Deferred tax assets	263	1	1	-	-	265
Deferred tax liabilities	-	1	-	(33)	(2)	(34)
Deferred tax asset/(liabilities) (net)	263	2	1	(33)	(2)	231
1 Jan 2025	269	4	1	(31)	(3)	240
Income statement	(6)	(1)	-	(2)	1	(8)
Other comprehensive income	-	(1)	-	-	-	(1)
At 30 Jun 2025	263	2	1	(33)	(2)	231

	Unused tax losses £'million	Investment securities & impairments £'million	Share based payments £'million	Property, plant & equipment £'million	Intangible assets £'million	Total £'million
31 Dec 2024						
Deferred tax assets	269	1	1	-	-	271
Deferred tax liabilities	-	3	-	(31)	(3)	(31)
Deferred tax asset/(liabilities) (net)	269	4	1	(31)	(3)	240
At 1 Jul 2024	14	5	1	(29)	(4)	(13)
Prior period movement	(1)	(1)	-	-	1	(1)
Income statement	256	1	-	(2)	-	255
Other comprehensive income	-	(1)	-	-	-	(1)
At 31 Dec 2024	269	4	1	(31)	(3)	240

Notes to the condensed consolidated interim financial statements (unaudited)

5. Taxation Continued

	Unused tax losses £'million	Investment securities & impairments £'million	Share based payments £'million	Property, plant & equipment £'million	Intangible assets £'million	Total £'million
30 Jun 2024						
Deferred tax assets	14	5	1	-	-	20
Deferred tax liabilities	-	-	-	(29)	(4)	(33)
Deferred tax asset/(liabilities) (net)	14	5	1	(29)	(4)	(13)
1 Jan 2024	14	6	1	(29)	(5)	(13)
Income statement	-	(1)	-	-	1	-
At 30 Jun 2024	14	5	1	(29)	(4)	(13)

Deferred tax on unused tax losses

Deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available against which the assets can be utilised. Under current law there is no expiry date for UK trading losses not yet utilised. An assessment has been undertaken, taking account of any deferred tax liabilities against which the reversal can be offset and using the Board's latest Long-Term Plan forecasts, to assess the level of future taxable profits.

The forecasts are consistent with those used in the Value-in-Use (VIU) calculations. However, the Bank's Long-Term Plan contains inherent execution risks, including regulatory changes, market volatility, and operational factors. These uncertainties require ongoing monitoring and regular stress testing to ensure the bank maintains sufficient resilience throughout the plan's implementation. Whilst loss making in the recent past, the Bank returned to an underlying profit in H2 2024 and has made sufficient progress in the execution of its transformation plan that it is now projected to generate sufficient future taxable profits to fully utilise its remaining tax losses. The plan assumes an improvement in net interest margin (driven by the strategic pivot to higher yielding lending, a lower cost of deposits and current market expectations of future interest rates) and continued cost discipline and control.

For the purposes of assessing the utilisation of the tax losses and estimating the period over which the losses will be utilised, the forecasts have been adjusted to reflect the inherent risks of the Bank and the environment in which it operates. These include external macro-economic factors such as base rates, operating costs and the extent of credit losses. As a result, we have recognised a deferred tax asset of £263 million (31 December 2024: deferred tax asset £269 million) on unused tax losses totalling £1,052 million. The value of the deferred tax asset in respect of tax losses is expected to be fully recovered by 2035. A 10% annual reduction in forecast profits each year would increase the estimated recovery period by 1 year.

Notes to the condensed consolidated interim financial statements (unaudited)

6. Loans and advances to customers

	30 Jun 2025			31 Dec 2024			30 Jun 2024		
	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million
Retail mortgages	5,152	(15)	5,137	5,145	(15)	5,130	7,512	(19)	7,493
Consumer lending	133	(73)	60	745	(108)	637	1,003	(110)	893
Commercial lending	3,597	(79)	3,518	3,314	(68)	3,246	3,224	(67)	3,157
Total loans and advances to customers	8,882	(167)	8,715	9,204	(191)	9,013	11,739	(196)	11,543

	30 Jun 2025 £'million	31 Dec 2024 £'million	30 Jun 2024 £'million
Residential owner occupied	3,669	3,692	5,630
Retail buy-to-let	1,483	1,453	1,882
Total retail mortgages	5,152	5,145	7,512
Overdrafts	39	39	41
Credit cards	15	20	30
Term loans	72	679	924
Consumer auto finance	7	7	8
Total consumer lending	133	745	1,003
Total retail lending	5,285	5,890	8,515
Professional buy-to-let	229	283	365
Bounce back loans	255	346	423
Coronavirus business interruption loans	29	47	67
Recovery loan scheme	230	260	297
Other term loans	1,940	1,599	1,345
Commercial term loans	2,683	2,535	2,497
Overdrafts and revolving credit facilities	210	220	201
Credit cards	9	7	5
Asset and invoice finance	695	552	521
Total commercial lending	3,597	3,314	3,224
Total gross loans to customers	8,882	9,204	11,739

In February 2025, the Bank entered into an agreement to sell the portfolio of performing unsecured personal loans with gross book value of £584 million. The sale of the portfolio was in line with the Bank's strategy to reposition its balance sheet and enhance risk-adjusted returns on capital.

At 31 March 2025, the date of completion of the sale, the carrying amount of the portfolio sold was £486 million with a net gain of £4 million arising from the derecognition of the portfolio.

Notes to the condensed consolidated interim financial statements (unaudited)

6. Loans and advances to customers Continued

Credit risk exposures

Retail mortgages

	30 Jun 2025					31 Dec 2024					30 Jun 2024				
	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million
Up to date	4,296	586	58	-	4,940	4,356	504	57	-	4,917	6,582	668	55	-	7,305
1 to 29 days past due	2	24	15	-	41	2	21	11	-	34	2	25	12	-	39
30 to 89 days past due	-	33	19	-	52	-	59	21	-	80	-	44	22	-	66
90+ days past due	-	-	119	-	119	-	-	114	-	114	-	-	102	-	102
Gross carrying amount	4,298	643	211	-	5,152	4,358	584	203	-	5,145	6,584	737	191	-	7,512

Consumer lending

	30 Jun 2025					31 Dec 2024					30 Jun 2024				
	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million
Up to date	45	2	4	-	51	496	141	2	(1)	638	662	233	3	-	898
1 to 29 days past due	2	1	1	-	4	-	2	1	-	3	3	3	1	-	7
30 to 89 days past due	1	1	2	-	4	-	10	5	-	15	-	12	6	-	18
90+ days past due	-	-	75	(1)	74	-	-	89	-	89	-	-	80	-	80
Gross carrying amount	48	4	82	(1)	133	496	153	97	(1)	745	665	248	90	-	1,003

Commercial lending

	30 Jun 2025					31 Dec 2024					30 Jun 2024				
	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million
Up to date	3,166	211	79	-	3,456	2,842	204	86	-	3,132	2,739	258	92	-	3,089
1 to 29 days past due	6	12	11	-	29	27	16	2	-	45	22	19	3	-	44
30 to 89 days past due	-	14	15	-	29	-	21	60	-	81	-	27	7	-	34
90+ days past due	-	-	83	-	83	-	-	56	-	56	-	-	57	-	57
Gross carrying amount	3,172	237	188	-	3,597	2,869	241	204	-	3,314	2,761	304	159	-	3,224

Total lending

	30 Jun 2025					31 Dec 2024					30 Jun 2024				
	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million	Stage 1 £'million	Stage 2 £'million	Stage 3 £'million	POCI £'million	Total £'million
Up to date	7,507	799	141	-	8,447	7,694	849	145	(1)	8,687	9,983	1,159	150	-	11,292
1 to 29 days past due	10	37	27	-	74	29	39	14	-	82	27	47	16	-	90
30 to 89 days past due	1	48	36	-	85	-	90	86	-	176	-	83	35	-	118
90+ days past due	-	-	277	(1)	276	-	-	259	-	259	-	-	239	-	239
Gross carrying amount	7,518	884	481	(1)	8,882	7,723	978	504	(1)	9,204	10,010	1,289	440	-	11,739

Notes to the condensed consolidated interim financial statements (unaudited)

6. Loans and advances to customers Continued

Loss allowance

Retail mortgages	Gross carrying amount					Loss allowance					Net carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 Jan 2025	4,358	584	203	-	5,145	(4)	(4)	(7)	-	(15)	4,354	580	196	-	5,130
Transfers to/from stage 1	133	(126)	(7)	-	-	(1)	1	-	-	-	132	(125)	(7)	-	-
Transfers to/from stage 2	(141)	141	-	-	-	-	-	-	-	-	(141)	141	-	-	-
Transfers to/from stage 3	(24)	(15)	39	-	-	-	-	-	-	-	(24)	(15)	39	-	-
Net remeasurements due to transfers	-	-	-	-	-	1	(1)	(1)	-	(1)	1	(1)	(1)	-	(1)
New lending	305	87	-	-	392	-	(1)	-	-	(1)	305	86	-	-	391
Repayments, additional drawdowns and interest accrued	(57)	(6)	-	-	(63)	-	-	-	-	-	(57)	(6)	-	-	(63)
Derecognitions	(276)	(22)	(24)	-	(322)	-	-	1	-	1	(276)	(22)	(23)	-	(321)
Changes to assumptions	-	-	-	-	-	-	1	-	-	1	-	1	-	-	1
Balance at 30 Jun 2025	4,298	643	211	-	5,152	(4)	(4)	(7)	-	(15)	4,294	639	204	-	5,137
Balance at 1 Jul 2024	6,584	737	191	-	7,512	(7)	(4)	(8)	-	(19)	6,577	733	183	-	7,493
Transfers to/from stage 1	(23)	28	(5)	-	-	-	-	-	-	-	(23)	28	(5)	-	-
Transfers to/from stage 2	1	-	(1)	-	-	-	-	-	-	-	1	-	(1)	-	-
Transfers to/from stage 3	(19)	(10)	29	-	-	-	-	-	-	-	(19)	(10)	29	-	-
Net remeasurements due to transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
New lending	396	88	-	-	484	(1)	(2)	-	-	(3)	395	86	-	-	481
Repayments, additional drawdowns and interest accrued	(20)	(3)	1	-	(22)	-	-	-	-	-	(20)	(3)	1	-	(22)
Derecognitions	(2,561)	(256)	(12)	-	(2,829)	3	2	-	-	5	(2,558)	(254)	(12)	-	(2,824)
Changes to assumptions	-	-	-	-	-	1	-	1	-	2	1	-	1	-	2
Balance at 31 Dec 2024	4,358	584	203	-	5,145	(4)	(4)	(7)	-	(15)	4,354	580	196	-	5,130
Balance at 1 Jan 2024	6,887	784	146	-	7,817	(7)	(6)	(6)	-	(19)	6,880	778	140	-	7,798
Transfers to/from stage 1	169	(166)	(3)	-	-	(1)	1	-	-	-	168	(165)	(3)	-	-
Transfers to/from stage 2	(172)	173	(1)	-	-	-	-	-	-	-	(172)	173	(1)	-	-
Transfers to/from stage 3	(34)	(36)	70	-	-	-	1	(1)	-	-	(34)	(35)	69	-	-
Net remeasurements due to transfers	-	-	-	-	-	1	(1)	(2)	-	(2)	1	(1)	(2)	-	(2)
New lending	332	38	-	-	370	-	-	-	-	-	332	38	-	-	370
Repayments, additional drawdowns and interest accrued	(93)	(9)	-	-	(102)	-	-	-	-	-	(93)	(9)	-	-	(102)
Derecognitions	(505)	(47)	(21)	-	(573)	-	-	2	-	2	(505)	(47)	(19)	-	(571)
Changes to assumptions	-	-	-	-	-	-	1	(1)	-	-	-	1	(1)	-	-
Balance at 30 Jun 2024	6,584	737	191	-	7,512	(7)	(4)	(8)	-	(19)	6,577	733	183	-	7,493

Notes to the condensed consolidated interim financial statements (unaudited)

6. Loans and advances to customers Continued

Loss allowance

Consumer lending	Gross carrying amount					Loss allowance					Net carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 Jan 2025	496	153	97	(1)	745	(12)	(9)	(88)	1	(108)	484	144	9	-	637
Transfers to/from stage 1	8	(7)	(1)	-	-	(2)	2	-	-	-	6	(5)	(1)	-	-
Transfers to/from stage 2	(1)	1	-	-	-	-	-	-	-	-	(1)	1	-	-	-
Transfers to/from stage 3	(1)	(4)	5	-	-	-	2	(2)	-	-	(1)	(2)	3	-	-
Net remeasurements due to transfers	-	-	-	-	-	2	-	(2)	-	-	2	-	(2)	-	-
New lending	3	-	-	-	3	-	-	-	-	-	3	-	-	-	3
Repayments, additional drawdowns and interest accrued	(4)	-	(1)	-	(5)	-	-	-	-	-	(4)	-	(1)	-	(5)
Derecognitions	(453)	(139)	(18)	-	(610)	11	4	16	-	31	(442)	(135)	(2)	-	(579)
Changes to assumptions	-	-	-	-	-	1	-	3	-	4	1	-	3	-	4
Balance at 30 Jun 2025	48	4	82	(1)	133	-	(1)	(73)	1	(73)	48	3	9	-	60
Balance at 1 Jul 2024	665	248	90	-	1,003	(19)	(13)	(78)	-	(110)	646	235	12	-	893
Transfers to/from stage 1	19	(18)	(1)	-	-	-	-	-	-	-	19	(18)	(1)	-	-
Transfers to/from stage 2	13	(13)	-	-	-	(1)	1	-	-	-	12	(12)	-	-	-
Transfers to/from stage 3	(13)	(4)	17	-	-	1	-	(1)	-	-	(12)	(4)	16	-	-
Net remeasurements due to transfers	-	-	-	-	-	-	1	(11)	-	(10)	-	1	(11)	-	(10)
New lending	2	-	-	-	2	-	-	-	-	-	2	-	-	-	2
Repayments, additional drawdowns and interest accrued	(99)	(28)	(6)	(1)	(134)	-	-	-	-	-	(99)	(28)	(6)	(1)	(134)
Derecognitions	(91)	(32)	(3)	-	(126)	2	1	3	-	6	(89)	(31)	-	-	(120)
Changes to assumptions	-	-	-	-	-	5	1	(1)	1	6	5	1	(1)	1	6
Balance at 31 Dec 2024	496	153	97	(1)	745	(12)	(9)	(88)	1	(108)	484	144	9	-	637
Balance at 1 Jan 2024	906	314	77	-	1,297	(26)	(16)	(66)	-	(108)	880	298	11	-	1,189
Transfers to/from stage 1	61	(61)	-	-	-	(3)	3	-	-	-	58	(58)	-	-	-
Transfers to/from stage 2	(87)	87	-	-	-	2	(2)	-	-	-	(85)	85	-	-	-
Transfers to/from stage 3	(14)	(10)	24	-	-	-	4	(4)	-	-	(14)	(6)	20	-	-
Net remeasurements due to transfers	-	-	-	-	-	2	(5)	(14)	-	(17)	2	(5)	(14)	-	(17)
New lending	2	-	-	-	2	-	-	-	-	-	2	-	-	-	2
Repayments, additional drawdowns and interest accrued	(127)	(55)	(4)	-	(186)	-	-	-	-	-	(127)	(55)	(4)	-	(186)
Derecognitions	(76)	(27)	(7)	-	(110)	2	1	6	-	9	(74)	(26)	(1)	-	(101)
Changes to assumptions	-	-	-	-	-	4	2	-	-	6	4	2	-	-	6
Balance at 30 Jun 2024	665	248	90	-	1,003	(19)	(13)	(78)	-	(110)	646	235	12	-	893

Notes to the condensed consolidated interim financial statements (unaudited)

6. Loans and advances to customers Continued

Loss allowance

Commercial lending	Gross carrying amount					Loss allowance					Net carrying amount				
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 Jan 2025	2,869	241	204	-	3,314	(23)	(16)	(29)	-	(68)	2,846	225	175	-	3,246
Transfers to/from stage 1	55	(54)	(1)	-	-	(3)	3	-	-	-	52	(51)	(1)	-	-
Transfers to/from stage 2	(112)	112	-	-	-	2	(2)	-	-	-	(110)	110	-	-	-
Transfers to/from stage 3	(23)	(12)	35	-	-	-	1	(1)	-	-	(23)	(11)	34	-	-
Net remeasurements due to transfers	-	-	-	-	-	3	(5)	(8)	-	(10)	3	(5)	(8)	-	(10)
New lending	774	3	6	-	783	(9)	-	-	-	(9)	765	3	6	-	774
Repayments, additional drawdowns and interest accrued	(154)	(22)	(4)	-	(180)	-	-	-	-	-	(154)	(22)	(4)	-	(180)
Derecognitions	(237)	(31)	(52)	-	(320)	1	2	3	-	6	(236)	(29)	(49)	-	(314)
Changes to assumptions	-	-	-	-	-	3	1	(2)	-	2	3	1	(2)	-	2
Balance at 30 Jun 2025	3,172	237	188	-	3,597	(26)	(16)	(37)	-	(79)	3,146	221	151	-	3,518
Balance at 1 Jul 2024	2,761	304	159	-	3,224	(26)	(15)	(26)	-	(67)	2,735	289	133	-	3,157
Transfers to/from stage 1	102	(95)	(7)	-	-	(5)	4	1	-	-	97	(91)	(6)	-	-
Transfers to/from stage 2	(76)	80	(4)	-	-	-	-	-	-	-	(76)	80	(4)	-	-
Transfers to/from stage 3	(79)	1	78	-	-	3	-	(3)	-	-	(76)	1	75	-	-
Net remeasurements due to transfers	-	-	-	-	-	4	(6)	(7)	-	(9)	4	(6)	(7)	-	(9)
New lending	566	15	1	-	582	(7)	(1)	(1)	-	(9)	559	14	-	-	573
Repayments, additional drawdowns and interest accrued	(140)	(9)	(4)	-	(153)	-	-	-	-	-	(140)	(9)	(4)	-	(153)
Derecognitions	(265)	(55)	(19)	-	(339)	2	3	7	-	12	(263)	(52)	(12)	-	(327)
Changes to assumptions	-	-	-	-	-	6	(1)	-	-	5	6	(1)	-	-	5
Balance at 31 Dec 2024	2,869	241	204	-	3,314	(23)	(16)	(29)	-	(68)	2,846	225	175	-	3,246
Balance at 1 Jan 2024	2,803	413	166	-	3,382	(30)	(21)	(21)	-	(72)	2,773	392	145	-	3,310
Transfers to/from stage 1	57	(56)	(1)	-	-	(2)	2	-	-	-	55	(54)	(1)	-	-
Transfers to/from stage 2	(88)	89	(1)	-	-	1	(1)	-	-	-	(87)	88	(1)	-	-
Transfers to/from stage 3	(33)	(41)	74	-	-	-	2	(2)	-	-	(33)	(39)	72	-	-
Net remeasurements due to transfers	-	-	-	-	-	2	(3)	(6)	-	(7)	2	(3)	(6)	-	(7)
New lending	418	6	-	-	424	(3)	-	-	-	(3)	415	6	-	-	421
Repayments, additional drawdowns and interest accrued	(139)	(17)	(20)	-	(176)	-	-	-	-	-	(139)	(17)	(20)	-	(176)
Derecognitions	(257)	(90)	(59)	-	(406)	2	4	2	-	8	(255)	(86)	(57)	-	(398)
Changes to assumptions	-	-	-	-	-	4	2	1	-	7	4	2	1	-	7
Balance at 30 Jun 2024	2,761	304	159	-	3,224	(26)	(15)	(26)	-	(67)	2,735	289	133	-	3,157

Notes to the condensed consolidated interim financial statements (unaudited)

6. Loans and advances to customers Continued

Loss allowance

	Gross carrying amount					Loss allowance					Net carrying amount				
Total lending	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
Balance at 1 Jan 2025	7,723	978	504	(1)	9,204	(39)	(29)	(124)	1	(191)	7,684	949	380	-	9,013
Transfers to/from stage 1	196	(187)	(9)	-	-	(6)	6	-	-	-	190	(181)	(9)	-	-
Transfers to/from stage 2	(254)	254	-	-	-	2	(2)	-	-	-	(252)	252	-	-	-
Transfers to/from stage 3	(48)	(31)	79	-	-	-	3	(3)	-	-	(48)	(28)	76	-	-
Net remeasurements due to transfers	-	-	-	-	-	6	(6)	(11)	-	(11)	6	(6)	(11)	-	(11)
New lending	1,082	90	6	-	1,178	(9)	(1)	-	-	(10)	1,073	89	6	-	1,168
Repayments, additional drawdowns and interest accrued	(215)	(28)	(5)	-	(248)	-	-	-	-	-	(215)	(28)	(5)	-	(248)
Derecognitions	(966)	(192)	(94)	-	(1,252)	12	6	20	-	38	(954)	(186)	(74)	-	(1,214)
Changes to assumptions	-	-	-	-	-	4	2	1	-	7	4	2	1	-	7
Balance at 30 Jun 2025	7,518	884	481	(1)	8,882	(30)	(21)	(117)	1	(167)	7,488	863	364	-	8,715
Balance at 1 Jul 2024	10,010	1,289	440	-	11,739	(52)	(32)	(112)	-	(196)	9,958	1,257	328	-	11,543
Transfers to/from stage 1	98	(85)	(13)	-	-	(5)	4	1	-	-	93	(81)	(12)	-	-
Transfers to/from stage 2	(62)	67	(5)	-	-	(1)	1	-	-	-	(63)	68	(5)	-	-
Transfers to/from stage 3	(111)	(13)	124	-	-	4	-	(4)	-	-	(107)	(13)	120	-	-
Net remeasurements due to transfers	-	-	-	-	-	4	(5)	(18)	-	(19)	4	(5)	(18)	-	(19)
New lending	964	103	1	-	1,068	(8)	(3)	(1)	-	(12)	956	100	-	-	1,056
Repayments, additional drawdowns and interest accrued	(259)	(40)	(9)	(1)	(309)	-	-	-	-	-	(259)	(40)	(9)	(1)	(309)
Derecognitions	(2,917)	(343)	(34)	-	(3,294)	7	6	10	-	23	(2,910)	(337)	(24)	-	(3,271)
Changes to assumptions	-	-	-	-	-	12	-	-	1	13	12	-	-	1	13
Balance at 31 Dec 2024	7,723	978	504	(1)	9,204	(39)	(29)	(124)	1	(191)	7,684	949	380	-	9,013
Balance at 1 Jan 2024	10,596	1,511	389	-	12,496	(63)	(43)	(93)	-	(199)	10,533	1,468	296	-	12,297
Transfers to/from stage 1	287	(283)	(4)	-	-	(6)	6	-	-	-	281	(277)	(4)	-	-
Transfers to/from stage 2	(347)	349	(2)	-	-	3	(3)	-	-	-	(344)	346	(2)	-	-
Transfers to/from stage 3	(81)	(87)	168	-	-	-	7	(7)	-	-	(81)	(80)	161	-	-
Net remeasurements due to transfers	-	-	-	-	-	5	(9)	(22)	-	(26)	5	(9)	(22)	-	(26)
New lending	752	44	-	-	796	(3)	-	-	-	(3)	749	44	-	-	793
Repayments, additional drawdowns and interest accrued	(359)	(81)	(24)	-	(464)	-	-	-	-	-	(359)	(81)	(24)	-	(464)
Derecognitions	(838)	(164)	(87)	-	(1,089)	4	5	10	-	19	(834)	(159)	(77)	-	(1,070)
Changes to assumptions	-	-	-	-	-	8	5	-	-	13	8	5	-	-	13
Balance at 30 Jun 2024	10,010	1,289	440	-	11,739	(52)	(32)	(112)	-	(196)	9,958	1,257	328	-	11,543

Notes to the condensed consolidated interim financial statements (unaudited)

7. Deposits by customer segment

Deposits by customer segment

	30 Jun 2025 £'million	31 Dec 2024 £'million	30 Jun 2024 £'million
Deposits from retail customers	6,913	7,753	8,904
Deposits from commercial customers	6,450	6,705	6,822
Total deposits from customers	13,363	14,458	15,726

Deposits by product

	30 Jun 2025 £'million	31 Dec 2024 £'million	30 Jun 2024 £'million
Demand: current accounts	5,682	5,791	5,662
Demand: savings accounts	6,991	7,534	8,108
Fixed term: savings accounts	690	1,133	1,956
Deposits from customers	13,363	14,458	15,726

8. Debt securities

Name	Issue date	Currency	Amount issued £'million	Coupon rate	Call date	Maturity date
Fixed rate reset callable (MREL) notes	30/11/23	GBP	525	12.000%	30/04/28	30/04/29
Fixed rate reset senior callable subordinated (Tier 2) notes	30/11/23	GBP	150	14.000%	30/04/29	30/04/34

8. Debt securities (continued)

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
At beginning of period	675	675	694
Movements in Micro Hedging	10	(1)	(19)
Unwind of issuance costs	-	1	-
At end of period	685	675	675

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

9. Lease liabilities

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
At beginning of period	205	230	234
Additions and modifications	1	1	-
Disposals	(13)	(20)	-
Lease payments made	(9)	(12)	(10)
Interest on lease liabilities	5	6	6
At end of period	189	205	230

Notes to the condensed consolidated interim financial statements (unaudited)

10. Share capital and other equity

Called up share capital (issued and fully paid)

The Bank has a single class of shares. As at 30 June 2025, the Bank had 673.1 million ordinary shares of 0.0001 pence (31 December 2024: 673.0 million) authorised and in issue. The called-up share capital reserve is used to record the nominal share capital. At 30 June 2025, the called-up share capital was £673.11 (31 December 2024: £672.98).

Share premium

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
At beginning of the period	144	144	144
At end of the period	144	144	144

Other equity instruments

Additional Tier 1 (AT1) securities which carry a discretionary coupon and have no fixed maturity or redemption date are classified as other equity instruments. Interest payments on these securities are recognised as distributions from equity in the period in which they are paid.

	Initial call date	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
At beginning of the period		-	-	-
Issued during the year:			-	-
13.875% Perpetual Subordinated Contingent Convertible Securities	26 March 2030	250	-	-
Cost of issuance		(8)	-	-
At end of the period		242	-	-

In March 2025, the Bank issued AT1 instruments in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities for £250 million (31 December 2024: Nil).

The principal terms of the AT1 securities are described below:

- The securities rank behind the claims against Metro Bank PLC of:
  - a) unsubordinated creditors;
  - b) claims which are expressed to be subordinated to the claims of unsubordinated creditors of Metro Bank PLC but not further or otherwise; or
  - c) claims which are, or are expressed to be, junior to the claims of other creditors of Metro Bank PLC, whether subordinated or unsubordinated, other than claims which rank, or are expressed to rank, pari passu with, or junior to, the claims of holders of the AT1 securities.
- The securities are undated and are redeemable, at the option of Metro Bank PLC, in whole on:
  - a) the initial reset date, or on any fifth anniversary after the initial reset date; or
  - b) any day falling in a named period ending on the initial reset date, or on any fifth anniversary after the initial reset date. In addition, the AT1 securities are redeemable, at the option of Metro Bank PLC, in whole in the event of certain changes in the tax or regulatory treatment of the securities. Any redemptions require the prior consent of the PRA.
- Interest on the securities will be due and payable only at the sole discretion of Metro Bank PLC, and Metro Bank PLC has sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date.

Notes to the condensed consolidated interim financial statements (unaudited)

11. Earnings per Share

Basic earnings per share ('EPS') is calculated by dividing the (loss)/profit attributable to ordinary equity holders of Metro Bank by the weighted average number of ordinary shares in issue during the period.

Diluted EPS has been calculated by dividing the (loss)/profit attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares that would be issued on the conversion to shares of options granted to colleagues.

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

	Half year to 30 Jun 2025	Half year to 31 Dec 2024	Half year to 30 Jun 2024
Profit/(loss) attributable to ordinary equity holders (£'million)	30.4	75.6	(33.1)
Weighted average number of ordinary shares in issue (thousands)			
Basic	673,025	672,864	672,704
Adjustment for share awards	8,379	2,466	-
Diluted	681,404	675,330	672,704
Earnings per share (pence)			
Basic	4.5	11.2	(4.9)
Diluted	4.5	11.2	(4.9)

Notes to the condensed consolidated interim financial statements (unaudited)

12. Fair value of financial instruments

	Carrying value £'million	Quoted market price Level 1 £'million	Using observable inputs Level 2 £'million	With significant unobservable inputs Level 3 £'million	Total fair value £'million
30 Jun 2025					
Assets					
Loan and advances to customers	8,715	-	-	8,735	8,735
Investment securities held at FVOCI	265	265	-	-	265
Investment securities held at amortised cost	3,781	2,557	1,146	-	3,703
Derivative financial assets	24	-	24	-	24
Liabilities					
Deposits from customers	13,363	-	-	13,362	13,362
Deposits from central banks	400	-	-	400	400
Debt securities	685	-	766	-	766
Repurchase agreements	131	-	-	131	131
31 Dec 2024					
Assets					
Loan and advances to customers	9,013	-	-	8,981	8,981
Investment securities held at FVOCI	377	377	-	-	377
Investment securities held at amortised cost	4,113	2,857	1,122	-	3,979
Derivative financial assets	16	-	16	-	16
Liabilities					
Deposits from customers	14,458	-	-	14,458	14,458
Deposits from central banks	400	-	-	400	400
Debt securities	675	-	711	-	711
Derivative financial liabilities	1	-	1	-	1
Repurchase agreements	391	-	-	391	391
30 Jun 2024					
Assets					
Loan and advances to customers	11,543	-	-	11,323	11,323
Investment securities held at FVOCI	347	347	-	-	347
Investment securities held at amortised cost	4,341	2,974	1,197	-	4,171
Derivative financial assets	19	-	19	-	19
Liabilities					
Deposits from customers	15,726	-	-	15,730	15,730
Deposits from central banks	3,050	-	-	3,050	3,050
Debt securities	675	-	553	-	553
Repurchase agreements	391	-	-	391	391

Notes to the condensed consolidated interim financial statements (unaudited)

12. Fair value of financial instruments continued

Cash and balances with other banks, trade and other receivables, trade and other payables, and other assets and liabilities which meet the definition of financial instruments are not included in the tables. Their carrying amount is a reasonable approximation of fair value.

An inverse relationship exists between interest rates and fair value and therefore as base rates have continued to rise this has seen the fair value of our fixed-rate financial instruments continue to remain below their carrying amount. As these financial instruments approach maturity their fair value will pull back to their carrying value.

The significant majority of our investment securities held at amortised cost are Bank of England eligible so are available for entering into repurchase agreements, should we need additional liquidity. The remainder of our investment securities are held at fair value and therefore market movements on these assets are already reflected in our reserves and capital ratios.

Information on how fair values are calculated are explained below:

Loans and advances to customers
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date, adjusted for future credit losses and prepayments, if considered material.

Investment securities
The fair value of investment securities is based on either observed market prices for those securities that have an active trading market (fair value Level 1 assets), or using observable inputs (in the case of fair value Level 2 assets).

Financial assets held at fair value through profit and loss
The financial assets at fair value through profit and loss relate to the loans and advances previously assumed by the RateSetter provision fund.

Deposits from customers
Fair values are estimated using discounted cash flows, applying current rates offered for deposits of similar remaining maturities. The fair value of a deposit repayable on demand is approximated by its carrying value.

Debt securities
Fair values are determined using the quoted market price at the balance sheet date.

Deposits from central banks/repurchase agreements
Fair values are estimated using discounted cash flows, applying current rates. Fair values approximate carrying amounts as their balances are generally short-dated.

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

Notes to the condensed consolidated interim financial statements (unaudited)

12. Fair value of financial instruments continued

During the half-year ended 30 June 2025, there were no transfers of financial instruments between Level 1, Level 2 or Level 3 of the fair value hierarchy.

Unobservable inputs used in measuring fair value

The following table sets out information about significant unobservable inputs used at 30 June 2025 and 31 December 2024 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

Type of Financial Instrument	Fair Value at 30 Jun 2025 £'million	Fair Value at 31 Dec 2024 £'million	Valuation Technique	Significant Unobservable Input
Retail Mortgages	5,166	5,123	Discounted cash flow	EIR profiles Expected prepayment rate Future credit losses and prepayments (where material)
Commercial Term Loans	1,892	1,555	Discounted cash flow	EIR profiles Expected prepayment rate Future credit losses and prepayments (where material)
SME Asset Finance Ltd and SME Invoice Finance Ltd	684	546	Discounted cash flow	EIR profiles Expected prepayment rate Future credit losses and prepayments (where material)
Fixed Term deposits	688	1,134	Discounted cash flow	EIR profiles Weighted average lives

Notes to the condensed consolidated interim financial statements (unaudited)

13. Contingent Liabilities

As part of the normal course of business we are subject to legal and regulatory matters. The matter outlined below represents a contingent liability and as such at the reporting date no provision has been made for this case within the financial statements. This is because, based on the facts currently known, it is not practicable to predict the outcome, if any, of this matter or reliably estimate any financial impact. Its inclusion does not constitute any admission of wrongdoing or legal liability.

Magic Money Machine litigation

Arkeyo LLC ("Arkeyo"), a software company based in the United States, filed a civil suit against us in June 2017 in the United States District Court for the Eastern District of Pennsylvania alleging, among other matters, that we misappropriated certain of Arkeyo's trade secret technology relating to money counting machines (i.e., our Magic Money Machines). Arkeyo has sought damages in respect of a number of claims and attempted to serve the US proceedings on us in the United Kingdom. This claim was decided in our favour on jurisdictional grounds. However, Arkeyo has filed a new claim with a stated value of over £24 million. We believe Arkeyo LLC's claims are without merit and are vigorously defending the claim.

14. Post balance sheet events

On 15 July 2025, the Bank of England published a revised Policy Statement outlining changes to its approach for setting the Minimum Requirement for Own Funds and Eligible Liabilities (MREL). A key change is the increase in the threshold for banks to be subject to MREL above capital requirements from £15 billion in total assets to a revised range of £25 billion to £40 billion. The Bank is assessing the implications of the updated policy on its capital planning and funding strategy.

Alternative Performance Measures (unaudited)

In the reporting of financial information, we use certain measures that are not required under IFRS, the Generally Accepted Accounting Principles, under which we report. These measures are consistent with those used by management to assess underlying performance and have been defined below. Financial statement lines marked with an * have been annualised in the calculation where a measure relates to a half year.

Cost of deposits

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

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Interest on customer deposits*	78.8	130.1	173.5
Average deposits from customer	13,686	15,041	16,026
Cost of deposits (annualised)	1.16%	1.72%	2.18%

Cost of risk

Expected credit loss expense divided by average gross loans.

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Expected credit loss expense*	6.3	0.9	6.2
Average gross lending	8,910	10,431	12,022
Cost of risk (annualised)	0.14%	0.01%	0.10%

Coverage ratio

Expected credit losses as a percentage of gross loans.

	30 Jun 2025 £'million	31 Dec 2024 £'million	30 Jun 2024 £'million
Expected credit losses	167	191	196
Gross loans and advances to customers	8,882	9,204	11,739
Coverage Ratio	1.88%	2.07%	1.67%

Loan-to-deposit ratio

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

	30 Jun 2025 £'million	31 Dec 2024 £'million	30 Jun 2024 £'million
Net loans and advances to customers	8,715	9,013	11,543
Deposits from customer	13,363	14,458	15,726
Loan-to-deposit ratio	65%	62%	73%

Net interest margin

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

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Net interest income*	222.9	206.0	171.9
Average interest-earning assets	15,643	18,481	21,131
Net interest margin (annualised)	2.87%	2.22%	1.64%

Underlying cost: income ratio

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

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Underlying operating expenses	234.7	255.8	254.6
Total underlying income	286.1	269.5	234.0
Underlying cost: income ratio	82%	95%	109%

Non-performing loan ratio

Gross balance of loans in stage 3 (non-preforming loans) as a percentage of gross loans at period-end.

	30 Jun 2025 £'million	31 Dec 2024 £'million	30 Jun 2024 £'million
Stage 3 loans	481	504	440
Loans and advances to customers	8,882	9,204	11,739
Non-performing loan ratio	5.42%	5.48%	3.75%

Tangible net asset value per share

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

	Half year to 30 Jun 2025 £'million	Half year to 31 Dec 2024 £'million	Half year to 30 Jun 2024 £'million
Shares in issue	673	673	673
Total equity (excl. other equity instruments)	1,216	1,183	1,104
Intangible assets	130	126	179
Tangible net asset value per share	£1.61	£1.57	£1.38

1. Coverage ratios calculated using underlying figures.

Alternative Performance Measures continued (unaudited)

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

Non-underlying item	Description	Reason for exclusion
Impairment and write-offs of property, plant, equipment and intangible assets	The costs associated with non-current assets that are either no longer being used by or are no longer generating future economic benefit for the business.	The impairments and write-offs relating to property, plant, equipment and intangible assets are removed as they distort comparison between years. This is on the basis that the write-offs and impairments relate to specific events and triggers which are not consistent between years.
Net C&I costs	These costs and income relate to the delivering the commitments associated with the Capability and Innovation Fund (awarded by BCR).	The commitments under the Capability and Innovation Fund have continued throughout H1 2025. The costs associated with fulfilling the commitments and associated income are felt to distort year-on-year comparison. Given the offsetting nature of the income and expenditure, there is no net impact on our profitability from this adjustment
Remediation costs	Remediation costs consist of money spent in relation to the RWA adjustment including the associated investigations by the PRA and FCA as well as work undertaken in relation to financial crime.	The remediation costs are felt to be time limited and will disappear once the investigations have concluded, as such these are removed to allow greater comparability between periods.
Transformation costs	Transformation costs primarily consist of the costs associated with redundancy programmes during the year as part of our approach to right-sizing teams as well as the costs of work undertaken to establish our cost reduction programme.	The transformation costs are seen as a nonrecurring cost stream aimed at addressing the challenges the business faces. These are therefore removed in order to prevent year-on-year distortion.
Portfolio sales	On 30 September 2024, we sold a portfolio of approximately £2.5 billion of prime residential mortgages to NatWest Group plc. We recognised a loss on the sale of £101.6 million. Subsequently, on 31 March 2025, we announced that we had completed on the sale of a £584 million portfolio of unsecured personal loans	During H2 2024 and H1 2025, we took proactive steps to strengthen the balance sheet and enable positive asset rotation. The sale of two portfolios including residential mortgages and unsecured personal loans supported our pivot towards the corporate, commercial and SME lending market and specialist mortgages. Large sales of loan portfolios are generally not considered in line with our business model. Given the infrequency of sales and the quantum of the gain both have been removed in order to prevent year-on-year distortion.
Costs associated with capital raise	In November 2023, shareholders approved a £925 million capital package which consisted of £150 million of new equity, £175 million of new MREL-eligible debt and £600 million of debt refinancing. Costs associated with the refinancing were expensed to the income statement, including the impact of discontinuing the previous hedge relationships. Alongside this a £100 million gain was recognised on the haircut agreed by Tier 2 bondholders.	The nature of the capital package meant it was both significant and one-off. The expense recognised in 2024 was near zero and as such is expected to be removed in H2 2025.

Alternative Performance Measures continued (unaudited)

	Statutory basis £'million	Impairment and write offs of PPE and intangible assets £'million	Net C&I costs £'million	Transformation costs £'million	Remediation costs £'million	Portfolio sales £'million	Costs associated with capital raise £'million	Underlying basis £'million
Half year to 30 Jun 2025								
Net interest income	222.9	-	-	-	-	-	-	222.9
Net fee and commission income	45.8	-	-	-	-	-	-	45.8
Net gains on sale of assets	5.3	-	-	-	-	(5.5)	-	(0.2)
Other income	18.8	-	(1.2)	-	-	-	-	17.6
Total income	292.8	-	(1.2)	-	-	(5.5)	-	286.1
General operating expenses	(212.3)	-	1.2	7.8	(0.4)	-	-	(203.7)
Depreciation and amortisation	(31.0)	-	-	-	-	-	-	(31.0)
Impairment and write offs of property, plant, equipment and intangible assets	(0.1)	0.1	-	-	-	-	-	-
Total operating expenses	(243.4)	0.1	1.2	7.8	(0.4)	-	-	(234.7)
Expected credit loss expense	(6.3)	-	-	-	-	-	-	(6.3)
Profit before tax	43.1	0.1	-	7.8	(0.4)	(5.5)	-	45.1
Half year to 31 Dec 2024								
Net interest income	206.0	-	-	-	-	-	-	206.0
Net fee and commission income	47.3	-	-	-	-	-	-	47.3
Net gains on sale of assets	(101.5)	-	-	-	-	101.4	-	(0.1)
Other income	17.4	-	(1.3)	-	-	0.2	-	16.3
Total income	169.2	-	(1.3)	-	-	101.6	-	269.5
General operating expenses	(264.0)	-	1.3	26.6	19.5	-	-	(216.6)
Depreciation and amortisation	(39.2)	-	-	-	-	-	-	(39.2)
Impairment and write offs of property, plant, equipment and intangible assets	(43.7)	43.7	-	-	-	-	-	-
Total operating expenses	(346.9)	43.7	1.3	26.6	19.5	-	-	(255.8)
Expected credit loss expense	(0.9)	-	-	-	-	-	-	(0.9)
(Loss)/profit before tax	(178.6)	43.7	-	26.6	19.5	101.6	-	12.8
Half year to 30 Jun 2024								
Net interest income	171.9	-	-	-	-	-	-	171.9
Net fee and commission income	45.9	-	-	-	-	-	-	45.9
Net gains on sale of assets	0.1	-	-	-	-	-	-	0.1
Other income	18.2	-	(2.1)	-	-	-	-	16.1
Total income	236.1	-	(2.1)	-	-	-	-	234.0
General operating expenses	(225.0)	-	2.1	4.5	1.8	-	0.1	(216.5)
Depreciation and amortisation	(38.1)	-	-	-	-	-	-	(38.1)
Impairment and write offs of property, plant, equipment and intangible assets	(0.3)	0.3	-	-	-	-	-	-
Total operating expenses	(263.4)	0.3	2.1	4.5	1.8	-	0.1	(254.6)
Expected credit loss expense	(6.2)	-	-	-	-	-	-	(6.2)
(Loss) before tax	(33.5)	0.3	-	4.5	1.8	-	0.1	(26.8)