



**Metro Bank Holdings PLC**  
**Pillar 3 2024**

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## Forward-looking statements

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

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## 1. Executive Summary

This Pillar 3 disclosure complements and expands on information disclosed in Metro Bank Holding PLC's ("Metro Bank" or "the Group") 2024 Annual Report and Accounts ('ARA'). It provides information on Metro Bank and its subsidiaries' regulatory capital resources and requirements, including a reconciliation of financial capital to regulatory capital, credit risk, market risk and operational requirements, and key ratios as required by Capital Requirements Regulations ('CRR'). Articles 431 to 455 of CRR specify the requirements of the Pillar 3 framework. The regulations came into force on 1 January 2022 and were implemented by the Prudential Regulation Authority ('PRA') through the PRA Rulebook.

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Common Equity Tier ('CET1') Ratio

**12.5%**

(2023: 13.1%)

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Tier 1 Capital Ratio

**12.5%**

(2023: 13.1%)

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Total Capital Ratio ('TCR')

**14.9%**

(2023: 15.1%)

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UK Leverage Ratio

**5.6%**

(2023: 5.3%)

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Liquidity Coverage Ratio ('LCR')

**337%<sup>1</sup>**

(2023: 332%)

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Risk Weighted Assets ('RWAs')

(£'million)

**6,442**

(2023: 7,533)

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Total assets as per published  
financial statements (£'million)

**17,582**

(2023: 22,245)

<sup>1</sup> LCR position as at 31 December 2024

# 1. Executive Summary continued

## Application of the Basel Framework

Pillar 3 disclosure requirements apply to banks, building societies and investment banks. These are designed to promote market discipline through the disclosure of key information about risk exposures and risk management processes.

The framework consists of three pillars:

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

Metro Bank Holdings PLC has four subsidiaries, of which one is dormant. Metro Bank Holdings PLC is regulated by the Prudential Regulatory Authority ('PRA'). There are no differences between the basis of consolidation for accounting and regulatory purposes. Further details on the Group's subsidiaries can be found in note 37 of the Company financial statements within the 2024 ARA.

There are no current or foreseen material practical or legal impediments to the prompt transfer of own funds or repayment of liabilities among our parent undertaking and our subsidiaries. We do not have any joint ventures.

## Scope

Metro Bank Holdings PLC is a UK based banking group that provides services to retail and commercial clients. It is authorised and regulated by the PRA and is required to comply with regulatory rules implemented by the PRA. These rules are enforced in the UK by the PRA and introduce consistent capital adequacy standards governing how much capital banks must hold to protect their depositors and shareholders.

This Pillar 3 report is prepared in accordance with the CRR. The report is also prepared in accordance with the PRA Rulebook.

This document sets out our 2024 Pillar 3 Disclosure in accordance with the rules laid out in the CRR (Part 8) and our Pillar 3 Policy Document. In meeting the regulatory requirements, this document provides information on Metro Bank's capital and liquidity position, risk management processes, regulatory methodologies, and disclosure. The purpose of these disclosures is to give information based on calculating Basel III capital requirements and on the management of the risks that we face.

## Basis of disclosure

We are required to report on the basis of our consolidated financial situation. Unless otherwise stated, all figures are as at 31 December 2024, our financial year end, with comparative figures for 31 December 2023 where relevant. Comparative figures are those for Metro Bank Holdings PLC.

The disclosures may differ from similar information in our Annual Report and Accounts prepared in accordance with International Financial Reporting Standards ('IFRS'); therefore, the information in these disclosures may not be directly comparable. For the year ended 31 December 2024 we used the Standardised Approach to credit risk and market risk and operational risk.

## Frequency of disclosures

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

## Exemption from disclosure

### 1. Materiality

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

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

We have omitted the following disclosures specified in CRR:

| Abbreviation | Template name  | Reason for omission                             |
|--------------|--|---|
| UK CR2a      | Changes in the stock of non-performing loans and advances and related net accumulated recoveries | NPE <5% therefore threshold to disclose not met |
| UK CQ2       | Quality of forbearance   | NPE <5% therefore threshold to disclose not met |
| UK CQ4       | Quality of non-performing exposures by geography   | Non-UK exposures <10%                           |
| UK CQ6       | Collateral valuation – loans and advances met  | NPE <5% therefore threshold to disclose not met |
| UK CQ8       | Collateral obtained by taking possession and execution processes – vintage breakdown             | NPE <5% therefore threshold to disclose not met |
| UK CCR3      | Standardised approach – CCR exposures by regulatory exposure class and risk weights              | Materiality, less than 1% of total RWAs         |
| UK CCR5      | Composition of collateral for CCR exposures  | Materiality, less than 1% of total RWAs         |
| UK MR1       | Market risk under the standardised approach  | Threshold to disclose not met                   |

## 1. Executive Summary continued

### 2 Proprietary or confidential information

In accordance with CRR Article 432 on materiality, confidentiality and proprietary and on disclosure frequency, firms may omit one or more disclosures if the information provided by such disclosures is regarded as proprietary or confidential. We consider information to be proprietary if sharing that information with the public would undermine our competitive position. Proprietary information may include information on products or systems which, if shared with competitors, would render our investments therein less valuable. We consider information to be confidential if there are obligations to customers or other counterparty relationships which bind us to confidentiality. No disclosures have been omitted because they are proprietary or confidential.

### 3 Non-applicable disclosures

| Abbreviation | Template Name  | Reason for omission   |
|--------------|--|---|
| UK INS1      | Insurance participations   | The Bank does not hold any insurance undertakings and hold any RWA or Capital |
| UK INS2      | Financial conglomerates information on own funds and capital adequacy ratio                                | The Bank does not hold any insurance undertakings and hold any RWA or Capital |
| UK PV1       | Prudent valuation adjustments (PVA)  | The Bank adopts simple method   |
| UK CQ7       | Collateral obtained by taking possession and execution processes   | The Bank does not take possession of collateral and recognise as an asset     |
| UK CR6       | Credit risk exposures by exposure class and PD range   | The Bank uses Standardised Approach for all exposures                         |
| UK CR6-A     | Scope of the use of IRB and SA approaches  | The Bank uses Standardised Approach for all exposures                         |
| UK CR7       | Effect on the RWEAs of credit derivatives used as CRM techniques   | The Bank uses Standardised Approach for all exposures                         |
| UK CR7-A     | Disclosure of the extent of the use of CRM techniques  | The Bank uses Standardised Approach for all exposures                         |
| UK CR8       | RWEA flow statements of credit risk exposures under the IRB approach                                       | The Bank uses Standardised Approach for all exposures                         |
| UK CR9       | Back-testing of PD per exposure class (fixed PD scale)   | The Bank uses Standardised Approach for all exposures                         |
| UK CR9.1     | Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR) | The Bank uses Standardised Approach for all exposures                         |
| UK CR10      | Specialised lending and equity exposures under the simple risk weighted approach                           | The Bank uses Standardised Approach for all exposures                         |

| Abbreviation | Template Name  | Reason for omission  |
|--------------|--|--|
| UK CCR4      | IRB approach – CCR exposures by exposure class and PD scale  | The Bank uses Standardised Approach for all exposures            |
| UK CCR6      | Credit derivatives exposures   | The Bank does not transact credit derivatives.                   |
| UK CCR7      | RWEA flow statements of CCR exposures under the IMM  | The Bank uses Standardised Approach for all exposures            |
| UK SEC2      | Securitisation exposures in the trading book   | The Bank does not have a trading book                            |
| UK SEC3      | Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor | The Bank does not originate or sponsor                           |
| UK SEC5      | Exposures securitised by the institution – Exposures in default and specific credit risk adjustments   | The Bank does not originate or sponsor                           |
| UK MR2-A     | Market risk under the internal Model Approach (IMA)  | The Bank does not use an Internal Model Approach for Market risk |
| UK MR2-B     | RWA flow statements of market risk exposures under the IMA   | The Bank does not use an Internal Model Approach for Market risk |
| UK MR3       | IMA values for trading portfolios  | The Bank does not use an Internal Model Approach for Market risk |
| UK MR4       | Comparison of VaR estimates with gains/losses  | The Bank does not use an Internal Model Approach for Market risk |

# 1. Executive Summary continued

## Comparatives

Comparatives are as at 31 December 2023 unless otherwise stated.

## Regulatory considerations

### Strategic pivot

The implementation of the strategic move towards more commercial and corporate lending will naturally lead to higher RWA percentages within the planning horizon. To support this, the timing of RWA growth and profit growth may be supplemented with opportunistic capital market transactions to help ensure capital levels remain at robust and sustainable levels.

### Basel 3.1

In September 2024, the PRA published the second near-final policy statement and rules covering the implementation of Basel 3.1 standards for credit risk, the output floor, reporting and disclosure requirements in response to consultation paper CP16/2. The implementation of the rules have been delayed a year to 1 Jan 2027, but we continue to prepare and based on our current balance sheet lending profile, the RWA impact has been estimated as broadly neutral.

### Capital framework consultation papers

Alongside the release of the Basel 3.1 policy statements a number of consultation papers were also released covering revisions to 2A capital framework and simplifying the capital regime. We remain engaged with the consultation process and have feedback our thoughts on whether the gap of standardised banks and IRB model banks are sufficiently closing under current proposals.

### Resolvability regime and MREL consultation

Financial institutions, with total assets greater than £15-25 billion, are subject to stringent MREL 'bail-in' requirements meaning that we will need to continue to hold and issue MREL eligible debt. We welcome recent consultation papers revising this threshold down to £20-£30 billion and are actively participating in the consultation process.

## Summary of risk profile and governance

Metro Bank has continued to focus on ensuring that a strong and effective regulatory reporting framework remains embedded within the Group.

Further details on our approach to risk management can be found on pages 32 to 42.

The Risk Oversight Committee ('ROC') meet throughout the year. Details can be found in the Board Activities and stakeholder engagement section of ARA on pages 54 to 58.

## Review by Board

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

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

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

### Marc Page

Chief Financial Officer

### Kirsten McLeod

Chief Risk Officer

22 April 2025

## 2. Scope of Application

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

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

|                    |   | 31 December 2024  |   |                                      |                              |   |                                      |  |
|--------------------|---|---|---|--------------------------------------|------------------------------|---|--------------------------------------|--|
|                    |   | Carrying values as reported in published financial statements | Carrying values under scope of regulatory consolidation | Subject to the credit risk framework | Subject to the CCR framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to own funds requirements or subject to deduction from own funds |
|                    |   | £million  | £million  | £million                             | £million                     | £million                                | £million                             | £million   |
| <b>Assets</b>      |   |   |   |                                      |                              |   |                                      |  |
| 1                  | Cash and balances with the Bank of England                  | 2,811   | 2,811   | 2,811                                | –                            | –                                       | –                                    | –  |
| 2                  | Loans and advances to customers                             | 9,013   | 9,013   | 9,013                                | –                            | –                                       | –                                    | –  |
| 3                  | Investment securities held at FVOCI                         | 377   | 377   | 377                                  | –                            | –                                       | –                                    | –  |
| 4                  | Investment securities held at amortised cost                | 4,113   | 4,113   | 2,929                                | –                            | 1,184                                   | –                                    | –  |
| 5                  | Financial assets held at fair value through profit and loss | –   | –   | –                                    | –                            | –                                       | –                                    | –  |
| 6                  | Derivative financial assets                                 | 16  | 16  | –                                    | 16                           | –                                       | –                                    | –  |
| 7                  | Property, plant and equipment                               | 711   | 711   | 711                                  | –                            | –                                       | –                                    | –  |
| 8                  | Intangible assets   | 126   | 126   | –                                    | –                            | –                                       | –                                    | 126  |
| 9                  | Prepayments and accrued income                              | 93  | 93  | 93                                   | –                            | –                                       | –                                    | –  |
| 10                 | Assets classified as held for sale                          | –   | –   | –                                    | –                            | –                                       | –                                    | –  |
| 11                 | Deferred tax asset  | 240   | 240   | –                                    | –                            | –                                       | –                                    | 240  |
| 12                 | Other assets  | 82  | 82  | 82                                   | –                            | –                                       | –                                    | –  |
| 13                 | <b>Total assets</b>   | <b>17,582</b>   | <b>17,582</b>   | <b>16,016</b>                        | <b>16</b>                    | <b>1,184</b>                            | <b>–</b>                             | <b>366</b>   |
| <b>Liabilities</b> |   |   |   |                                      |                              |   |                                      |  |
| 14                 | Deposits from customers                                     | 14,458  | 14,458  | –                                    | –                            | –                                       | –                                    | 14,458   |
| 15                 | Deposits from central banks                                 | 400   | 400   | –                                    | –                            | –                                       | –                                    | 400  |
| 16                 | Debt securities   | 675   | 675   | –                                    | –                            | –                                       | –                                    | 675  |
| 17                 | Repurchase agreements                                       | 391   | 391   | –                                    | 391                          | –                                       | –                                    | –  |
| 18                 | Derivative financial liabilities                            | 1   | 1   | –                                    | 1                            | –                                       | –                                    | –  |
| 19                 | Lease liabilities   | 205   | 205   | –                                    | –                            | –                                       | –                                    | 205  |
| 20                 | Deferred grants   | 13  | 13  | –                                    | –                            | –                                       | –                                    | 13   |
| 21                 | Provisions  | 11  | 11  | –                                    | –                            | –                                       | –                                    | 11   |
| 22                 | Deferred tax liability                                      | –   | –   | –                                    | –                            | –                                       | –                                    | –  |
| 23                 | Other liabilities   | 245   | 245   | –                                    | –                            | –                                       | –                                    | 245  |
| 24                 | <b>Total liabilities</b>                                    | <b>16,399</b>   | <b>16,399</b>   | <b>–</b>                             | <b>392</b>                   | <b>–</b>                                | <b>–</b>                             | <b>16,007</b>  |

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



## 2. Scope of Application continued

|                    |   | 31 December 2023  |   |                                      |                              |   |                                      |  |
|--------------------|---|---|---|--------------------------------------|------------------------------|---|--------------------------------------|--|
|                    |   | Carrying values as reported in published financial statements | Carrying values under scope of regulatory consolidation | Subject to the credit risk framework | Subject to the CCR framework | Subject to the securitisation framework | Subject to the market risk framework | Not subject to own funds requirements or subject to deduction from own funds |
|                    |   | £'million   | £'million   | £'million                            | £'million                    | £'million                               | £'million                            | £'million  |
| <b>Assets</b>      |   |   |   |                                      |                              |   |                                      |  |
| 1                  | Cash and balances with the Bank of England                  | 3,891   | 3,891   | 3,891                                | –                            | –                                       | –                                    | –  |
| 2                  | Loans and advances to customers                             | 12,297  | 12,297  | 12,297                               | –                            | –                                       | –                                    | –  |
| 3                  | Investment securities held at FVOCI                         | 476   | 476   | 476                                  | –                            | –                                       | –                                    | –  |
| 4                  | Investment securities held at amortised cost                | 4,403   | 4,403   | 3,261                                | –                            | 1,142                                   | –                                    | –  |
| 5                  | Financial assets held at fair value through profit and loss | –   | –   | –                                    | –                            | –                                       | –                                    | –  |
| 6                  | Derivative financial assets                                 | 36  | 36  | –                                    | 36                           | –                                       | –                                    | –  |
| 7                  | Property, plant and equipment                               | 723   | 723   | 723                                  | –                            | –                                       | –                                    | –  |
| 8                  | Intangible assets   | 193   | 193   | –                                    | –                            | –                                       | –                                    | 193  |
| 9                  | Prepayments and accrued income                              | 118   | 118   | 118                                  | –                            | –                                       | –                                    | –  |
| 10                 | Assets classified as held for sale                          | –   | –   | –                                    | –                            | –                                       | –                                    | –  |
| 11                 | Other assets  | 108   | 108   | 108                                  | –                            | –                                       | –                                    | –  |
| 12                 | <b>Total assets</b>   | <b>22,245</b>   | <b>22,245</b>   | <b>20,874</b>                        | <b>36</b>                    | <b>1,142</b>                            | <b>–</b>                             | <b>193</b>   |
| <b>Liabilities</b> |   |   |   |                                      |                              |   |                                      |  |
| 13                 | Deposits from customers                                     | 15,623  | 15,623  | –                                    | –                            | –                                       | –                                    | 15,623   |
| 14                 | Deposits from central banks                                 | 3,050   | 3,050   | –                                    | –                            | –                                       | –                                    | 3,050  |
| 15                 | Debt securities   | 694   | 694   | –                                    | –                            | –                                       | –                                    | 694  |
| 16                 | Repurchase agreements                                       | 1,191   | 1,191   | –                                    | 1,191                        | –                                       | –                                    | –  |
| 17                 | Derivative financial liabilities                            | –   | –   | –                                    | –                            | –                                       | –                                    | –  |
| 18                 | Lease liabilities   | 234   | 234   | –                                    | –                            | –                                       | –                                    | 234  |
| 19                 | Deferred grants   | 16  | 16  | –                                    | –                            | –                                       | –                                    | 16   |
| 20                 | Provisions  | 23  | 23  | –                                    | –                            | –                                       | –                                    | 23   |
| 21                 | Deferred tax liability                                      | 13  | 13  | –                                    | –                            | –                                       | –                                    | 13   |
| 22                 | Other liabilities   | 267   | 267   | –                                    | –                            | –                                       | –                                    | 267  |
| 23                 | <b>Total liabilities</b>                                    | <b>21,111</b>   | <b>21,111</b>   | <b>–</b>                             | <b>1,191</b>                 | <b>–</b>                                | <b>–</b>                             | <b>19,920</b>  |

## 2. Scope of Application continued

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

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

|    |  | 31 December 2024 |                       |                          |               |                       |
|----|--|------------------|-----------------------|--------------------------|---------------|-----------------------|
|    |  | Total            | Items subject to      |                          |               |                       |
|    |  |                  | Credit risk framework | Securitisation framework | CCR framework | Market risk framework |
|    |  | £'million        | £'million             | £'million                | £'million     | £'million             |
| 1  | <b>Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)</b>      | 17,216           | 16,016                | 1,184                    | 16            | –                     |
| 2  | <b>Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)</b> | 392              | –                     | –                        | 392           | –                     |
| 3  | <b>Total net amount under the regulatory scope of consolidation</b>  | 16,824           | 16,016                | 1,184                    | (376)         | –                     |
| 4  | <b>Off–balance–sheet amounts</b>   | 881              | 881                   | –                        | –             | –                     |
| 5  | <i>Differences in valuations</i>   | –                | –                     | –                        | –             | –                     |
| 6  | <i>Differences due to different netting rules, other than those already included in row 2</i>              | –                | –                     | –                        | –             | –                     |
| 7  | <i>Differences due to consideration of provisions</i>  | –                | –                     | –                        | –             | –                     |
| 8  | <i>Differences due to the use of credit risk mitigation techniques (CRMs)</i>                              | 342              | 62                    | (62)                     | 342           | –                     |
| 9  | <i>Differences due to credit conversion factors</i>  | (692)            | (692)                 | –                        | –             | –                     |
| 10 | <i>Differences due to Securitisation with risk transfer</i>  | –                | –                     | –                        | –             | –                     |
| 11 | <i>Other differences</i>   | 147              | 17                    | –                        | 130           | –                     |
| 12 | <b>Exposure amounts considered for regulatory purposes</b>   | 17,501           | 16,283                | 1,122                    | 96            | –                     |

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

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

## 2. Scope of Application continued

|    |   | 31 December 2023 |                       |                          |               |                       |
|----|---|------------------|-----------------------|--------------------------|---------------|-----------------------|
|    |   | Items subject to |                       |                          |               |                       |
|    |   | Total            | Credit risk framework | Securitisation framework | CCR framework | Market risk framework |
|    |   | £'million        | £'million             | £'million                | £'million     | £'million             |
| 1  | Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)      | 22,052           | 20,874                | 1,142                    | 36            | –                     |
| 2  | Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1) | 1,191            | –                     | –                        | 1,191         | –                     |
| 3  | Total net amount under the regulatory scope of consolidation  | 20,861           | 20,874                | 1,142                    | (1,155)       | –                     |
| 4  | Off-balance-sheet amounts   | 718              | 718                   | –                        | –             | –                     |
| 5  | <i>Differences in valuations</i>  | –                | –                     | –                        | –             | –                     |
| 6  | <i>Differences due to different netting rules, other than those already included in row 2</i>       | –                | –                     | –                        | –             | –                     |
| 7  | <i>Differences due to consideration of provisions</i>   | –                | –                     | –                        | –             | –                     |
| 8  | <i>Differences due to the use of credit risk mitigation techniques (CRMs)</i>                       | 1,129            | 67                    | (67)                     | 1,129         | –                     |
| 9  | <i>Differences due to credit conversion factors</i>   | (598)            | (598)                 | –                        | –             | –                     |
| 10 | <i>Differences due to Securitisation with risk transfer</i>   | –                | –                     | –                        | –             | –                     |
| 11 | <i>Other differences</i>  | 220              | 53                    | –                        | 167           | –                     |
| 12 | Exposure amounts considered for regulatory purposes   | 22,330           | 21,114                | 1,075                    | 141           | –                     |

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

|                             |                                    | 31 December 2024                   |                            |               |                                   |          |                           |
|-----------------------------|------------------------------------|------------------------------------|----------------------------|---------------|-----------------------------------|----------|---------------------------|
|                             |                                    | Method of regulatory consolidation |                            |               |                                   |          |                           |
| Name of entity              | Method of accounting consolidation | Full consolidation                 | Proportional consolidation | Equity method | Neither consolidated nor deducted | Deducted | Description of the entity |
| Metro Bank Holdings PLC     | Full consolidation                 | X                                  |                            |               |                                   |          | Holding company           |
| Metro Bank PLC              | Full consolidation                 | X                                  |                            |               |                                   |          | Banking                   |
| RDM Factors Limited         | Full consolidation                 | X                                  |                            |               |                                   |          | Dormant                   |
| SME Invoice Finance Limited | Full consolidation                 | X                                  |                            |               |                                   |          | Invoice financing         |
| SME Asset Finance Limited   | Full consolidation                 | X                                  |                            |               |                                   |          | Asset financing           |

## 3. Key Metrics and Risk Weighted Assets

**Table 4: UK KM1 – Key metrics**

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

|        |   | 31 December<br>2024 | 30 June<br>2024 | 31 December<br>2023 |
|--------|---|---------------------|-----------------|---------------------|
|        |   | £'million           | £'million       | £'million           |
|        | <b>Available own funds (amounts)</b>  |                     |                 |                     |
| 1      | Common Equity Tier 1 (CET1) capital   | 808                 | 937             | 985                 |
| 2      | Tier 1 capital  | 808                 | 937             | 985                 |
| 3      | Total capital   | 958                 | 1,087           | 1,135               |
|        | <b>Risk-weighted exposure amounts</b>   |                     |                 |                     |
| 4      | Total risk-weighted exposure amount   | 6,442               | 7,239           | 7,533               |
|        | <b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>                                  |                     |                 |                     |
| 5      | Common Equity Tier 1 ratio (%)  | 12.5%               | 12.9%           | 13.1%               |
| 6      | Tier 1 ratio (%)  | 12.5%               | 12.9%           | 13.1%               |
| 7      | Total capital ratio (%)   | 14.9%               | 15.0%           | 15.1%               |
|        | <b>Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)</b> |                     |                 |                     |
| UK 7a  | Additional CET1 SREP requirements (%)   | 0.2%                | 0.2%            | 0.2%                |
| UK 7b  | Additional AT1 SREP requirements (%)  | 0.1%                | 0.1%            | 0.1%                |
| UK 7c  | Additional T2 SREP requirements (%)   | 0.1%                | 0.1%            | 0.1%                |
| UK 7d  | Total SREP own funds requirements (%)   | 8.4%                | 8.4%            | 8.4%                |
|        | <b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>                     |                     |                 |                     |
| 8      | Capital conservation buffer (%)   | 2.5%                | 2.5%            | 2.5%                |
| 9      | Institution specific countercyclical capital buffer (%)   | 2.0%                | 2.0%            | 2.0%                |
| 11     | Combined buffer requirement (%)   | 4.5%                | 4.5%            | 4.5%                |
| UK 11a | Overall capital requirements (%)  | 12.9%               | 12.9%           | 12.9%               |
| 12     | CET1 available after meeting the total SREP own funds requirements (%)                                    | 7.8%                | 8.2%            | 8.4%                |
|        | <b>Leverage ratio</b>   |                     |                 |                     |
| 13     | Total exposure measure excluding claims on central banks  | 14,417              | 17,185          | 18,420              |
| 14     | Leverage ratio excluding claims on central banks (%)  | 5.6%                | 5.5%            | 5.3%                |
|        | <b>Liquidity Coverage Ratio<sup>1</sup></b>   |                     |                 |                     |
| 15     | Total high-quality liquid assets (HQLA) (Weighted value – average)  | 7,189               | 6,509           | 5,056               |
| UK 16a | Cash outflows – Total weighted value  | 2,184               | 2,279           | 2,335               |
| UK 16b | Cash inflows – Total weighted value   | 413                 | 242             | 256                 |
| 16     | Total net cash outflows (adjusted value)  | 1,854               | 2,037           | 2,079               |
| 17     | Liquidity coverage ratio (%)  | 444%                | 319%            | 244%                |
|        | <b>Net Stable Funding Ratio<sup>2</sup></b>   |                     |                 |                     |
| 18     | Total available stable funding  | 16,676              | 18,361          | 18,277              |
| 19     | Total required stable funding   | 10,475              | 12,512          | 13,442              |
| 20     | NSFR ratio (%)  | 160%                | 147%            | 136%                |

<sup>1</sup> LCR is based on 12-month average.

<sup>2</sup> NSFR is based on 4-quarter average.

### 3. Key Metrics and Risk Weighted Assets continued

**Table 5: UK KM2 – Key metrics: MREL**

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

|   |  | 31 December<br>2024 | 31 December<br>2023 |
|---|--|---------------------|---------------------|
|   |  | £'million           | £'million           |
| 1 | Total capital resources  | 958                 | 1,135               |
| 2 | Eligible senior unsecured instruments issued                             | 521                 | 520                 |
| 3 | Total MREL resources   | 1,479               | 1,655               |
| 4 | Total risk-weighted assets   | 6,442               | 7,533               |
| 5 | Total MREL resources as a percentage of total risk-weighted assets (%)   | 23.0%               | 22.0%               |
| 6 | UK leverage exposure measure   | 14,417              | 18,420              |
| 7 | Total MREL resources as a percentage of UK leverage exposure measure (%) | 10.3%               | 9.0%                |

### 3. Key Metrics and Risk Weighted Assets continued

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

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

|   | RWAs                |                     | Minimum capital requirements |                     |
|---|---------------------|---------------------|------------------------------|---------------------|
|   | 31 December<br>2024 | 31 December<br>2023 | 31 December<br>2024          | 31 December<br>2023 |
|   | £'million           | £'million           | £'million                    | £'million           |
| 1 Credit risk (excluding counterparty credit risk (CCR))                    | 5,572               | 6,667               | 446                          | 533                 |
| 2 <i>Of which the standardised approach</i>                                 | 5,572               | 6,667               | 446                          | 533                 |
| 6 Counterparty credit risk  | 19                  | 26                  | 2                            | 2                   |
| 7 <i>Of which the standardised approach</i>                                 | 19                  | 26                  | 2                            | 2                   |
| 8b <i>Of which CVA</i>  | 0                   | 0                   | 0                            | 0                   |
| 16 Securitisation exposures in the banking book (after the cap)             | 124                 | 129                 | 10                           | 10                  |
| 18 <i>Of which SEC-ERBA (including IAA)</i>                                 | 124                 | 129                 | 10                           | 10                  |
| 20 Market Risk  | –                   | –                   | –                            | –                   |
| 21 <i>Of which foreign currency risk</i>                                    | –                   | –                   | –                            | –                   |
| 23 Operational risk   | 720                 | 703                 | 58                           | 56                  |
| 23a <i>Of which basic indicator approach</i>                                | –                   | –                   | –                            | –                   |
| 23b <i>Of which standardised approach</i>                                   | 720                 | 703                 | 58                           | 56                  |
| 24 Amounts below the thresholds for deduction (subject to 250% risk weight) | 7                   | 8                   | 1                            | 1                   |
| 29 <b>Total</b>   | 6,442               | 7,533               | 515                          | 602                 |

#### The Internal Capital Adequacy Assessment Process (ICAAP)

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

Metro Bank's Pillar 2A requirement as at 31 December 2024 was 0.36% of RWAs bringing the bank's total capital requirement to 8.36% of RWAs.

## 4. Own Funds

### Required levels of Own Funds

CRR Article 92 describes the calculation of capital ratios and the use of different tiers of capital resource. Following the strengthening of the bank's capital position at the end of the prior year, 2024 has seen further consolidation and strengthening of capital ratios. The sale of a portfolio of residential mortgages to Natwest in Q3 supported this ending the year with total capital plus MREL of 23.0% (31 December 2023: 22.0%) providing both certainty to stakeholders and a platform for future growth.

### Tier 1 Capital

As at 31 December 2024, our capital base was made up of £ 808 million (31 December 2023: £985 million) of Tier 1 capital. Tier 1 capital consists of fully issued ordinary shares, satisfying all the criteria for a Tier 1 instrument as outlined in the PRA Rulebook, and audited reserves.

### Tier 2 Capital

Tier 2 capital is £150 million (31 December 2023: £150 million). Tier 2 capital consists of Fixed Rate Reset Callable Subordinated Notes due in 2034.

## 4. Own Funds continued

**Table 7: UK CC1 – Composition of regulatory own funds**

The table below summarises the composition of regulatory capital.

|   | Reference to<br>UK CC2 | 31 December<br>2024<br>£'million  | 31 December<br>2023<br>£'million |
|---|------------------------|---|----------------------------------|
| <b>Capital Resources</b>  |                        |   |                                  |
| 1   | <b>a</b>               | 144   | 144                              |
|   |                        | <i>of which: share premium</i>  | <i>144</i>                       |
| 2   | <b>b</b>               | 1,022   | 978                              |
| 3   | <b>c</b>               | 17  | 12                               |
| 5a  |                        | –   | –                                |
| 6   |                        | 1,183   | 1,134                            |
| <b>Statutory Total Equity per Financial Statements</b>          |                        |   |                                  |
| <b>Regulatory Capital adjustments</b>                           |                        |   |                                  |
| 7   |                        | (0)   | (0)                              |
| 8   | <b>d</b>               | (124)   | (189)                            |
| 10  | <b>e</b>               | (268)   | (14)                             |
| 25a   | <b>b</b>               | –   | –                                |
| 27a   |                        | 17  | 54                               |
| 28  |                        | (375)   | (149)                            |
| 29  |                        | 808   | 985                              |
| 45  |                        | 808   | 985                              |
| <b>Tier 1 capital</b>   |                        |   |                                  |
| <b>Tier 2 capital: Instruments and provisions</b>               |                        |   |                                  |
| 46  | <b>f</b>               | 150   | 150                              |
| 51  |                        | 150   | 150                              |
| 58  |                        | 150   | 150                              |
| 59  |                        | 958   | 1,135                            |
| 60  |                        | 6,442   | 7,533                            |
| <b>Total risk weighted assets</b>                               |                        |   |                                  |
| <b>Capital ratios and buffers</b>                               |                        |   |                                  |
| 61  |                        | 12.5%   | 13.1%                            |
| 62  |                        | 12.5%   | 13.1%                            |
| 63  |                        | 14.9%   | 15.1%                            |
| 64  |                        | 9.2%  | 9.2%                             |
|   |                        | Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount) |                                  |
| 65  |                        | 2.5%  | 2.5%                             |
| 66  |                        | 2.0%  | 2.0%                             |
| 68  |                        | 6.9%  | 7.4%                             |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b> |                        |   |                                  |
| 77  |                        | 70  | 84                               |



## 4. Own Funds continued

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

The following table shows the Group's consolidated accounting and regulatory balance sheets as at 31 December 2024, with references to show linkages to Table 7.

|                    |   | 31 December 2024                                   |   | 31 December 2023                                   |   |
|--------------------|---|--|---|--|---|
|                    |   | Balance sheet as in published financial statements | Under regulatory scope of consolidation | Balance sheet as in published financial statements | Under regulatory scope of consolidation |
|                    |   | £'million  | £'million                               | £'million  | £'million                               |
| <b>Assets</b>      |   |  |   |  |   |
| 1                  | Cash and balances with the Bank of England                  | 2,811  | 2,811                                   | 3,891  | 3,891                                   |
| 2                  | Loans and advances to customers                             | 9,013  | 9,013                                   | 12,297   | 12,297                                  |
| 3                  | Investment securities held at FVOCI                         | 377  | 377                                     | 476  | 476                                     |
| 4                  | Investment securities held at amortised cost                | 4,113  | 4,113                                   | 4,403  | 4,403                                   |
| 5                  | Financial assets held at fair value through profit and loss | –  | –                                       | –  | –                                       |
| 6                  | Derivative financial assets                                 | 16   | 16                                      | 36   | 36                                      |
| 7                  | Property, plant and equipment                               | 711  | 711                                     | 723  | 723                                     |
| 8                  | Intangible assets   | 126  | 126                                     | 193  | 193                                     |
| 9                  | Prepayments and accrued income                              | 93   | 93                                      | 118  | 118                                     |
| 10                 | Assets classified as held for sale                          | –  | –                                       | –  | –                                       |
| 11                 | Deferred tax asset  | 240  | 240                                     | –  | –                                       |
| 12                 | Other assets  | 82   | 82                                      | 108  | 108                                     |
| 13                 | <b>Total assets</b>   | <b>17,582</b>                                      | <b>17,582</b>                           | <b>22,245</b>                                      | <b>22,245</b>                           |
| <b>Liabilities</b> |   |  |   |  |   |
| 14                 | Deposits from customers                                     | 14,458   | 14,458                                  | 15,623   | 15,623                                  |
| 15                 | Deposits from central banks                                 | 400  | 400                                     | 3,050  | 3,050                                   |
| 16                 | Debt securities   | 675  | 675                                     | 694  | 694                                     |
| 17                 | Repurchase agreements                                       | 391  | 391                                     | 1,191  | 1,191                                   |
| 18                 | Derivative financial liabilities                            | 1  | 1                                       | –  | –                                       |
| 19                 | Lease liabilities   | 205  | 205                                     | 234  | 234                                     |
| 20                 | Deferred grants   | 13   | 13                                      | 16   | 16                                      |
| 21                 | Provisions  | 11   | 11                                      | 23   | 23                                      |
| 22                 | Deferred tax liability                                      | –  | –                                       | 13   | 13                                      |
| 23                 | Other liabilities   | 245  | 245                                     | 267  | 267                                     |
| 24                 | <b>Total liabilities</b>                                    | <b>16,399</b>                                      | <b>16,399</b>                           | <b>21,111</b>                                      | <b>21,111</b>                           |
| <b>Equity</b>      |   |  |   |  |   |
| 25                 | Called-up share capital                                     | –  | –                                       | –  | –                                       |
| 26                 | Share premium   | 144  | 144                                     | 144  | 144                                     |
| 27                 | Retained earnings   | 1,022  | 1,022                                   | 978  | 978                                     |
| 28                 | Other reserves  | 17   | 17                                      | 12   | 12                                      |
| 29                 | <b>Total shareholders' equity</b>                           | <b>1,183</b>                                       | <b>1,183</b>                            | <b>1,134</b>                                       | <b>1,134</b>                            |

## 4. Own Funds continued

**Table 9: IFRS 9 – Impact of IFRS 9 transitional arrangements and temporary treatment**

The table below is a comparison of the bank's own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs in accordance with CRR Article 468.

|                                       | 31 December<br>2024 | 31 December<br>2023 |
|---------------------------------------|---------------------|---------------------|
|                                       | £'million           | £'million           |
| <b>Available capital (amounts)</b>    |                     |                     |
| 1                                     | 808                 | 985                 |
| 2                                     | 791                 | 932                 |
| 3                                     | 808                 | 985                 |
| 4                                     | 791                 | 932                 |
| 5                                     | 958                 | 1,135               |
| 6                                     | 941                 | 1,082               |
| <b>Risk-weighted assets (amounts)</b> |                     |                     |
| 7                                     | 6,442               | 7,533               |
| 8                                     | 6,426               | 7,481               |
| <b>Capital ratios</b>                 |                     |                     |
| 9                                     | 12.5%               | 13.1%               |
| 10                                    | 12.3%               | 12.5%               |
| 11                                    | 12.5%               | 13.1%               |
| 12                                    | 12.3%               | 12.5%               |
| 13                                    | 14.9%               | 15.1%               |
| 14                                    | 14.6%               | 14.5%               |
| <b>Leverage ratio</b>                 |                     |                     |
| 15                                    | 14.417              | 18,420              |
| 16                                    | 5.6%                | 5.3%                |
| 17                                    | 5.5%                | 5.1%                |

## 4. Own Funds continued

**Table 10: UK CCA – Main features of regulatory own funds instruments and eligible liabilities instruments**

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

| <b>Capital Instruments main features</b> |   |                         |  |                                 |
|--|---|-------------------------|--|---------------------------------|
| 1  | Issuer  | Metro Bank Holdings PLC | Metro Bank Holdings PLC                      | Metro Bank Holdings PLC         |
| 2  | Unique identifier   | GB00BMX3W479            | XS2720121131/XS2720120919                    | XS2720120596/XS2720120679       |
| 2a                                       | Public or private placement   | Public                  | Public                                       | Public                          |
| 3  | Governing law(s) of the instrument  | English                 | English                                      | English                         |
| 3a                                       | Contractual recognition of write down and conversion powers of resolution authorities | n/a                     | Yes  | Yes                             |
| <b>Regulatory treatment</b>              |   |                         |  |                                 |
| 4  | Transitional CRR rules  | Common Equity Tier 1    | Tier 2                                       | Eligible Liabilities            |
| 5  | Post-transitional CRR rules   | Common Equity Tier 1    | Tier 2                                       | Eligible Liabilities            |
| 6  | Eligible at solo/(sub-)consolidated/solo and (sub-)consolidated                       | Consolidated            | Consolidated                                 | Consolidated                    |
| 7  | Instrument type (types to be specified by each jurisdiction)                          | Ordinary Shares         | Fixed Rate Reset Callable Subordinated Notes | Fixed Rate Reset Callable Notes |
| 8  | Amount recognised in regulatory capital (£)   | 144,372,335             | 150,000,000                                  | 520,883,372                     |
| 9  | Nominal amount of instrument (£)  | 672.68                  | 150,000,000                                  | 525,000,000                     |
| 9a                                       | Issue price   | Various                 | Par value                                    | Par value                       |
| 9b                                       | Redemption price  | n/a                     | 100%   | 100%                            |
| 10                                       | Accounting classification   | Equity                  | Liability – amortised cost                   | Liability – amortised cost      |
| 11                                       | Original date of issuance   | Various                 | 30/11/2023                                   | 30/11/2023                      |
| 12                                       | Perpetual or dated  | Perpetual               | Dated  | Dated                           |
| 13                                       | Original maturity date  | n/a                     | 30/04/2034                                   | 30/04/2029                      |
| 14                                       | Issuer call subject to prior supervisory approval                                     | n/a                     | Yes  | Yes                             |
| 15                                       | Optional call date, contingent call dates and redemption amount                       | n/a                     | 30/04/2029                                   | 30/04/2028                      |
| 16                                       | Subsequent call dates, if applicable  | n/a                     | None   | None                            |
| <b>Coupons/dividends</b>                 |   |                         |  |                                 |
| 17                                       | Fixed or floating dividend/coupon   | n/a                     | Fixed  | Fixed                           |
| 18                                       | Coupon rate and any related index   | n/a                     | 14.00%                                       | 12.00%                          |
| 19                                       | Existence of a dividend stopper   | n/a                     | No   | No                              |
| 20a                                      | Fully discretionary, partially discretionary or mandatory (in terms of timing)        | Fully discretionary     | Mandatory                                    | Mandatory                       |

## 4. Own Funds continued

|  |  |   |   |   |
|--|--|---|---|---|
| 20b                                      | Fully discretionary, partially discretionary or mandatory (in terms of amount) | Fully discretionary   | Mandatory   | Mandatory   |
| 21                                       | Existence of step up or other incentive to redeem                              | n/a   | No  | No  |
| 22                                       | Non-cumulative or cumulative   | Non-cumulative  | Non-cumulative  | Non-cumulative  |
| <b>Capital Instruments main features</b> |  |   |   |   |
| 23                                       | Convertible or non-convertible   | n/a   | Convertible   | Convertible   |
| 24                                       | If convertible, conversion trigger(s)  | n/a   | Statutory bail-in by the UK Resolution Authority  | Statutory bail-in by the UK Resolution Authority  |
| 25                                       | If convertible, fully or partially   | n/a   | Fully or Partially  | Fully or Partially  |
| 26                                       | If convertible, conversion rate  | n/a   | n/a   | n/a   |
| 27                                       | If convertible, mandatory or optional conversion                               | n/a   | n/a   | n/a   |
| 28                                       | If convertible, specify instrument type convertible into                       | n/a   | n/a   | n/a   |
| 29                                       | If convertible, specify issuer of instrument in converts into                  | n/a   | n/a   | n/a   |
| 30                                       | Write-down features  | n/a   | Yes   | Yes   |
| 31                                       | If write-down, write-down trigger(s)   | n/a   | Statutory bail-in by the UK Resolution Authority  | Statutory bail-in by the UK Resolution Authority  |
| 32                                       | If write-down, full or partial   | n/a   | Fully or Partially  | Fully or Partially  |
| 33                                       | If write-down, permanent or temporary  | n/a   | n/a   | n/a   |
| 34                                       | If temporary write-down, description of write-up mechanism                     | n/a   | n/a   | n/a   |
| 34a                                      | Type of subordination (only for eligible liabilities)                          | n/a   | Contractual   | Structural subordination  |
| 34b                                      | Ranking of the instrument in normal insolvency proceedings                     |   | Dated Subordinated Debt   | Unsecured and Unsubordinated Debt   |
| 35                                       | Position in subordination hierarchy in liquidation                             | n/a   | Dated Subordinated Debt   | Preferred Liabilities   |
| 36                                       | Non-compliant transitioned features  | n/a   | n/a   | n/a   |
| 37                                       | If yes, specify non-compliant features   | n/a   | n/a   | n/a   |
| 37a                                      | Link to the full term and conditions of the instrument (signposting)           | <a href="https://www.metrobankonline.co.uk/investor-relations/">https://www.metrobankonline.co.uk/investor-relations/</a> | <a href="https://www.metrobankonline.co.uk/investor-relations/">https://www.metrobankonline.co.uk/investor-relations/</a> | <a href="https://www.metrobankonline.co.uk/investor-relations/">https://www.metrobankonline.co.uk/investor-relations/</a> |

## 5. Countercyclical Buffer

**Table 11: UK CcyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer<sup>1</sup>**

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

|   |                | 31 December 2024                               |                                     |                      |  |  |           |                                |                               |                             |
|---|----------------|--|-------------------------------------|----------------------|--|--|-----------|--------------------------------|-------------------------------|-----------------------------|
|   |                | General credit exposures                       | Securitisation exposures            | Total exposure value | Own funds requirements                       |  |           | Risk-weighted exposure amounts | Own fund requirements weights | Countercyclical buffer rate |
|   |                | Exposure value under the standardised approach | Exposure value for non-trading book |                      | Relevant credit risk exposures – Credit Risk | Relevant credit exposures – Securitisation positions in the non-trading book | Total     |                                |                               |                             |
|   |                | £'million                                      | £'million                           | £'million            | £'million                                    | £'million  | £'million | £'million                      | (%)                           | (%)                         |
| 1 | United Kingdom | 10,298   | 1,026                               | 11,324               | 445  | 9  | 455       | 5,683                          | 99.77%                        | 2.00%                       |
| 2 | Ireland        | 6  | 0                                   | 6                    | 0  | 0  | 0         | 3                              | 0.05%                         | 1.50%                       |
| 3 | Singapore      | 2  | 0                                   | 2                    | 0  | 0  | 0         | 1                              | 0.01%                         | 0.00%                       |
| 2 | Luxembourg     | 0  | 96                                  | 96                   | 1  | 1  | 1         | 10                             | 0.17%                         | 0.50%                       |
| 5 | <b>Total</b>   | 10,306   | 1,122                               | 11,428               | 446  | 10   | 456       | 5,696                          | 100.0%                        |                             |

|   |                | 31 December 2023                               |                                     |                      |  |  |           |                                |                               |                             |
|---|----------------|--|-------------------------------------|----------------------|--|--|-----------|--------------------------------|-------------------------------|-----------------------------|
|   |                | General credit exposures                       | Securitisation exposures            | Total exposure value | Own funds requirements                       |  |           | Risk-weighted exposure amounts | Own fund requirements weights | Countercyclical buffer rate |
|   |                | Exposure value under the standardised approach | Exposure value for non-trading book |                      | Relevant credit risk exposures – Credit Risk | Relevant credit exposures – Securitisation positions in the non-trading book | Total     |                                |                               |                             |
|   |                | £'million                                      | £'million                           | £'million            | £'million                                    | £'million  | £'million | £'million                      | (%)                           | (%)                         |
| 1 | United Kingdom | 13,514   | 1,028                               | 14,541               | 530  | 10   | 544       | 6,792                          | 99.88%                        | 2.00%                       |
| 2 | Ireland        | 7  | 0                                   | 6                    | 0  | 0  | 0         | 3                              | 0.04%                         | 1.50%                       |
| 3 | Singapore      | 2  | 0                                   | 2                    | 0  | 0  | 0         | 1                              | 0.01%                         | 0.00%                       |
| 4 | Luxembourg     | 0  | 48                                  | 48                   | 0  | 0  | 0         | 5                              | 0.07%                         | 0.50%                       |
| 5 | <b>Total</b>   | 13,523   | 1,076                               | 14,599               | 534  | 10   | 544       | 6,800                          | 100.0%                        |                             |

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

**Table 12: UK CcyB2 – Amount of institution-specific countercyclical capital buffer**

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

|   |   | 31 December 2024 | 31 December 2023 |
|---|---|------------------|------------------|
|   |   | £'million        | £'million        |
| 1 | Total risk exposure amount                                      | 6,442            | 7,533            |
| 2 | Institution specific countercyclical capital buffer rate        | 2.00%            | 2.00%            |
| 3 | Institution specific countercyclical capital buffer requirement | 129              | 151              |

## 6. Leverage

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

We actively monitor and manage excessive leverage:

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

Our leverage ratio at 31 December 2024 was 5.6% (31 December 2023: 5.3%). Tables 13 to 15 provide more detail on the components of the exposure measure used to calculate our leverage ratio, disclosed in accordance with the templates prescribed by the PRA.

The increase in Leverage is driven by the sale of the mortgages to Natwest partially offset by a decrease due to the deferred tax asset (DTA) capital deduction.

**Table 13: UK LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures**

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

|  | 31 December<br>2024 | 31 December<br>2023 |
|--|---------------------|---------------------|
|  | £'million           | £'million           |
| 1 <b>Total assets as per published financial statements</b>  | 17,582              | 22,246              |
| 2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation | –                   | –                   |
| 4 Adjustment for exemption of exposures to central banks   | (2,596)             | (4,126)             |
| 8 Adjustments for derivative financial instruments   | 45                  | 78                  |
| 9 Adjustments for securities financing transactions ('SFTs') <sup>1</sup>  | 47                  | 55                  |
| 10 Adjustments for off-balance sheet items   | 210                 | 141                 |
| 12 Other adjustments   | (871)               | 27                  |
| 13 <b>Total leverage ratio exposure</b>  | <b>14,417</b>       | <b>18,421</b>       |

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

## 6. Leverage continued

**Table 14: UK LR2 – LRCom: Leverage ratio common disclosure**

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

|   | 31 December<br>2024 | 31 December<br>2023 |
|---|---------------------|---------------------|
|   | £'million           | £'million           |
| <b>On-balance sheet exposures (excluding derivative and SFTs)</b> |                     |                     |
| 1   | 17,086              | 22,422              |
| 6   | (375)               | (150)               |
| 7   | <b>16,711</b>       | <b>22,271</b>       |
| <b>Derivative Exposures</b>                                       |                     |                     |
| 8   | 21                  | 51                  |
| 9   | 24                  | 28                  |
| 13  | <b>45</b>           | <b>79</b>           |
| <b>Securities financing transaction (SFT) exposures</b>           |                     |                     |
| 16  | 47                  | 55                  |
| 18  | <b>47</b>           | <b>55</b>           |
| <b>Other off-balance sheet exposures</b>                          |                     |                     |
| 19  | 882                 | 719                 |
| 20  | (672)               | (577)               |
| 22  | <b>210</b>          | <b>141</b>          |
| <b>Capital and total exposure measure</b>                         |                     |                     |
| 23  | 808                 | 985                 |
| 24  | 17,013              | 22,546              |
| UK 24a  | (2,596)             | (4,126)             |
| UK24b   | <b>14,417</b>       | <b>18,420</b>       |
| <b>Leverage ratio</b>   |                     |                     |
| 25  | 5.6%                | 5.3%                |
| UK-25a  | 5.6%                | 5.1%                |
| UK-25c  | 4.7%                | 4.4%                |

## 6. Leverage continued

**Table 15: UK LR3 LRSpl Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)**

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

|   | 31 December<br>2024            | 31 December<br>2023            |
|---|--------------------------------|--------------------------------|
|   | UK leverage<br>ratio exposures | UK leverage<br>ratio exposures |
|   | £'million                      | £'million                      |
| 1 <b>Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:</b> | 14,115                         | 18,145                         |
| 3 Banking book exposures, of which:   | 14,115                         | 18,145                         |
| 4 Covered bonds   | 561                            | 706                            |
| 5 Exposures treated as sovereigns   | 786                            | 1,149                          |
| 6 Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns   | 1,465                          | 1,614                          |
| 7 Institutions  | 2                              | 7                              |
| 8 Secured by mortgages of immovable property  | 6,159                          | 9,031                          |
| 9 Retail exposures  | 1,334                          | 2,088                          |
| 10 Corporate  | 1,194                          | 956                            |
| 11 Exposures in default   | 363                            | 278                            |
| 12 Other exposures (e.g. equity, securitisations and other non-credit obligation assets)                  | 2,250                          | 2,316                          |



## 7. Liquidity

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

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

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

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

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

Treasury is responsible for managing the liquidity position of the Bank on a day-to-day basis to ensure compliance with the PRA's overall liquidity adequacy rule and any Metro Bank-specific limits and risk appetites and is the first line of defence at Metro Bank. The Bank operates a Three Lines of Defence model to provide challenge, oversight, and assurance of the management of liquidity by Treasury. ALCO has been established as the executive management committee which is responsible for managing the Bank's balance sheet and all associated balance sheet risks therein, including Liquidity and Funding Risk .

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

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

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

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

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

## 7. Liquidity continued

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

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

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

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

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

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

## 7. Liquidity continued

**Table 16: UK LIQ1 – Quantitative information of LCR**

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

|                                   |   | Total unweighted value (average) |                   |              |               | Total weighted value (average) |                   |              |               |
|-----------------------------------|---|----------------------------------|-------------------|--------------|---------------|--------------------------------|-------------------|--------------|---------------|
| UK 1a                             | Quarter ending on   | 31 December 2024                 | 30 September 2024 | 30 June 2024 | 31 March 2024 | 31 December 2024               | 30 September 2024 | 30 June 2024 | 31 March 2024 |
| UK 1b                             | Number of data points used in the calculation of averages   | 12                               | 12                | 12           | 12            | 12                             | 12                | 12           | 12            |
| <b>High-quality liquid assets</b> |   | £'million                        | £'million         | £'million    | £'million     | £'million                      | £'million         | £'million    | £'million     |
| 1                                 | Total high-quality liquid assets (HQLA)   |                                  |                   |              |               | 7,189                          | 6,919             | 6,509        | 5,820         |
| <b>Cash – outflows</b>            |   |                                  |                   |              |               |                                |                   |              |               |
| 2                                 | Retail deposits and deposits from small business customers, of which:   | 12,820                           | 12,668            | 12,590       | 12,400        | 916                            | 905               | 914          | 915           |
| 3                                 | <i>Stable deposits</i>  | 6,536                            | 6,470             | 6,534        | 6,628         | 327                            | 324               | 327          | 331           |
| 4                                 | <i>Less stable deposits</i>   | 5,095                            | 5,023             | 5,025        | 4,940         | 588                            | 580               | 586          | 583           |
| 5                                 | Unsecured wholesale funding   | 2,556                            | 2,620             | 2,792        | 2,909         | 1,053                          | 1,091             | 1,155        | 1,195         |
| 6                                 | <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>  | 683                              | 675               | 739          | 803           | 171                            | 169               | 185          | 201           |
| 7                                 | <i>Non-operational deposits (all counterparties)</i>  | 1,873                            | 1,946             | 2,053        | 2,105         | 882                            | 923               | 970          | 994           |
| 8                                 | <i>Unsecured debt</i>   | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| 9                                 | <i>Secured wholesale funding</i>  | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| 10                                | Additional requirements   | 136                              | 110               | 85           | 62            | 35                             | 31                | 25           | 19            |
| 11                                | <i>Outflows related to derivative exposures and other collateral requirements</i>   | 26                               | 24                | 19           | 15            | 26                             | 24                | 19           | 15            |
| 12                                | <i>Outflows related to loss of funding on debt products</i>   | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| 13                                | <i>Credit and liquidity facilities</i>  | 110                              | 87                | 65           | 47            | 9                              | 7                 | 6            | 5             |
| 14                                | Other contractual funding obligations   | 65                               | 66                | 71           | 77            | 7                              | 9                 | 12           | 21            |
| 15                                | Other contingent funding obligations  | 783                              | 765               | 789          | 773           | 172                            | 166               | 172          | 164           |
| 16                                | <b>Total cash outflows</b>  |                                  |                   |              |               | 2,184                          | 2,203             | 2,279        | 2,315         |
| <b>Cash – inflows</b>             |   |                                  |                   |              |               |                                |                   |              |               |
| 17                                | Secured lending (e.g. reverse repos)  | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| 18                                | Inflows from fully performing exposures   | 199                              | 222               | 234          | 251           | 156                            | 175               | 184          | 197           |
| 19                                | Other cash inflows  | 490                              | 479               | 274          | 276           | 257                            | 255               | 57           | 58            |
| UK–19a                            | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) |                                  |                   |              |               | –                              | –                 | –            | –             |
| UK–19b                            | (Excess inflows from a related specialised credit institution)  |                                  |                   |              |               | –                              | –                 | –            | –             |
| 20                                | Total cash inflows  | 689                              | 701               | 508          | 527           | 413                            | 430               | 242          | 254           |
| UK–20a                            | <i>Fully exempt inflows</i>   | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| UK–20b                            | <i>Inflows subject to 90% cap</i>   | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| UK–20c                            | <i>Inflows subject to 75% cap</i>   | 689                              | 701               | 508          | 527           | 413                            | 430               | 242          | 254           |
| <b>Total adjusted value</b>       |   |                                  |                   |              |               |                                |                   |              |               |
| UK–21                             | <b>Liquidity buffer</b>   |                                  |                   |              |               | 7,189                          | 6,919             | 6,509        | 5,820         |
| 22                                | <b>Total net cash outflows</b>  |                                  |                   |              |               | 1,854                          | 1,856             | 2,037        | 2,061         |
| 23                                | <b>Liquidity coverage ratio</b>   |                                  |                   |              |               | 444%                           | 429%              | 319%         | 283%          |

## 7. Liquidity continued

|                                   |   | Total unweighted value (average) |                   |              |               | Total weighted value (average) |                   |              |               |
|-----------------------------------|---|----------------------------------|-------------------|--------------|---------------|--------------------------------|-------------------|--------------|---------------|
| UK 1a                             | Quarter ending on   | 31 December 2023                 | 30 September 2023 | 30 June 2023 | 31 March 2023 | 31 December 2023               | 30 September 2023 | 30 June 2023 | 31 March 2023 |
| UK 1b                             | Number of data points used in the calculation of averages   | 12                               | 12                | 12           | 12            | 12                             | 12                | 12           | 12            |
| <b>High-quality liquid assets</b> |   | £'million                        | £'million         | £'million    | £'million     | £'million                      | £'million         | £'million    | £'million     |
| 1                                 | Total high-quality liquid assets (HQLA)   |                                  |                   |              |               | 5,056                          | 4,983             | 5,063        | 5,548         |
| <b>Cash – outflows</b>            |   |                                  |                   |              |               |                                |                   |              |               |
| 2                                 | Retail deposits and deposits from small business customers, of which:   | 12,188                           | 12,419            | 12,547       | 12,689        | 920                            | 955               | 969          | 978           |
| 3                                 | <i>Stable deposits</i>  | 6,758                            | 6,977             | 7,142        | 7,277         | 338                            | 349               | 357          | 364           |
| 4                                 | <i>Less stable deposits</i>   | 4,851                            | 5,016             | 5,049        | 5,060         | 581                            | 605               | 611          | 614           |
| 5                                 | Unsecured wholesale funding   | 2,971                            | 3,144             | 3,248        | 3,359         | 1,223                          | 1,286             | 1,339        | 1,393         |
| 6                                 | <i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>  | 905                              | 1,033             | 1,104        | 1,158         | 226                            | 258               | 276          | 290           |
| 7                                 | <i>Non-operational deposits (all counterparties)</i>  | 2,066                            | 2,110             | 2,114        | 2,201         | 997                            | 1,028             | 1,063        | 1,103         |
| 8                                 | <i>Unsecured debt</i>   | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| 9                                 | <i>Secured wholesale funding</i>  |                                  |                   |              |               | 0                              | 0                 | –            | 1             |
| 10                                | Additional requirements   | 65                               | 82                | 103          | 132           | 16                             | 14                | 16           | 19            |
| 11                                | <i>Outflows related to derivative exposures and other collateral requirements</i>   | 10                               | 7                 | 6            | 7             | 10                             | 7                 | 6            | 7             |
| 12                                | <i>Outflows related to loss of funding on debt products</i>   | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| 13                                | <i>Credit and liquidity facilities</i>  | 55                               | 76                | 97           | 125           | 6                              | 7                 | 10           | 12            |
| 14                                | Other contractual funding obligations   | 79                               | 77                | 96           | 89            | 21                             | 18                | 19           | 12            |
| 15                                | Other contingent funding obligations  | 752                              | 860               | 965          | 1,046         | 155                            | 190               | 226          | 256           |
| 16                                | <b>Total cash outflows</b>  |                                  |                   |              |               | 2,335                          | 2,463             | 2,569        | 2,658         |
| <b>Cash – inflows</b>             |   |                                  |                   |              |               |                                |                   |              |               |
| 17                                | Secured lending (e.g. reverse repos)  | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| 18                                | Inflows from fully performing exposures   | 253                              | 247               | 255          | 260           | 197                            | 190               | 197          | 202           |
| 19                                | Other cash inflows  | 284                              | 292               | 298          | 296           | 59                             | 60                | 61           | 60            |
| UK–19a                            | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) |                                  |                   |              |               | –                              | –                 | –            | –             |
| UK–19b                            | (Excess inflows from a related specialised credit institution)  |                                  |                   |              |               | –                              | –                 | –            | –             |
| 20                                | Total cash inflows  | 536                              | 539               | 553          | 555           | 256                            | 250               | 258          | 262           |
| UK–20a                            | <i>Fully exempt inflows</i>   | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| UK–20b                            | <i>Inflows subject to 90% cap</i>   | –                                | –                 | –            | –             | –                              | –                 | –            | –             |
| UK–20c                            | <i>Inflows subject to 75% cap</i>   | 536                              | 539               | 553          | 555           | 256                            | 250               | 258          | 262           |
| <b>Total adjusted value</b>       |   |                                  |                   |              |               |                                |                   |              |               |
| UK–21                             | <b>Liquidity buffer</b>   |                                  |                   |              |               | 5,056                          | 4,983             | 5,063        | 5,548         |
| 22                                | <b>Total net cash outflows</b>  |                                  |                   |              |               | 2,079                          | 2,213             | 2,311        | 2,396         |
| 23                                | <b>Liquidity coverage ratio</b>   |                                  |                   |              |               | 244%                           | 226%              | 219%         | 231%          |

## 7. Liquidity continued

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

The Bank has strong liquidity and funding regulatory ratios. The LCR as at December 2024 is 337% (December 2023 - 332%) and the 12 month average for 2024 is 444% (2023 - 244%).

The Bank's LCR has remained high throughout 2024 due to a successful deposit raising campaign at the beginning of the year, and conservative liquidity management. The Bank's average LCR increased significantly in H2 2024 due to the sale of residential mortgages to NatWest in September, which increased LCR due to expected sale proceeds.

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

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

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

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

## 7. Liquidity continued

**Table 17: UK LIQ2 – Net Stable Funding Ratio**

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

|        |  | 31 December 2024                      |            |                   |           |                |
|--------|--|---------------------------------------|------------|-------------------|-----------|----------------|
|        |  | Unweighted value by residual maturity |            |                   |           | Weighted value |
|        |  | No maturity                           | < 6 months | 6 months to < 1yr | > 1 yr    |                |
|        |  | £'million                             | £'million  | £'million         | £'million | £'million      |
|        | <b>Available stable funding (ASF) Items</b>  |                                       |            |                   |           |                |
| 1      | Capital items and instruments  | 1,110                                 | –          | –                 | 150       | 1,260          |
| 2      | <i>Own funds</i>   | 1,110                                 | –          | –                 | 150       | 1,260          |
| 3      | <i>Other capital instruments</i>   |                                       | –          | –                 | –         | –              |
| 4      | Retail deposits  |                                       | 12,037     | 437               | 146       | 11,730         |
| 5      | <i>Stable deposits</i>   |                                       | 6,955      | 193               | 78        | 6,868          |
| 6      | <i>Less stable deposits</i>  |                                       | 5,083      | 243               | 69        | 4,862          |
| 7      | Wholesale funding:   |                                       | 3,581      | 253               | 1,819     | 3,165          |
| 8      | <i>Operational deposits</i>  |                                       | 535        | –                 | –         | 268            |
| 9      | <i>Other wholesale funding</i>   |                                       | 3,046      | 253               | 1,819     | 2,897          |
| 10     | Interdependent liabilities   |                                       | –          | –                 | –         | –              |
| 11     | Other liabilities:   | 31                                    | 528        | –                 | 521       | 521            |
| 12     | <i>NSFR derivative liabilities</i>   | 31                                    |            |                   |           |                |
| 13     | <i>All other liabilities and capital instruments not included in the above categories</i>  |                                       | 528        | –                 | 521       | 521            |
| 14     | <b>Total available stable funding (ASF)</b>  |                                       |            |                   |           | 16,676         |
| 15     | Total high-quality liquid assets (HQLA)  |                                       |            |                   |           | 626            |
| 1K–15a | Assets encumbered for more than 12m in cover pool  |                                       | –          | –                 | –         | –              |
| 16     | Deposits held at other financial institutions for operational purposes   |                                       | –          | –                 | –         | –              |
| 17     | Performing loans and securities:   |                                       | 494        | 277               | 9,788     | 8,357          |
| 18     | <i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>                                    |                                       | –          | –                 | –         | –              |
| 19     | <i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>          |                                       | 80         | 4                 | 143       | 153            |
| 20     | <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>               |                                       | 346        | 166               | 3,056     | 4,550          |
| 21     | <i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>  |                                       | –          | –                 | –         | 1,652          |
| 22     | <i>Performing residential mortgages, of which:</i>   |                                       | 63         | 78                | 6,417     | 3,490          |
| 23     | <i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>  |                                       | 63         | 71                | 6,249     | 3,386          |
| 24     | <i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i> |                                       | –          | 30                | 172       | 164            |
| 25     | Interdependent assets  |                                       | –          | –                 | –         | –              |
| 26     | Other assets:  |                                       | 118        | 14                | 1,346     | 1,446          |
| 27     | <i>Physical traded commodities</i>   |                                       |            |                   | –         | –              |
| 28     | <i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>   |                                       | 15         | –                 | –         | 13             |
| 29     | <i>NSFR derivative assets</i>  |                                       | –          |                   |           | –              |
| 30     | <i>NSFR derivative liabilities before deduction of variation margin posted</i>   |                                       | 31         |                   |           | 2              |
| 31     | <i>All other assets not included in the above categories</i>   |                                       | 72         | 14                | 1,346     | 1,432          |
| 32     | Off-balance sheet items  |                                       | 905        | –                 | –         | 45             |
| 33     | <b>Total RSF</b>   |                                       |            |                   |           | 10,475         |
| 34     | <b>Net Stable Funding Ratio (%)</b>  |                                       |            |                   |           | 160%           |

## 7. Liquidity continued

|        |  | 31 December 2023                      |            |                   |           |                |
|--------|--|---------------------------------------|------------|-------------------|-----------|----------------|
|        |  | Unweighted value by residual maturity |            |                   |           | Weighted value |
|        |  | No maturity                           | < 6 months | 6 months to < 1yr | > 1 yr    |                |
|        |  | £'million                             | £'million  | £'million         | £'million | £'million      |
|        | <b>Available stable funding (ASF) Items</b>  |                                       |            |                   |           |                |
| 1      | Capital items and instruments  | 1,057                                 | –          | –                 | 225       | 1,282          |
| 2      | <i>Own funds</i>   | 1,057                                 | –          | –                 | 225       | 1,282          |
| 3      | <i>Other capital instruments</i>   |                                       | –          | –                 | –         | –              |
| 4      | Retail deposits  |                                       | 11,788     | 392               | 162       | 11,480         |
| 5      | <i>Stable deposits</i>   |                                       | 6,919      | 209               | 91        | 6,863          |
| 6      | <i>Less stable deposits</i>  |                                       | 4,868      | 183               | 71        | 4,617          |
| 7      | Wholesale funding:   |                                       | 3,760      | 41                | 3,635     | 5,124          |
| 8      | <i>Operational deposits</i>  |                                       | 784        | –                 | –         | 392            |
| 9      | <i>Other wholesale funding</i>   |                                       | 2,975      | 41                | 3,635     | 4,732          |
| 10     | Interdependent liabilities   |                                       | –          | –                 | –         | –              |
| 11     | Other liabilities:   | 35                                    | 459        | –                 | 391       | 391            |
| 12     | <i>NSFR derivative liabilities</i>   | 35                                    |            |                   |           |                |
| 13     | <i>All other liabilities and capital instruments not included in the above categories</i>  |                                       | 459        | –                 | 391       | 391            |
| 14     | <b>Total available stable funding (ASF)</b>  |                                       |            |                   |           | 18,277         |
| 15     | Total high-quality liquid assets (HQLA)  |                                       |            |                   |           | 1,528          |
| 1K–15a | Assets encumbered for more than 12m in cover pool  |                                       | –          | –                 | –         | –              |
| 16     | Deposits held at other financial institutions for operational purposes   |                                       | –          | –                 | –         | –              |
| 17     | Performing loans and securities:   |                                       | 535        | 331               | 12,188    | 10,499         |
| 18     | <i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>                                    |                                       | –          | –                 | –         | –              |
| 19     | <i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>          |                                       | 145        | 6                 | 76        | 93             |
| 20     | <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>               |                                       | 288        | 215               | 3,721     | 3,415          |
| 21     | <i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>  |                                       | –          | –                 | 0         | 0              |
| 22     | <i>Performing residential mortgages, of which:</i>   |                                       | 94         | 110               | 8,066     | 6,694          |
| 23     | <i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>  |                                       | 89         | 103               | 7,781     | 6,445          |
| 24     | <i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i> |                                       | 8          | –                 | 325       | 297            |
| 25     | Interdependent assets  |                                       | –          | –                 | –         | –              |
| 26     | Other assets:  | –                                     | 103        | 16                | 1,294     | 1,379          |
| 27     | <i>Physical traded commodities</i>   |                                       |            |                   | –         | –              |
| 28     | <i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>   |                                       | 10         | –                 | –         | 8              |
| 29     | <i>NSFR derivative assets</i>  |                                       | –          |                   |           | –              |
| 30     | <i>NSFR derivative liabilities before deduction of variation margin posted</i>   |                                       | 35         |                   |           | 2              |
| 31     | <i>All other assets not included in the above categories</i>   |                                       | 59         | 16                | 1,294     | 1,369          |
| 32     | Off-balance sheet items  |                                       | 745        | –                 | –         | 37             |
| 33     | <b>Total RSF</b>   |                                       |            |                   |           | 13,442         |
| 34     | <b>Net Stable Funding Ratio (%)</b>  |                                       |            |                   |           | 136%           |

## 8. Risk Management

### Risk overview summary

This year there has been a clear risk focus on safely supporting the Bank as it executes a programme of strategic change and transformation. Alongside our continued management of business-as-usual risks, this has positioned the Bank to deliver its growth objectives .

### Approach to risk management

Our risk management framework underpins our ability to safely deliver, ensuring risks are carefully considered when making decisions and are managed within acceptable limits on an ongoing basis. It sets out the tools and techniques used to manage each of our principal risks within our stated appetite. Risk management is a key aspect of every colleague's objectives and is embedded within our scorecard, against which performance is measured. We work to create an environment in which colleagues are encouraged and able to raise concerns and act to meet all applicable legal and regulatory requirements and maintain constructive relationships with our regulators.

We operate a 'three lines of defence' model of risk management and by leveraging well-defined governance structures and processes, promote individual accountability and action in mitigating our risk exposures. Further information on our Risk Management Framework can be found on page 40.

### Risk environment in 2024

The 2024 risk agenda has been framed by the need to safely execute on the Bank's transformation initiatives whilst continuing to manage business-as-usual risks.

Whilst some of our risk exposures have changed, measures taken have ensured these have been managed within our risk appetite. The Bank's resilience has been maintained and we remain focused on ensuring our customers receive good outcomes. Achieving these objectives has guided strategic decision-making and is at the heart of the value proposition for our new partnership with Infosys. Greater macroeconomic stability including a decline in inflation has supported a reduction in expected credit losses, partially offset by run-off of the personal loan and credit card portfolios and limited arrears and defaults in the retail mortgage portfolio. Capability is in place to support targeted lending growth objectives, including risk expertise to safely expand into higher yielding specialist mortgage lending and capabilities in commercial underwriting. Plans are in place to scale this capability in line with delivery of commercial objectives. .

We have continued to actively manage our capital position including through the successful sale of a portion of our residential mortgage book in the second half of the year. This supported the Bank's strategy to enhance risk-adjusted returns and to increase capacity for future lending. Maintaining capital above regulatory requirements and to support strategic growth remains a key focus for the Bank. Work has been completed to establish and embed the Bank's approach to meeting the FCA's Consumer Duty. This remains a key priority subject to ongoing close monitoring and enhancement. This year we also completed the third operational resilience self-assessment which demonstrated further maturity in our approach and capability in line with FCA and PRA regulatory requirements. Alongside, we have continued to comprehensively risk assess our key third-party relationships including our partnership with Infosys, the success of which is a key growth enabler.

The FCA concluded their enquiries into the Bank's historic transaction monitoring systems and controls in place between 2016 and 2020. Since then, the Bank has invested in transaction monitoring enhancements and management of financial crime risk remains a key priority. Progress has been made in strengthening our financial crime controls, including through establishing enhanced central operational and risk management capabilities. Responding to the dynamic external threat, we have also invested further in our fraud systems and controls to safeguard our customers and funds. Further information on our operating environment can be found on pages 6 to 7 of the ARA.

### Principal risk exposures

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

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

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

Further details of these principal risk including our risk appetite, exposures and response to each is set out on pages 124 to 149 of the ARA.

Amongst these, certain risks have been considered most material to the Bank over the course of the year. Further details on these four risks are set out on pages 33 to 34.



## 8. Risk Management continued

### Principal risks

| Principal risk      | Exposure  | Response   | Outlook   |
|---------------------|---|--|---|
| <b>Credit risk</b>  | <p>Our primary source of credit risk is through the loans, limits and advances we make available to our customers. We have exposures across three key areas: corporate and commercial, retail mortgages, and consumer lending.</p> <p>Over the course of 2024, the macroeconomic outlook has gradually improved, and arrears and loss outcomes have been lower than prior expectations. Inflation reduced significantly and property prices exceeded prior forecasts. Whilst we saw some deterioration in economic variables these were generally less severe than previously forecast.</p> <p>We have observed some crystallisation of the prior economic deterioration on customer positions, this was lower than previously forecast. As affordability for customers came under pressure from higher interest rates, we observed an increase in arrears for the mortgage portfolio as existing customers transitioned from low fixed rate products onto higher rates. Although customers continue to be impacted by higher interest rates, arrears have shown signs of stabilising. Furthermore, given the forward looking nature of IFRS9, ECL stock was built in prior years and has not been materially impacted by this increase in arrears.</p> | <p>We have an appetite and credit criteria appropriate for managing lending through an economic cycle. We have enhanced our credit risk appetite, framework, and policies where appropriate to support the Bank's strategy to grow corporate and commercial lending, and drive the pivot to specialist mortgage lending, whilst managing our exposure to risk to minimise losses.</p> <p>We support customers who are in arrears, have payment shortfalls or are in financial difficulties to obtain the most appropriate outcome for both the Bank and the customer. The primary objectives of our policy are to ensure that appropriate mechanisms and tools are in place to support customers during periods of financial difficulty and to minimise the duration of the difficulty and the consequence, costs and other impacts arising.</p> | <p>Our updates to risk appetite and policies puts in a strong position to deliver on the Bank's strategy for growth in a way that appropriately manages credit risk.</p> <p>The macroeconomic outlook has improved during 2024, although risks remain as central banks manage the course of interest rates with a background of potential trade friction from political risk, and geopolitical instability continues from conflicts.</p> <p>We utilise forward looking macroeconomic scenarios provided by Moody's Analytics in the assessment of provisions. The use of an independent supplier for the provision of scenarios helps to ensure that the estimates are unbiased. The macroeconomic scenarios are assessed and reviewed monthly to ensure appropriateness and relevance to the ECL calculation .</p> |
| <b>Capital risk</b> | <p>Capital risk exposures arises from the depletion of our capital resources which may result from:</p> <ul style="list-style-type: none"> <li>• Increased RWAs</li> <li>• Losses</li> <li>• Changes to regulatory minima or other regulatory rules.</li> </ul> <p>Our capital risk management approach is centred around ensuring we can maintain appropriate levels of capital to meet regulatory minima, including changes, and support our strategic objectives.</p>  | <p>Our capital risk mitigation is focused on three key components:</p> <ul style="list-style-type: none"> <li>• A return to sustainable profitability that will allow us to generate organic capital growth.</li> <li>• The continued optimisation of our balance sheet to ensure we are utilising our capital stack efficiently.</li> <li>• Continuing to assess the raising of external regulatory debt capital, as and when market conditions and opportunities allow.</li> </ul> <p>The Board is committed to these principles and has taken steps through 2024 to strengthen the capital base.</p>  | <p>The focus for 2025 remains on supporting the bank's strategy through an appropriate and efficient capital stack that allows us to lend in our target market whilst maintaining ratios above our regulatory minima.</p>   |

## 8. Risk Management continued

### Principle risks continued

| Principal risk              | Exposure   | Response   | Outlook   |
|-----------------------------|--|--|---|
| <b>Financial Crime risk</b> | <p>We may be exposed to financial crime risk if we do not effectively identify and appropriately mitigate the risks of criminals using our products and services for financial crime. Financial crime risks include money laundering, sanctions violations, bribery and corruption, facilitation of tax evasion, proliferation financing and terrorist financing.</p> <p>Failure to prevent financial crime may result in harm to our customers, ourselves and third parties. In addition, non-compliance with regulatory and legal requirements may result in enforcement action such as regulatory fines, restrictions, or suspension of business or cost of mandatory corrective action, which will have an adverse effect on us from a financial and reputational perspective.</p> | <p>We are committed to safeguarding both ourselves and our customers from financial crime. We continue to invest in our financial crime control framework to ensure compliance with current as well as newly issued legal and regulatory requirements.</p> <p>We continue to identify emerging trends and typologies through conducting horizon scanning activity, through information obtained from investigative and intelligence teams and through attending key industry forums (or associations) such as those hosted by UK Finance. As required, we continue to update our control framework to ensure emerging risks are identified and mitigated</p> | <p>Recognising the evolving landscape of financial crime risk against the backdrop of increasing regulatory focus, we continue to invest in our financial crime control environment to prevent financial crime and remain aligned to our legal and regulatory requirements</p>  |
| <b>Strategic risk</b>       | <p>Strategic risk can arise from an insufficiently defined, flawed, or poorly implemented strategy resulting in the expectations of our stakeholders not being met, including our customers, regulators and investors.</p> <p>We are confident that the strategy set in 2024 lays the foundations for long term growth but recognise that its success is dependent on our effective execution. Volatility in the external environment, the challenge of safely exploiting opportunities for efficiency and the possible impact of negative external sentiment are all recognised as having the potential to push us off course.</p>  | <p>The Board completes an annual review of the strategy and Long Term Plan, supported by a risk assessment reviewed at the Risk Oversight Committee. The Executive team and Board monitor strategy execution risks closely across all business lines and transformation initiatives.</p> <p>Elevated reputational risk exposure has been monitored closely throughout the year with proactive and coordinated responses seeing coverage and sentiment normalise by year end.</p>   | <p>Our established Risk management Framework is applied to oversee the Bank's evolving risk profile and we will act as needed to ensure we operate inside our agreed risk appetite. The Bank also continues to conduct horizon scanning against emerging risks with the potential for a severe impact and will adjust its approach accordingly.</p> |

## 8. Risk Management continued

### Emerging risks

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

Emerging risks are classified using the Bank's principal risks and time horizons for their potential emergence as crystallised risks are estimated.

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

### Emerging risks and time horizon

| Emerging risk  | Response   | Principal risks                        | Crystallising time horizon |
|--|--|--|----------------------------|
| <b>Geopolitical instability</b><br>Market volatility from trade disruptions, conflicts, supply chain shocks or energy insecurity.            | <ul style="list-style-type: none"> <li>Ongoing investment in sanctions capability and active monitoring</li> <li>Resilience planning, including scenario plans for trade disruption, supply chain shocks, energy insecurity</li> <li>Diversified portfolios and revenue streams to manage concentrations in exposures</li> </ul>   | Operational<br>Financial crime         | < 12 months                |
| <b>Prolonged macroeconomic deterioration and credit risk</b><br>Rising defaults from economic stagnation or contraction.                     | <ul style="list-style-type: none"> <li>Close and active monitoring of customers in, or with signs of, arrears/distress</li> <li>Application of Consumer Duty principals to deliver good customer outcomes</li> <li>Continued investment in fraud and financial crime monitoring and controls</li> </ul>  | Credit<br>Conduct<br>Financial crime   | 1 to 3 years               |
| <b>Digital disruption and technological competition</b><br>Disruption of traditional banking models by fintechs, Big Tech and peer adopters. | <ul style="list-style-type: none"> <li>Adoption of a flexible IT infrastructure and investment in the digital customer experience</li> <li>Safe and staged introduction of AI/machine learning use cases (internal efficiencies, customer opportunities)</li> <li>Communicate and demonstrate the value of our relationship banking proposition</li> </ul>   | Operational<br>Strategic<br>Regulatory | 1 to 3 years               |
| <b>Demographic and social shifts</b><br>Aging population and demand for ESG and ethical financial products.                                  | <ul style="list-style-type: none"> <li>Design and deliver products aligned to evolving customer expectations, demographic and social shifts such as an ageing population, changes in home ownership, socially conscious customers with increased focus on ESG initiatives</li> <li>Use of data analytics to identify, adapt and respond to emerging customer needs</li> </ul>  | Operational<br>Conduct<br>Strategic    | 3+ years                   |
| <b>Climate-related financial risk</b><br>Financial exposure to climate events and transition to a low-carbon economy.                        | <ul style="list-style-type: none"> <li>Maintenance of a robust climate strategy, with climate risk fully embedded within the Enterprise Risk Management Framework and integrated into strategic planning activities</li> <li>Quantified and modelled climate risk assessments and scenario analysis for lending portfolios and operational risk exposures, ensuring sufficient capital is held to withstand modelled losses</li> <li>Embedding of climate risk controls into retail and commercial lending practices covering both physical and transition risk exposures</li> </ul> | Credit<br>Operational<br>Strategic     | 3+ years                   |

## 8. Risk Management continued

### Viability statement and going concern

#### Assessment of principal and emerging risks

The Directors undertook a robust assessment of all the principal and emerging risks we face, to understand those that presented the greatest risks to going concern and viability.

See pages [124 to 157] for our principal risks

#### Risks to going concern and viability

The principal risks that were felt posed the greatest risk to going concern and viability were:

- a lack of liquidity (liquidity and funding risk)
- insufficient capital (capital risk)
- delivery risk for planned transformation (strategic risk).

#### Risk management and internal controls

The Directors undertook an assessment of our approach to risk management and the effectiveness of our internal control systems to ensure these remained appropriate and didn't require any additional consideration in respect of assessing going concern and viability.

#### Assessment of prospects

#### Strategic planning process

Our strategic planning process consists of our Long-Term Plan which covers a five-year period from the year-end and is central to the assessment of prospects. It is reviewed annually by the Board with the first four years forming the viability assessment period.

#### Board review of the Long-Term Plan

- Determination of whether the assumptions underpinning the Long-Term Plan remain appropriate.
- Consideration of whether the plan continues to take appropriate account of the external environment.

See pages [6 to 7] for our principal risks

#### Assessment of viability

Although our Long-Term Plan reflects the Directors' best estimate of the future prospects of the business, they have also tested the potential impact by examining our sensitivity to a 'severe but plausible' downside. This has been undertaken via the creation of a scenario that reflects additional downside risks.

#### Severe but plausible stress

Directors considered a scenario that led to increased ECL, deposit outflows, reduced fee income, increased costs, the removal of our ability to raise incremental regulatory capital and base rate stress and we fell below regulatory minima at a total capital plus MREL level. Directors also considered a severe liquidity stress scenario where we did not retain sufficient liquidity.

#### Scenario outcome and mitigating actions

The Directors considered the actions that could reasonably be deployed to mitigate the liquidity and capital risks and concluded that these were both plausible and did not in and of themselves constitute any additional risk. Mitigating actions for liquidity could include increasing savings rates as part of a deposit-raising campaign and repo funding; and for capital could include reducing commercial lending originations and forgoing payment of discretionary cash bonus. Accounting for these actions we would remain above minima although we would need to operate in our capital buffers for a period of time.

#### Routine stress testing

In addition to the specific scenario, we perform routine stress testing (including reverse stress tests) for both management and regulatory purposes including as part of the ICAAP and ILAAP. Directors review these assessments to understand the likelihood of such events occurring and what mitigating actions could be taken.

#### Viability statement

The Directors confirm that they have a reasonable expectation that we will be able to continue in operation and meet our liabilities as they fall due over the four-year assessment period to 31 December 2028.

#### Going concern

The Directors consider it appropriate to prepare the financial statements on the going concern basis.

## 8. Risk Management continued

### Approach and horizon period

Our approach starts with the consideration of the principal risks we face. Of our principal risks it was felt that only a lack of liquidity (Liquidity and Funding risk), insufficient capital (Capital risk) or delivery risk for planned transformation (strategic risk) could directly lead to us not being able to continue in our current form if they were to occur (although a failure of our other principal risks could lead to one of these events).

Alongside this the Directors considered our approach to risk management and the effectiveness of our internal control systems to understand if there were any other considerations that should form part of the assessment. This included consideration of all material controls, including financial, operational and compliance controls. As described in the corporate governance and risk reports, our risk management and internal control systems are monitored and evaluated on an ongoing basis at the Risk Oversight Committee, Audit Committee and Board.

Although underpinned by a wide variety of support, central to the assessment was our Long-Term Plan. The Long-Term Plan represents our best forecast estimate covering the period from 1 January 2025 to 31 December 2029, the first year of which reflects our 2025 budget. Although the plan covers five years the Directors have assessed prospects and viability for the four years through to 31 December 2028. This is felt appropriate as it is the period over which forecasts have a greater level of certainty (although the fifth year still provides a robust planning tool against which strategic decisions can be made). The assessment then focused on reviewing the plan against the principal risks identified above that could impede our ability to remain viable over the four-year horizon period.

### Assessment of prospects

The Directors have an obligation in accordance with provision 31 of the Code to confirm that they believe that we will be able to continue in operation, and to meet our liabilities as they fall due. Our prospects are assessed primarily through our strategic planning process (our Long-Term Plan) as set out to the left. The Board participates fully in the annual process and is responsible for signing off the plan and in doing so considers whether the plan continues to take appropriate account of the external environment (see Operating environment on pages 6 to 7 of ARA for further details). The latest updates to the Long-Term Plan (covering the period 2025 to 2029) were formally approved by the Board in February 2025.

Our purpose and strategy framework which incorporates our business model and strategic priorities (see pages 10 to 13 of ARA) are central to an understanding of our prospects. The nature of our activities is long-term, and our business model has remained unchanged since we were founded.

Delivering on our strategic priorities is key to achieving our forecasts in the Long-Term Plan. The Directors have reviewed the assumptions underpinning our plan and have determined they are appropriate.

### Assessment of going concern

In line with the work undertaken in respect of viability the Directors also undertook an assessment of going concern, which they consider to cover a period of at least 15 months from the date of approval of the financial statements.

Consistent with their approach to considering viability, the Directors assessed whether we continued to maintain sufficient liquidity and capital for the period of assessment. Given this assessment, combined with the fact that the Directors do not intend to liquidate or to cease our operations, they concluded that there was a reasonable expectation that we have adequate resources to continue as a going concern. They have also concluded that there are no material uncertainties that could cast significant doubt over this assessment.

### Viability statement

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that we will be able to continue in operation and meet our liabilities as they fall due over the four-year assessment period to 31 December 2028.

### Going concern statement

The Directors also consider it appropriate to prepare the financial statements on a going concern basis, as explained further in the Basis of preparation paragraph in note 1 to the financial statements.

Daniel Frumkin

Chief Executive Officer

Date 22 April 2025

## 8. Risk Management continued

### Risk governance and oversight

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

Effective operation of the three lines of defence results from:

- colleagues being equipped with the necessary skills and experience to manage risks and their responsibilities being well understood
- collaboration between colleagues across the lines, working with a common objective and in a healthy risk culture
- well-defined governance structures and processes that promote accountability and action.

| Risk management framework         |  |  |  |
|-----------------------------------|--|--|--|
|                                   | First line   | Second line  | Third line   |
| <b>Lines of defence</b>           | <ul style="list-style-type: none"> <li>• Own and manage the risks we face and agree, establish, embed and comply with risk frameworks, policies and standards</li> <li>• Design, implement and maintain effective controls</li> <li>• Align strategy with, and monitor exposure against, appetite</li> <li>• Ensure adequate resources, tools and training are in place</li> <li>• Promote and maintain an appropriate risk culture</li> </ul> | <ul style="list-style-type: none"> <li>• Establish and communicate the framework, governance structure and underlying policies and standards</li> <li>• Provide oversight and challenge the first line via review, enquiry and discussion</li> <li>• Report/escalate to executive management and the Board</li> <li>• Facilitate the development of risk appetite, tools and training</li> </ul> | <ul style="list-style-type: none"> <li>• Independently verify that the framework is operating effectively</li> <li>• Validate the first and second line approach to risk management</li> <li>• Assess against regulatory developments and leading practices</li> </ul> |
| <b>Risk governance committees</b> | <ul style="list-style-type: none"> <li>• Executive Committee</li> <li>• Business Risk Committees</li> </ul>  | <ul style="list-style-type: none"> <li>• Risk Oversight Committee</li> <li>• Executive Risk Committee</li> <li>• Other executive-level risk committees</li> </ul>  | <ul style="list-style-type: none"> <li>• Audit Committee</li> </ul>  |

## 8. Risk Management continued

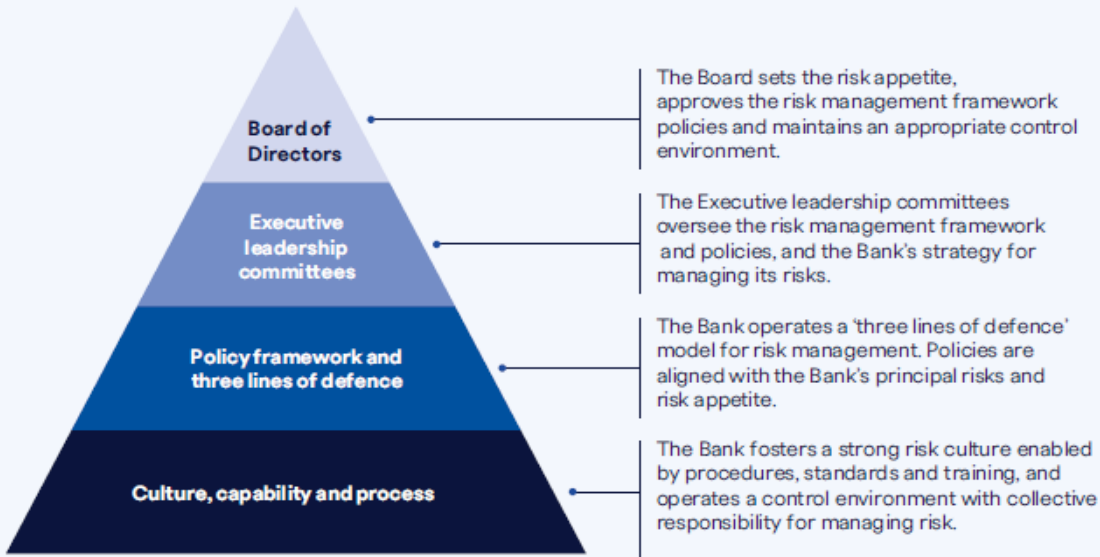
| <b>Board</b>   |  |
|--|--|
| <b>Sets risk appetite and strategy</b>   |  |
| <ul style="list-style-type: none"> <li>• Sets our strategy, corporate objectives and risk appetite</li> </ul>  | <ul style="list-style-type: none"> <li>• Ensures an adequate framework is in place for reporting and managing risk</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Maintains an appropriate control environment to manage risk effectively</li> </ul>  | <ul style="list-style-type: none"> <li>• Ensures capital, liquidity and other resources are adequate to achieve our objectives within risk appetite</li> </ul>   |
| <b>Risk Oversight Committee (ROC)</b>  |  |
| <b>Oversees risk governance and management</b>   |  |
| <ul style="list-style-type: none"> <li>• Recommends risk appetite statement measures to the Board</li> </ul>   | <ul style="list-style-type: none"> <li>• Reviews risk exposures in relation to the risk appetite</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Reviews risk frameworks and policies, and approves or recommends to the Board for approval</li> </ul>   | <ul style="list-style-type: none"> <li>• Monitors the effectiveness of risk management processes and procedures put in place by management</li> </ul>  |
| <b>Audit Committee</b>   |  |
| <b>Oversees financial reporting</b>  |  |
| <ul style="list-style-type: none"> <li>• Reviews our annual and half-year financial statements and accounting policies</li> </ul>  | <ul style="list-style-type: none"> <li>• Reviews the effectiveness of the internal audit, audit controls, whistleblowing and fraud systems in place</li> </ul>   |
| <ul style="list-style-type: none"> <li>• Advises on the appointment of external auditors</li> </ul>  | <ul style="list-style-type: none"> <li>• Reviews internal and external audits and controls, monitors the scope of the annual audit and the extent of the non-audit work undertaken by external auditors</li> </ul>   |
| <b>Executive-level committees</b>  |  |
| <b>Oversee the risk management framework</b>   |  |
| <p><b>Executive Risk Committee (ERC)</b></p> <ul style="list-style-type: none"> <li>• Endorses the risk appetite for approval by the Board and monitors performance against risk appetite</li> <li>• Reviews and recommends risk frameworks for approval by ROC (and Board as appropriate)</li> <li>• Oversees the quality and composition of the credit risk portfolio, and recommends strategies to adjust the portfolio</li> <li>• Oversees and advises on financial and non-financial risk matters, including those escalated from oversight committees</li> </ul> | <p><b>Asset and Liability Committee (ALCO)</b></p> <ul style="list-style-type: none"> <li>• Monitors performance against the Board capital/funding plans</li> <li>• Ensures that we meet internal liquidity and capital targets</li> <li>• Agrees pricing decisions to ensure visibility of capital and liquidity impacts</li> <li>• Monitors interest rate risk</li> </ul> <p><b>Credit Approval Committee (CAC)</b></p> <ul style="list-style-type: none"> <li>• Approves higher value lending requests</li> </ul> <p><b>Impairment Committee (ICOM)</b></p> <ul style="list-style-type: none"> <li>• Reviews and approves monthly portfolio-level impairment results</li> </ul> |

## 8. Risk Management continued

### Risk management framework

#### Approach to risk management

Effective risk management is critical to achieving our strategic objectives. It is a key component of our day-to-day operational activities and is integrated within our strategic change initiatives. Our established Enterprise Risk Management Framework sets out how we identify, assess, manage and monitor the risks we face and is supported by a comprehensive suite of risk policies for colleagues to apply. These help the Bank to fulfil its obligations under the UK Corporate Governance Code 2018:



#### Risk management process

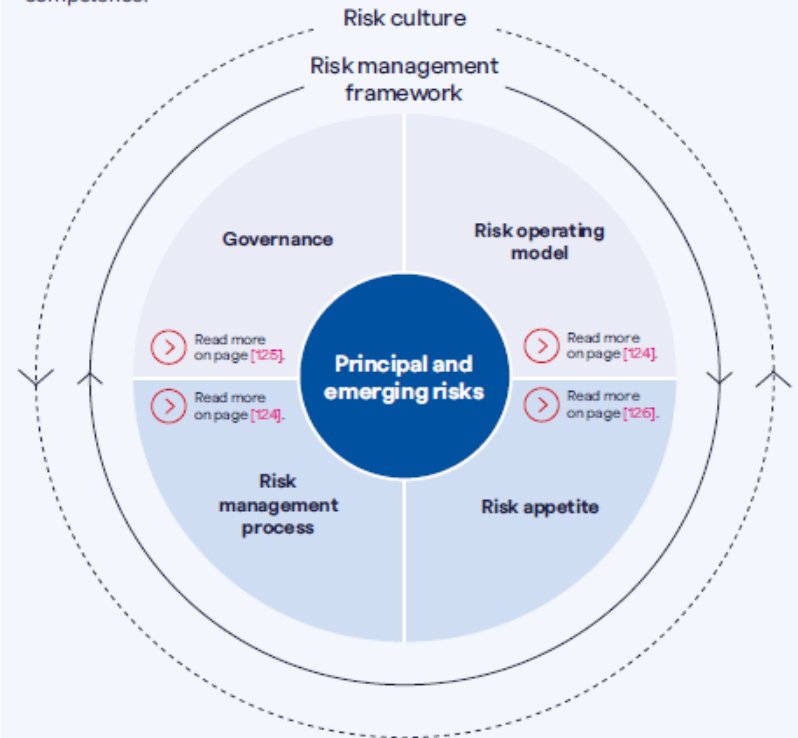
Our risk management process comprises the following key stages that enable the Board to fulfil its obligations under the Corporate Governance Code 2018:

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

### Risk culture

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

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





## 8. Risk Management continued

### Risk appetite

We define risk appetite as the aggregate level and types of risk that we are willing to accept in our pursuit of our business objectives. Qualitative statements are in place which articulate our risk appetite to stakeholders and provide a view on the risk-taking activities with which the Board is comfortable, guiding our decision-makers in their strategic and business decisions.

The risk appetite statements detail the risk parameters within which we seek to operate, promoting good customer outcomes and protecting us from excessive risk exposures.

The Board-owned statements are reviewed at least annually and include quantitative metrics which inform strategies, targets, policies, procedures and other controls.

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

### Overall risk appetite statement

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

## 8. Risk Management continued

### Governance arrangements

Details of the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise can be on pages 61 to 65 of the ARA.

Details on the policy on diversity regarding selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved on pages 75 to 77 of the ARA.

### Table 18: Number of Directorships

The table below shows total number of directorships held by members of the management body.

| Name                 | Position                                     | 31 December 2024       |                            |
|----------------------|--|------------------------|----------------------------|
|                      |  | Executive Appointments | Non-executive Appointments |
| Robert Sharpe        | Chairman                                     | 0                      | 2                          |
| Daniel Frumkin       | Chief Executive Officer                      | 0                      | 0                          |
| Marc Page            | Chief Financial Officer                      | 0                      | 0                          |
| Catherine Brown      | Senior Independent Director                  | 0                      | 3                          |
| Paul Coby            | Independent Non-executive Director           | 0 <sup>1</sup>         | 0                          |
| Jaime Gilinski Bacal | Shareholder-Nominated Non-executive Director | 0                      | 1                          |
| Cristina Ochoa       | Shareholder-Nominated Non-executive Director | 0                      | 2                          |
| Paul Thandi          | Independent Non-executive Director           | 0                      | 4                          |
| Michael Torpey       | Independent Non-executive Director           | 0                      | 3                          |
| Nick Winsor          | Independent Non-executive Director           | 0                      | 2                          |
| Dorita Gilinski      | Shareholder-Nominated Non-executive Director | 1                      | 1                          |

<sup>1</sup> Paul Coby is CIO at Persimmon Homes plc on a part-time basis (4 days per week).

## 9. Credit Risk

### Standardised approach

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

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

Metro Bank uses Moody's and Fitch as External Credit Assessment Institutions ('ECAI'). The external ratings from these institutions are mapped to a prescribed credit quality step assessment scale as per the CRR mappings and in turn produces standard risk weightings. ECAI is applied to the following exposure classes: Central governments and central banks, Multilateral development banks, Covered bonds and Securitisation.

Ratings from the ECAI are mapped across to the Credit Quality Step requirements in the UK CRR using European Banking Authority mappings.

**Table 19: UK CR4 – Standardised approach – Credit risk exposure and CRM effects**

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

|    |   | 31 December 2024                    |                             |                                 |                          |                       |              |
|----|---|-------------------------------------|-----------------------------|---------------------------------|--------------------------|-----------------------|--------------|
|    |   | Exposures before CCF and before CRM |                             | Exposures post CCF and post CRM |                          | RWAs and RWAs density |              |
|    |   | On-balance sheet exposures          | Off-balance sheet exposures | On-balance sheet exposures      | Off-balance sheet amount | RWAs                  | RWAs density |
|    |   | £'million                           | £'million                   | £'million                       | £'million                | £'million             | %            |
| 1  | Central governments or central banks                            | 3,880                               | –                           | 4,521                           | –                        | 7                     | 0%           |
| 2  | Regional government or local authorities                        | –                                   | –                           | –                               | –                        | –                     | –            |
| 3  | Public sector entities  | –                                   | –                           | –                               | –                        | –                     | –            |
| 4  | Multilateral development banks                                  | 1,465                               | –                           | 1,465                           | –                        | –                     | 0%           |
| 5  | International organisations                                     | –                                   | –                           | –                               | –                        | –                     | –            |
| 6  | Institutions  | 2                                   | –                           | 2                               | –                        | –                     | 20%          |
| 7  | Corporates  | 1,194                               | 304                         | 999                             | 101                      | 969                   | 88%          |
| 8  | Retail  | 1,334                               | 334                         | 1,010                           | 38                       | 722                   | 69%          |
| 9  | Secured by mortgages on immovable property                      | 6,159                               | 237                         | 6,159                           | 47                       | 2,620                 | 42%          |
| 10 | Exposures in default  | 363                                 | 4                           | 303                             | 1                        | 327                   | 108%         |
| 11 | Exposures associated with particularly high risk                | 2                                   | 2                           | 2                               | 2                        | 5                     | 150%         |
| 12 | Covered bonds   | 561                                 | –                           | 561                             | –                        | 56                    | 10%          |
| 13 | Institutions and corporates with a short-term credit assessment | 61                                  | –                           | 61                              | –                        | 18                    | 29%          |
| 14 | Collective investment undertakings                              | 115                                 | –                           | 115                             | –                        | –                     | 0%           |
| 15 | Equity  | –                                   | –                           | –                               | –                        | –                     | –            |
| 16 | Other items   | 907                                 | –                           | 907                             | –                        | 854                   | 94%          |
| 17 | <b>Total</b>  | 16,044                              | 881                         | 16,105                          | 189                      | 5,580                 | 34%          |

## 9. Credit Risk continued

| 31 December 2023 |   |                                     |                             |                                 |                          |                       |              |
|------------------|---|-------------------------------------|-----------------------------|---------------------------------|--------------------------|-----------------------|--------------|
|                  |   | Exposures before CCF and before CRM |                             | Exposures post CCF and post CRM |                          | RWAs and RWAs density |              |
|                  |   | On–balance sheet exposures          | Off–balance sheet exposures | On–balance sheet exposures      | Off–balance sheet amount | RWAs                  | RWAs density |
|                  |   | £'million                           | £'million                   | £'million                       | £'million                | £'million             | %            |
| 1                | Central governments or central banks                            | 5,074                               | –                           | 5,993                           | –                        | 8                     | 0%           |
| 2                | Regional government or local authorities                        | 0                                   | 0                           | 0                               | 0                        | –                     | –            |
| 3                | Public sector entities  | –                                   | –                           | –                               | –                        | –                     | –            |
| 4                | Multilateral development banks                                  | 1,614                               | –                           | 1,614                           | –                        | –                     | 0%           |
| 5                | International organisations                                     | –                                   | –                           | –                               | –                        | –                     | –            |
| 6                | Institutions  | 7                                   | 5                           | 7                               | 2                        | 2                     | 20%          |
| 7                | Corporates  | 956                                 | 130                         | 673                             | 29                       | 615                   | 88%          |
| 8                | Retail  | 2,088                               | 422                         | 1,587                           | 52                       | 1,167                 | 71%          |
| 9                | Secured by mortgages on immovable property                      | 9,031                               | 154                         | 9,031                           | 31                       | 3,634                 | 40%          |
| 10               | Exposures in default  | 278                                 | 3                           | 210                             | 0                        | 214                   | 102%         |
| 11               | Exposures associated with particularly high risk                | 8                                   | 4                           | 8                               | 4                        | 19                    | 150%         |
| 12               | Covered bonds   | 706                                 | –                           | 706                             | –                        | 71                    | 10%          |
| 13               | Institutions and corporates with a short–term credit assessment | 133                                 | –                           | 133                             | –                        | 43                    | 32%          |
| 14               | Collective investment undertakings                              | 58                                  | –                           | 58                              | –                        | –                     | 0%           |
| 15               | Equity  | –                                   | –                           | –                               | –                        | –                     | –            |
| 16               | Other items   | 973                                 | –                           | 973                             | –                        | 903                   | 93%          |
| 17               | <b>Total</b>  | 20,926                              | 718                         | 20,993                          | 118                      | 6,676                 | 32%          |

## 9. Credit Risk continued

**Table 20: UK CR5 – Standardised approach**

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

|    |  | 31 December 2024 |           |           |           |           |           |           |           |           |           |           |           |           |           |           | Total     |
|----|--|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|    |  | Risk weight      |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |
|    |  | 0%               | 2%        | 4%        | 10%       | 20%       | 35%       | 50%       | 70%       | 75%       | 100%      | 150%      | 250%      | 370%      | 1250%     | Others    |           |
|    |  | £'million        | £'million | £'million | £'million | £'million | £'million | £'million | £'million | £'million | £'million | £'million | £'million | £'million | £'million | £'million | £'million |
| 1  | Central governments or central banks   | 4,518            | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | 3         | –         | –         | –         | 4,521     |
| 2  | Regional government or local authorities                                     | –                | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         |
| 3  | Public sector entities   | –                | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         |
| 4  | Multilateral development banks   | 1,465            | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | 1,465     |
| 5  | International organisations  | –                | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         |
| 6  | Institutions   | –                | –         | –         | –         | 2         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | 2         |
| 7  | Corporates   | –                | –         | –         | –         | –         | –         | –         | –         | 1,100     | –         | –         | –         | –         | –         | –         | 1,100     |
| 8  | Retail exposures   | –                | –         | –         | –         | –         | –         | –         | 1,048     | –         | –         | –         | –         | –         | –         | –         | 1,048     |
| 9  | Exposures secured by mortgages on immovable property                         | –                | –         | –         | –         | –         | 5,294     | –         | –         | 912       | –         | –         | –         | –         | –         | –         | 6,206     |
| 10 | Exposures in default   | –                | –         | –         | –         | –         | –         | –         | –         | 256       | 47        | –         | –         | –         | –         | –         | 304       |
| 11 | Exposures associated with particularly high risk                             | –                | –         | –         | –         | –         | –         | –         | –         | –         | 4         | –         | –         | –         | –         | –         | 4         |
| 12 | Covered bonds  | –                | –         | –         | 561       | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | 561       |
| 13 | Exposures to institutions and corporates with a short-term credit assessment | –                | –         | –         | –         | 43        | –         | 18        | –         | –         | –         | –         | –         | –         | –         | –         | 61        |
| 14 | Units or shares in collective investment undertakings                        | 115              | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | 115       |
| 15 | Equity exposures   | –                | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         | –         |
| 16 | Other items  | 52               | –         | –         | –         | –         | –         | –         | –         | 853       | –         | –         | –         | –         | –         | 2         | 907       |
| 17 | <b>Total</b>   | 6,150            | –         | –         | 561       | 45        | 5,294     | 18        | –         | 1,048     | 3,121     | 51        | 3         | –         | –         | 2         | 16,294    |

## 9. Credit Risk continued

|    |  | 31 December 2023 |           |           |            |           |              |           |           |              |              |           |           |           |           |           | Total         |
|----|--|------------------|-----------|-----------|------------|-----------|--------------|-----------|-----------|--------------|--------------|-----------|-----------|-----------|-----------|-----------|---------------|
|    |  | Risk weight      |           |           |            |           |              |           |           |              |              |           |           |           |           |           |               |
|    |  | 0%               | 2%        | 4%        | 10%        | 20%       | 35%          | 50%       | 70%       | 75%          | 100%         | 150%      | 250%      | 370%      | 1250%     | Others    |               |
|    |  | £'million        | £'million | £'million | £'million  | £'million | £'million    | £'million | £'million | £'million    | £'million    | £'million | £'million | £'million | £'million | £'million | £'million     |
| 1  | Central governments or central banks   | 5,990            | –         | –         | –          | –         | –            | –         | –         | –            | –            | –         | 3         | –         | –         | –         | 5,993         |
| 2  | Regional government or local authorities                                     | 0                | –         | –         | –          | –         | –            | –         | –         | –            | –            | –         | –         | –         | –         | –         | 0             |
| 3  | Public sector entities   | –                | –         | –         | –          | –         | –            | –         | –         | –            | –            | –         | –         | –         | –         | –         | –             |
| 4  | Multilateral development banks   | 1,614            | –         | –         | –          | –         | –            | –         | –         | –            | –            | –         | –         | –         | –         | –         | 1,614         |
| 5  | International organisations  | –                | –         | –         | –          | –         | –            | –         | –         | –            | –            | –         | –         | –         | –         | –         | –             |
| 6  | Institutions   | –                | –         | –         | –          | 9         | –            | –         | –         | –            | –            | –         | –         | –         | –         | –         | 9             |
| 7  | Corporates   | –                | –         | –         | –          | –         | –            | –         | –         | 702          | –            | –         | –         | –         | –         | –         | 702           |
| 8  | Retail exposures   | 0                | –         | –         | –          | –         | –            | –         | –         | 1,639        | –            | –         | –         | –         | –         | –         | 1,639         |
| 9  | Exposures secured by mortgages on immovable property                         | –                | –         | –         | –          | –         | 8,114        | –         | –         | –            | 948          | –         | –         | –         | –         | –         | 9,062         |
| 10 | Exposures in default   | –                | –         | –         | –          | –         | –            | –         | –         | –            | 203          | 7         | –         | –         | –         | –         | 210           |
| 11 | Exposures associated with particularly high risk                             | –                | –         | –         | –          | –         | –            | –         | –         | –            | –            | 12        | –         | –         | –         | –         | 12            |
| 12 | Covered bonds  | –                | –         | –         | 706        | –         | –            | –         | –         | –            | –            | –         | –         | –         | –         | –         | 706           |
| 13 | Exposures to institutions and corporates with a short-term credit assessment | –                | –         | –         | –          | 78        | –            | 55        | –         | –            | –            | –         | –         | –         | –         | –         | 133           |
| 14 | Units or shares in collective investment undertakings                        | 58               | –         | –         | –          | –         | –            | –         | –         | –            | –            | –         | –         | –         | –         | –         | 58            |
| 15 | Equity exposures   | –                | –         | –         | –          | –         | –            | –         | –         | –            | –            | –         | –         | –         | –         | –         | –             |
| 16 | Other items  | 70               | –         | –         | –          | –         | –            | –         | –         | –            | 901          | –         | –         | –         | –         | 2         | 973           |
| 17 | <b>Total</b>   | <b>7,732</b>     | <b>–</b>  | <b>–</b>  | <b>706</b> | <b>87</b> | <b>8,114</b> | <b>55</b> | <b>–</b>  | <b>1,639</b> | <b>2,754</b> | <b>19</b> | <b>3</b>  | <b>–</b>  | <b>–</b>  | <b>2</b>  | <b>21,111</b> |

## 9. Credit Risk continued

### Credit risk mitigation

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

The main types of collateral taken by the Bank are:

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

Information about market or credit risk concentrations within the credit mitigation taken can be found in the Risk Report section of the ARA. The bank does not make use of financial on or off balance sheet netting.

**Table 21: UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques**

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

|   |  | 31 December 2024          |                         |                                |  |  |
|---|--|---------------------------|-------------------------|--------------------------------|--|--|
|   |  | Unsecured carrying amount | Secured carrying amount | Of which secured by collateral | Of which secured by financial guarantees | Of which secured by credit derivatives |
|   |  | £'million                 | £'million               | £'million                      | £'million                                | £'million                              |
| 1 | Loans and advances                       | 4,813                     | 7,097                   | 6,595                          | 502                                      | –                                      |
| 2 | Debt securities                          | 4,545                     | 62                      | –                              | 62                                       | –                                      |
| 3 | <b>Total</b>                             | 9,354                     | 7,158                   | 6,595                          | 564                                      | –                                      |
| 4 | <i>Of which non-performing exposures</i> | 193                       | 309                     | 254                            | 55                                       | –                                      |
| 5 | <i>Of which defaulted</i>                | 124                       | 304                     | –                              | –  | –                                      |
|   |  | 31 December 2023          |                         |                                |  |  |
|   |  | Unsecured carrying amount | Secured carrying amount | Of which secured by collateral | Of which secured by financial guarantees | Of which secured by credit derivatives |
|   |  | £'million                 | £'million               | £'million                      | £'million                                | £'million                              |
| 1 | Loans and advances                       | 6,132                     | 10,204                  | 9,442                          | 762                                      | –                                      |
| 2 | Debt securities                          | 4,871                     | 67                      | –                              | 67                                       | –                                      |
| 3 | <b>Total</b>                             | 11,003                    | 10,271                  | 9,442                          | 829                                      | –                                      |
| 4 | <i>Of which non-performing exposures</i> | 115                       | 273                     | 205                            | 68                                       | –                                      |
| 5 | <i>Of which defaulted</i>                | 95                        | 265                     | –                              | –  | –                                      |

## 9. Credit Risk continued

### Credit quality

**Table 22: UK CR1–A – Maturity of exposures**

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

|   |                    | 31 December 2024   |           |                     |           |                    |           |
|---|--------------------|--------------------|-----------|---------------------|-----------|--------------------|-----------|
|   |                    | Net exposure value |           |                     |           |                    |           |
|   |                    | On demand          | <= 1 year | > 1 year <= 5 years | > 5 years | No stated maturity | Total     |
|   |                    | £'million          | £'million | £'million           | £'million | £'million          | £'million |
| 1 | Loans and advances | 92                 | 1,525     | 3,238               | 5,274     | –                  | 10,129    |
| 2 | Debt securities    | –                  | 967       | 2,422               | 1,217     | –                  | 4,607     |
| 3 | <b>Total</b>       | 92                 | 2,493     | 5,660               | 6,491     | –                  | 14,736    |

|   |                    | 31 December 2023   |           |                     |           |                    |           |
|---|--------------------|--------------------|-----------|---------------------|-----------|--------------------|-----------|
|   |                    | Net exposure value |           |                     |           |                    |           |
|   |                    | On demand          | <= 1 year | > 1 year <= 5 years | > 5 years | No stated maturity | Total     |
|   |                    | £'million          | £'million | £'million           | £'million | £'million          | £'million |
| 1 | Loans and advances | 100                | 1,516     | 3,368               | 8,267     | –                  | 13,251    |
| 2 | Debt securities    | –                  | 633       | 3,105               | 1,141     | 59                 | 4,938     |
| 3 | <b>Total</b>       | 100                | 2,249     | 6,473               | 9,408     | 59                 | 18,189    |



## 9. Credit Risk continued

**Table 23: UK CR1 – Performing and non-performing exposures and related provisions**

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

|     |   | 31 December 2024                     |                  |                          |                  |                  |                  |  |                  |   |                  |                  |                  |  |                         |                             |                  |
|-----|---|--------------------------------------|------------------|--------------------------|------------------|------------------|------------------|--|------------------|---|------------------|------------------|------------------|--|-------------------------|-----------------------------|------------------|
|     |   | Gross carrying amount/nominal amount |                  |                          |                  |                  |                  | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                  |   |                  |                  |                  | Collateral and financial guarantees received |                         |                             |                  |
|     |   | Performing exposures                 |                  | Non-performing exposures |                  |                  |                  | Performing exposures – accumulated impairment and provisions   |                  | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                  |                  |                  | Accumulated partial write-off                | On performing exposures | On non-performing exposures |                  |
|     |   | Of which stage 1                     | Of which stage 2 | Of which stage 2         | Of which stage 3 | Of which stage 1 | Of which stage 2 | Of which stage 1   | Of which stage 2 | Of which stage 2  | Of which stage 3 | Of which stage 2 | Of which stage 3 | Of which stage 2                             | Of which stage 3        | Of which stage 2            | Of which stage 3 |
|     |   | £'million                            | £'million        | £'million                | £'million        | £'million        | £'million        | £'million  | £'million        | £'million   | £'million        | £'million        | £'million        | £'million                                    | £'million               | £'million                   | £'million        |
| 005 | <b>Cash balances at central banks and other demand deposits</b> | 2,661                                | 2,661            | –                        | –                | –                | –                | –  | –                | –   | –                | –                | –                | –  | –                       | –                           | –                |
| 010 | <b>Loans and advances</b>                                       | 8,747                                | 7,770            | 977                      | 502              | 13               | 489              | (66)   | (38)             | (28)  | (124)            | (1)              | (123)            | –  | 6,788                   | 309                         |                  |
| 020 | Central banks   | –                                    | –                | –                        | –                | –                | –                | –  | –                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 030 | General governments   | 0                                    | 0                | –                        | –                | –                | –                | (0)  | (0)              | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 040 | Credit institutions   | 2                                    | 2                | –                        | –                | –                | –                | –  | –                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 050 | Other financial corporations                                    | 153                                  | 152              | 1                        | 0                | –                | 0                | (0)  | (0)              | (0)   | (0)              | –                | (0)              | –  | 23                      | –                           |                  |
| 060 | Non-financial corporations                                      | 3,014                                | 2,736            | 278                      | 192              | 4                | 188              | (37)   | (21)             | (16)  | (29)             | (0)              | (29)             | –  | 1,892                   | 107                         |                  |
| 070 | Of which SMEs   | 2,172                                | 1,914            | 258                      | 162              | 4                | 158              | (30)   | (15)             | (15)  | (26)             | (0)              | (26)             | –  | 1,410                   | 82                          |                  |
| 080 | Households  | 5,578                                | 4,880            | 698                      | 310              | 9                | 301              | (28)   | (16)             | (12)  | (95)             | (0)              | (95)             | –  | 4,893                   | 202                         |                  |
| 090 | <b>Debt securities</b>  | 4,607                                | 4,607            | –                        | –                | –                | –                | (1)  | (1)              | –   | –                | –                | –                | –  | 62                      | –                           |                  |
| 100 | Central banks   | –                                    | –                | –                        | –                | –                | –                | –  | –                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 110 | General governments   | 1,342                                | 1,342            | –                        | –                | –                | –                | (0)  | (0)              | –   | –                | –                | –                | –  | 62                      | –                           |                  |
| 120 | Credit institutions   | 2,027                                | 2,027            | –                        | –                | –                | –                | (1)  | (1)              | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 130 | Other financial corporations                                    | 1,237                                | 1,237            | –                        | –                | –                | –                | (0)  | (0)              | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 140 | Non-financial corporations                                      | –                                    | –                | –                        | –                | –                | –                | –  | –                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 150 | <b>Off-balance-sheet exposures</b>                              | 877                                  | 866              | 11                       | 4                | –                | 4                | 1  | 1                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 160 | Central banks   | –                                    | –                | –                        | –                | –                | –                | –  | –                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 170 | General governments   | –                                    | –                | –                        | –                | –                | –                | –  | –                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 180 | Credit institutions   | –                                    | –                | –                        | –                | –                | –                | –  | –                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 190 | Other financial corporations                                    | 124                                  | 124              | 0                        | 0                | –                | 0                | 0  | 0                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 200 | Non-financial corporations                                      | 458                                  | 450              | 8                        | 1                | –                | 1                | 1  | 1                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 210 | Households  | 294                                  | 291              | 3                        | 3                | –                | 3                | –  | –                | –   | –                | –                | –                | –  | –                       | –                           |                  |
| 220 | <b>Total</b>  | 16,892                               | 15,904           | 988                      | 505              | 13               | 492              | (66)   | (37)             | (28)  | (124)            | (1)              | (123)            | –  | 6,849                   | 309                         |                  |

## 9. Credit Risk continued

|     |   | 31 December 2023                     |                  |                          |                  |                  |  |                  |   |                  |                  |                  |                  |  |  |                         |                             |
|-----|---|--------------------------------------|------------------|--------------------------|------------------|------------------|--|------------------|---|------------------|------------------|------------------|------------------|--|--|-------------------------|-----------------------------|
|     |   | Gross carrying amount/nominal amount |                  |                          |                  |                  | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                  |   |                  |                  |                  |                  | Collateral and financial guarantees received |  |                         |                             |
|     |   | Performing exposures                 |                  | Non-performing exposures |                  |                  | Performing exposures – accumulated impairment and provisions   |                  | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                  |                  |                  |                  | Accumulated partial write-off                | Collateral and financial guarantees received |                         |                             |
|     |   | Of which stage 1                     | Of which stage 2 | Of which stage 2         | Of which stage 3 | Of which stage 1 | Of which stage 2   | Of which stage 2 | Of which stage 3  | Of which stage 2 | Of which stage 3 | Of which stage 2 | Of which stage 3 | Of which stage 2                             | Of which stage 3                             | On performing exposures | On non-performing exposures |
|     |   | £'million                            | £'million        | £'million                | £'million        | £'million        | £'million  | £'million        | £'million   | £'million        | £'million        | £'million        | £'million        | £'million                                    | £'million                                    | £'million               | £'million                   |
| 005 | <b>Cash balances at central banks and other demand deposits</b> | 3,794                                | 3,794            | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 010 | <b>Loans and advances</b>                                       | 12,148                               | 10,637           | 1,514                    | 385              | 7                | 378  | (104)            | (63)  | (41)             | (96)             | –                | (95)             | –  | –  | 9,931                   | 273                         |
| 020 | <i>Central banks</i>  | –                                    | –                | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 030 | <i>General governments</i>                                      | –                                    | –                | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 040 | <i>Credit institutions</i>                                      | 5                                    | 5                | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 050 | <i>Other financial corporations</i>                             | 134                                  | 129              | 6                        | –                | –                | –  | (1)              | (1)   | –                | –                | –                | –                | –  | –  | 33                      | –                           |
| 060 | <i>Non-financial corporations</i>                               | 3,060                                | 2,653            | 407                      | 154              | –                | 154  | (47)             | (27)  | (20)             | (22)             | –                | (22)             | –  | –  | 2,242                   | 123                         |
| 070 | <i>Of which SMEs</i>  | 2,400                                | 2,047            | 353                      | 142              | –                | 142  | (38)             | (20)  | (17)             | (21)             | –                | (21)             | –  | –  | 1,749                   | 113                         |
| 080 | <i>Households</i>   | 8,949                                | 7,851            | 1,101                    | 231              | 7                | 225  | (55)             | (34)  | (21)             | (74)             | –                | (74)             | –  | –  | 7,657                   | 150                         |
| 090 | <b>Debt securities</b>  | 4,937                                | 4,937            | –                        | –                | –                | –  | (1)              | (1)   | –                | –                | –                | –                | –  | –  | 67                      | –                           |
| 100 | <i>Central banks</i>  | 8                                    | 8                | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 110 | <i>General governments</i>                                      | 1,474                                | 1,474            | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | 67                      | –                           |
| 120 | <i>Credit institutions</i>                                      | 2,322                                | 2,322            | –                        | –                | –                | –  | (1)              | (1)   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 130 | <i>Other financial corporations</i>                             | 1,134                                | 1,134            | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 140 | <i>Non-financial corporations</i>                               | –                                    | –                | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 150 | <b>Off-balance-sheet exposures</b>                              | 715                                  | 709              | 6                        | 3                | –                | 3  | 1                | 1   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 160 | <i>Central banks</i>  | –                                    | –                | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 170 | <i>General governments</i>                                      | –                                    | –                | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 180 | <i>Credit institutions</i>                                      | 5                                    | 5                | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 190 | <i>Other financial corporations</i>                             | 22                                   | 22               | –                        | –                | –                | –  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 200 | <i>Non-financial corporations</i>                               | 339                                  | 335              | 4                        | 1                | –                | 1  | 1                | 1   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 210 | <i>Households</i>   | 350                                  | 347              | 3                        | 2                | –                | 2  | –                | –   | –                | –                | –                | –                | –  | –  | –                       | –                           |
| 220 | <b>Total</b>  | 21,594                               | 20,077           | 1,520                    | 388              | 7                | 381  | (104)            | (63)  | (41)             | –                | –                | (95)             | –  | –  | 9,998                   | 273                         |

## 9. Credit Risk continued

**Table 24: UK CR2 – Changes in the stock of non-performing loans and advances**

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

|   | 31 December 2024      | 31 December 2023      |
|---|-----------------------|-----------------------|
|   | Gross carrying amount | Gross carrying amount |
|   | £'million             | £'million             |
| 010 <b>Initial stock of non-performing loans and advances</b> | 388                   | 352                   |
| 020 Inflows to non-performing portfolios                      | 279                   | 232                   |
| 030 Outflows from non-performing portfolios                   | (163)                 | (196)                 |
| 040 Outflows due to write-offs                                | 15                    | (26)                  |
| 050 Outflow due to other situations                           | (178)                 | (169)                 |
| 060 <b>Final stock of non-performing loans and advances</b>   | 505                   | 388                   |

## 9. Credit Risk continued

**Table 25: UK CQ3 – Credit quality of performing and non-performing exposures by past due days**

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

|     |   | 31 December 2024                      |                                 |   |                                     |                                    |                                   |                                   |                                   |                        |                       |           |     |
|-----|---|---------------------------------------|---------------------------------|---|-------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------|-----------------------|-----------|-----|
|     |   | Gross carrying amount/nominal amount  |                                 |   |                                     |                                    |                                   |                                   |                                   |                        |                       |           |     |
|     |   | Performing exposures                  |                                 |   |                                     | Non-performing exposures           |                                   |                                   |                                   |                        |                       |           |     |
|     |   | Not past due<br>or past due ≤ 30 days | Past due<br>> 30 days ≤ 90 days | Unlikely to<br>pay that are<br>not past due<br>or are past<br>due ≤ 90 days | Past due<br>> 90 days ≤<br>180 days | Past due<br>> 180 days ≤<br>1 year | Past due<br>> 1 year ≤ 2<br>years | Past due<br>> 2 year ≤ 5<br>years | Past due<br>> 5 year ≤ 7<br>years | Past due<br>> 7 year s | Of which<br>defaulted |           |     |
|     |   | £'million                             | £'million                       | £'million   | £'million                           | £'million                          | £'million                         | £'million                         | £'million                         | £'million              | £'million             | £'million |     |
| 005 | <b>Cash balances at central banks and other demand deposits</b> | 2,661                                 | 2,661                           | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         |     |
| 010 | <b>Loans and advances</b>                                       | 8,747                                 | 8,710                           | 37  | 502                                 | 237                                | 67                                | 71                                | 49                                | 76                     | 1                     | 0         | 490 |
| 020 | Central banks   | –                                     | –                               | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 030 | General governments   | 0                                     | 0                               | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 040 | Credit institutions   | 2                                     | 2                               | 0   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 050 | Other financial corporations                                    | 153                                   | 153                             | 13  | 192                                 | 133                                | 23                                | 22                                | 11                                | 3                      | 0                     | 0         | 189 |
| 060 | Non-financial corporations                                      | 3,014                                 | 3,001                           | 13  | 159                                 | 106                                | 19                                | 21                                | 11                                | 3                      | 0                     | 0         | 158 |
| 070 | Of which SMEs   | 2,172                                 | 2,160                           | 24  | 310                                 | 104                                | 44                                | 50                                | 39                                | 74                     | 1                     | 0         | 302 |
| 080 | Households  | 5,578                                 | 5,554                           | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 090 | <b>Debt securities</b>  | 4,607                                 | 4,607                           | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 100 | Central banks   | –                                     | –                               | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 110 | General governments   | 1,342                                 | 1,342                           | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 120 | Credit institutions   | 2,027                                 | 2,027                           | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 130 | Other financial corporations                                    | 1,237                                 | 1,237                           | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 140 | Non-financial corporations                                      | –                                     | –                               | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 150 | <b>Off-balance-sheet exposures</b>                              | 877                                   |                                 |   | 4                                   |                                    |                                   |                                   |                                   |                        |                       |           | 4   |
| 160 | Central banks   | –                                     |                                 |   | –                                   |                                    |                                   |                                   |                                   |                        |                       |           | –   |
| 170 | General governments   | –                                     |                                 |   | –                                   |                                    |                                   |                                   |                                   |                        |                       |           | –   |
| 180 | Credit institutions   | –                                     |                                 |   | –                                   |                                    |                                   |                                   |                                   |                        |                       |           | –   |
| 190 | Other financial corporations                                    | 124                                   |                                 |   | 0                                   |                                    |                                   |                                   |                                   |                        |                       |           | 0   |
| 200 | Non-financial corporations                                      | 458                                   |                                 |   | 1                                   |                                    |                                   |                                   |                                   |                        |                       |           | 1   |
| 210 | Households  | 294                                   |                                 |   | 3                                   |                                    |                                   |                                   |                                   |                        |                       |           | 3   |
| 220 | <b>Total</b>  | 16,892                                | 15,978                          | 37  | 505                                 | 237                                | 67                                | 71                                | 49                                | 76                     | 1                     | 0         | 494 |

## 9. Credit Risk continued

|     |  | 31 December 2023                         |                                    |   |                                     |                                    |                                   |                                   |                                   |                        |                       |           |     |
|-----|--|--|------------------------------------|---|-------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------|-----------------------|-----------|-----|
|     |  | Gross carrying amount/nominal amount     |                                    |   |                                     |                                    |                                   |                                   |                                   |                        |                       |           |     |
|     |  | Performing exposures                     |                                    |   |                                     | Non-performing exposures           |                                   |                                   |                                   |                        |                       |           |     |
|     |  | Not past due<br>or past due ≤<br>30 days | Past due<br>> 30 days ≤<br>90 days | Unlikely to<br>pay that are<br>not past due<br>or are past<br>due ≤ 90 days | Past due<br>> 30 days ≤<br>180 days | Past due<br>> 180 days ≤<br>1 year | Past due<br>> 1 year ≤ 2<br>years | Past due<br>> 2 year ≤ 5<br>years | Past due<br>> 5 year ≤ 7<br>years | Past due<br>> 7 year s | Of which<br>defaulted |           |     |
|     |  | £'million                                | £'million                          | £'million   | £'million                           | £'million                          | £'million                         | £'million                         | £'million                         | £'million              | £'million             | £'million |     |
| 005 | Cash balances at central banks and other demand deposits | 3,794                                    | 3,794                              | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         |     |
| 010 | Loans and advances                                       | 12,148                                   | 12,094                             | 54  | 385                                 | 180                                | 62                                | 49                                | 35                                | 58                     | 1                     | –         | 385 |
| 020 | <i>Central banks</i>                                     | –  | –                                  | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 030 | <i>General governments</i>                               | –  | –                                  | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 040 | <i>Credit institutions</i>                               | 5  | 5                                  | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 050 | <i>Other financial corporations</i>                      | 134                                      | 134                                | 0   | 0                                   | 0                                  | 0                                 | –                                 | –                                 | –                      | –                     | –         | 0   |
| 060 | <i>Non-financial corporations</i>                        | 3,060                                    | 3,033                              | 27  | 154                                 | 96                                 | 36                                | 15                                | 4                                 | 3                      | –                     | –         | 154 |
| 070 | <i>Of which SMEs</i>                                     | 2,400                                    | 2,376                              | 25  | 142                                 | 86                                 | 35                                | 14                                | 4                                 | 3                      | 1                     | 0         | 142 |
| 080 | <i>Households</i>  | 8,949                                    | 8,922                              | 27  | 231                                 | 83                                 | 27                                | 34                                | 31                                | 55                     | –                     | –         | 231 |
| 090 | Debt securities  | 4,937                                    | 4,937                              | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 100 | <i>Central banks</i>                                     | 8  | 8                                  | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 110 | <i>General governments</i>                               | 1,474                                    | 1,474                              | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 120 | <i>Credit institutions</i>                               | 2,322                                    | 2,322                              | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 130 | <i>Other financial corporations</i>                      | 1,134                                    | 1,134                              | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 140 | <i>Non-financial corporations</i>                        | –  | –                                  | –   | –                                   | –                                  | –                                 | –                                 | –                                 | –                      | –                     | –         | –   |
| 150 | Off-balance-sheet exposures                              | 718                                      |                                    |   | 3                                   |                                    |                                   |                                   |                                   |                        |                       |           | 3   |
| 160 | <i>Central banks</i>                                     | –  |                                    |   | –                                   |                                    |                                   |                                   |                                   |                        |                       |           | –   |
| 170 | <i>General governments</i>                               | –  |                                    |   | –                                   |                                    |                                   |                                   |                                   |                        |                       |           | –   |
| 180 | <i>Credit institutions</i>                               | 5  |                                    |   | –                                   |                                    |                                   |                                   |                                   |                        |                       |           | –   |
| 190 | <i>Other financial corporations</i>                      | 22                                       |                                    |   | –                                   |                                    |                                   |                                   |                                   |                        |                       |           | –   |
| 200 | <i>Non-financial corporations</i>                        | 340                                      |                                    |   | –                                   |                                    |                                   |                                   |                                   |                        |                       |           | –   |
| 210 | <i>Households</i>  | 352                                      |                                    |   | –                                   |                                    |                                   |                                   |                                   |                        |                       |           | –   |
| 220 | Total  | 21,594                                   | 20,825                             | 54  | 388                                 | 180                                | 62                                | 49                                | 35                                | 58                     | 1                     | 0         | 388 |

## 9. Credit Risk continued

**Table 26: UK CQ5 – Credit quality of loans and advances to non-financial corporations by industry<sup>1</sup>**

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

|            |   | 31 December 2024        |           |   |           |                        |   |
|------------|---|-------------------------|-----------|---|-----------|------------------------|---|
|            |   | Gross carrying amount   |           |   |           | Accumulated impairment | Accumulated negative changes in fair value due to credit risk on non-performing exposures |
|            |   | Of which non-performing |           | Of which loans and advances subject to impairment |           |                        |   |
|            |   | £'million               | £'million | £'million   | £'million | £'million              | £'million   |
| 010        | Agriculture, forestry and fishing                             | 22                      |           | 1   |           | (0)                    | –   |
| 020        | Mining and quarrying  | 4                       |           | –   |           | (0)                    | –   |
| 030        | Manufacturing   | 78                      |           | 2   |           | (2)                    | –   |
| 040        | Electricity, gas, steam and air conditioning supply           | 4                       |           | 0   |           | (0)                    | –   |
| 050        | Water supply  | 8                       |           | 0   |           | (0)                    | –   |
| 060        | Construction  | 156                     |           | 11  |           | (6)                    | –   |
| 070        | Wholesale and retail trade                                    | 328                     |           | 15  |           | (11)                   | –   |
| 080        | Transport and storage   | 101                     |           | 6   |           | (3)                    | –   |
| 090        | Accommodation and food service activities                     | 481                     |           | 17  |           | (7)                    | –   |
| 100        | Information and communication                                 | 25                      |           | 4   |           | (1)                    | –   |
| 110        | Financial and insurance activities                            | 368                     |           | 14  |           | (8)                    | –   |
| 120        | Real estate activities  | 863                     |           | 39  |           | (14)                   | –   |
| 130        | Professional, scientific and technical activities             | 50                      |           | 20  |           | (2)                    | –   |
| 140        | Administrative and support service activities                 | 89                      |           | 6   |           | (3)                    | –   |
| 150        | Public administration and defence, compulsory social security | 1                       |           | –   |           | (0)                    | –   |
| 160        | Education   | 20                      |           | 1   |           | (0)                    | –   |
| 170        | Human health services and social work activities              | 465                     |           | 51  |           | (5)                    | –   |
| 180        | Arts, entertainment and recreation                            | 93                      |           | 1   |           | (1)                    | –   |
| 190        | Other services  | 49                      |           | 1   |           | (1)                    | –   |
| <b>200</b> | <b>Total</b>  | <b>3,203</b>            |           | <b>189</b>  |           | <b>(66)</b>            | <b>–</b>  |
|            |   | a                       | b         | c   | d         | e                      | f   |

<sup>1</sup> Only Large Institutions (with NPL >5%) are required to populate UK CQ5 columns b and d

## 9. Credit Risk continued

|     |   | 31 December 2023        |           |   |                        |   |
|-----|---|-------------------------|-----------|---|------------------------|---|
|     |   | Gross carrying amount   |           |   | Accumulated impairment | Accumulated negative changes in fair value due to credit risk on non-performing exposures |
|     |   | Of which non-performing |           | Of which loans and advances subject to impairment |                        |   |
|     |   | Of which defaulted      |           |   |                        |   |
|     |   | £'million               | £'million | £'million   | £'million              | £'million   |
| 010 | Agriculture, forestry and fishing                             | 14                      |           | 1   | (0)                    | –   |
| 020 | Mining and quarrying  | 3                       |           | –   | (0)                    | –   |
| 030 | Manufacturing   | 78                      |           | 3   | (2)                    | –   |
| 040 | Electricity, gas, steam and air conditioning supply           | 5                       |           | 0   | (0)                    | –   |
| 050 | Water supply  | 6                       |           | 0   | (0)                    | –   |
| 060 | Construction  | 172                     |           | 13  | (5)                    | –   |
| 070 | Wholesale and retail trade                                    | 329                     |           | 21  | (9)                    | –   |
| 080 | Transport and storage   | 123                     |           | 4   | (3)                    | –   |
| 090 | Accommodation and food service activities                     | 415                     |           | 36  | (10)                   | –   |
| 100 | Information and communication                                 | 39                      |           | 5   | (1)                    | –   |
| 110 | Financial and insurance activities                            | 313                     |           | 14  | (5)                    | –   |
| 120 | Real estate activities  | 1,101                   |           | 32  | (14)                   | –   |
| 130 | Professional, scientific and technical activities             | 49                      |           | 1   | (1)                    | –   |
| 140 | Administrative and support service activities                 | 100                     |           | 10  | (6)                    | –   |
| 150 | Public administration and defence, compulsory social security | 1                       |           | 0   | (0)                    | –   |
| 160 | Education   | 23                      |           | 1   | (0)                    | –   |
| 170 | Human health services and social work activities              | 320                     |           | 10  | (11)                   | –   |
| 180 | Arts, entertainment and recreation                            | 92                      |           | 1   | (1)                    | –   |
| 190 | Other services  | 30                      |           | 2   | (1)                    | –   |
| 200 | Total   | 3,214                   |           | 154   | (69)                   | –   |

## 9. Credit Risk continued

**Table 27: UK CQ1 – Credit quality of forbore exposures**

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

|                    |  | 31 December 2024  |           |                   |           |  |                                     |   |           |
|--------------------|--|---|-----------|-------------------|-----------|--|-------------------------------------|---|-----------|
|                    |  | Gross carrying amount/nominal amount of exposures with forbearance measures |           |                   |           | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                                     | Collateral received and financial guarantees received on forbore exposures                                  |           |
|                    |  | Non-performing forbore  |           |                   |           |  |                                     |   |           |
| Performing forbore |  | Of which defaulted  |           | Of which impaired |           | On performing forbore exposures  | On non-performing forbore exposures | Of which collateral and financial guarantees received on non-performing exposures with forbearance measures |           |
|                    |  | £'million   | £'million | £'million         | £'million | £'million  | £'million                           | £'million   | £'million |
| 005                | Cash balances at central banks and other demand deposits | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 010                | Loans and advances                                       | 17  | 146       | 140               | 140       | (0)  | (9)                                 | 152   | 136       |
| 020                | <i>Central banks</i>                                     | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 030                | <i>General governments</i>                               | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 040                | <i>Credit institutions</i>                               | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 050                | <i>Other financial corporations</i>                      | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 060                | <i>Non-financial corporations</i>                        | 4   | 25        | 25                | 25        | (0)  | (3)                                 | 26  | 15        |
| 070                | <i>Households</i>  | 13  | 121       | 115               | 115       | (0)  | (6)                                 | 126   | 122       |
| 080                | Debt Securities  | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 090                | Loan commitments given                                   | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 100                | <b>Total</b>   | 17  | 146       | 140               | 140       | (0)  | (9)                                 | 152   | 136       |

|                    |  | 31 December 2023  |           |                   |           |  |                                     |   |           |
|--------------------|--|---|-----------|-------------------|-----------|--|-------------------------------------|---|-----------|
|                    |  | Gross carrying amount/nominal amount of exposures with forbearance measures |           |                   |           | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions |                                     | Collateral received and financial guarantees received on forbore exposures                                  |           |
|                    |  | Non-performing forbore  |           |                   |           |  |                                     |   |           |
| Performing forbore |  | Of which defaulted  |           | Of which impaired |           | On performing forbore exposures  | On non-performing forbore exposures | Of which collateral and financial guarantees received on non-performing exposures with forbearance measures |           |
|                    |  | £'million   | £'million | £'million         | £'million | £'million  | £'million                           | £'million   | £'million |
| 005                | Cash balances at central banks and other demand deposits | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 010                | Loans and advances                                       | 18  | 109       | 100               | 100       | (0)  | (10)                                | 115   | 97        |
| 020                | <i>Central banks</i>                                     | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 030                | <i>General governments</i>                               | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 040                | <i>Credit institutions</i>                               | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 050                | <i>Other financial corporations</i>                      | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 060                | <i>Non-financial corporations</i>                        | 1   | 30        | 30                | 30        | (0)  | (6)                                 | 24  | 23        |
| 070                | <i>Households</i>  | 18  | 78        | 70                | 70        | (0)  | (4)                                 | 91  | 74        |
| 080                | Debt Securities  | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 090                | Loan commitments given                                   | –   | –         | –                 | –         | –  | –                                   | –   | –         |
| 100                | <b>Total</b>   | 18  | 109       | 100               | 100       | (0)  | (10)                                | 115   | 97        |



## 10. Counterparty Credit Risk

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

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

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

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

**Table 28: UK CCR1 – Analysis of CCR exposure by approach**

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

|     |   | 31 December 2024      |                                 |           |  |                        |                         |                |           |
|-----|---|-----------------------|---------------------------------|-----------|--|------------------------|-------------------------|----------------|-----------|
|     |   | Replacement cost (RC) | Potential future exposure (PFE) | EEPE      | Alpha used for computing regulatory exposure value | Exposure value pre-CRM | Exposure value post-CRM | Exposure value | RWEA      |
|     |   | £'million             | £'million                       | £'million |  | £'million              | £'million               | £'million      | £'million |
| UK1 | Original Exposure Method (for derivatives)                                | –                     | –                               |           | 1.4  | –                      | –                       | –              | –         |
| UK2 | Simplified SA-CRR (for derivatives)                                       | –                     | –                               |           | 1.4  | –                      | –                       | –              | –         |
| 1   | SA-CRR (for derivatives)  | 0                     | 0                               |           | 1.4  | 0                      | 0                       | 0              | 0         |
| 2   | IMM (for derivatives and SFTs)  |                       |                                 |           | –  | –                      | –                       | –              | –         |
| 2a  | <i>of which securities financing transactions netting sets</i>            |                       |                                 |           | –  | –                      | –                       | –              | –         |
| 2b  | <i>of which derivatives and long settlement transactions netting sets</i> |                       |                                 |           | –  | –                      | –                       | –              | –         |
| 2c  | <i>of which from contractual cross-product netting sets</i>               |                       |                                 |           | –  | –                      | –                       | –              | –         |
| 3   | Financial collateral simple method (for SFTs)                             |                       |                                 |           |  | –                      | –                       | –              | –         |
| 4   | Financial collateral comprehensive method (for SFTs)                      |                       |                                 |           |  | 391                    | 49                      | 49             | 18        |
| 5   | VaR for SFTs  |                       |                                 |           |  | –                      | –                       | –              | –         |
| 6   | <b>Total</b>  |                       |                                 |           |  | 391                    | 50                      | 50             | 18        |

## 10. Counterparty Credit Risk continued

|     |   | 31 December 2023         |                                    |           |   |                           |                            |                |           |
|-----|---|--------------------------|------------------------------------|-----------|---|---------------------------|----------------------------|----------------|-----------|
|     |   | Replacement cost<br>(RC) | Potential future<br>exposure (PFE) | EEPE      | Alpha used for<br>computing<br>regulatory exposure<br>value | Exposure value<br>pre-CRM | Exposure value<br>post-CRM | Exposure value | RWA       |
|     |   | £'million                | £'million                          | £'million |   | £'million                 | £'million                  | £'million      | £'million |
| UK1 | Original Exposure Method (for derivatives)                                | –                        | –                                  |           | 1.4   | –                         | –                          | –              | –         |
| UK2 | Simplified SA-CCR (for derivatives)                                       | –                        | –                                  |           | 1.4   | –                         | –                          | –              | –         |
| 1   | SA-CCR (for derivatives)  | 1                        | 1                                  |           | 1.4   | 2                         | 2                          | 2              | 1         |
| 2   | IMM (for derivatives and SFTs)  |                          |                                    | –         | –   | –                         | –                          | –              | –         |
| 2a  | <i>of which securities financing transactions netting sets</i>            |                          |                                    | –         |   | –                         | –                          | –              | –         |
| 2b  | <i>of which derivatives and long settlement transactions netting sets</i> |                          |                                    | –         |   | –                         | –                          | –              | –         |
| 2c  | <i>of which from contractual cross-product netting sets</i>               |                          |                                    | –         |   | –                         | –                          | –              | –         |
| 3   | Financial collateral simple method (for SFTs)                             |                          |                                    |           |   | –                         | –                          | –              | –         |
| 4   | Financial collateral comprehensive method (for SFTs)                      |                          |                                    |           |   | 1,191                     | 62                         | 62             | 25        |
| 5   | VaR for SFTs  |                          |                                    |           |   | –                         | –                          | –              | –         |
| 6   | <b>Total</b>  |                          |                                    |           |   | 1,193                     | 64                         | 64             | 26        |

## 10. Counterparty Credit Risk continued

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

**Table 29: UK CCR2 – Transactions subject to own funds requirements for CVA risk**

|     |  | 31 December 2024 |           | 31 December 2023 |           |
|-----|--|------------------|-----------|------------------|-----------|
|     |  | Exposure value   | RWA       | Exposure value   | RWA       |
|     |  | £'million        | £'million | £'million        | £'million |
| 1   | Total transactions subject to the Advanced method  | –                | –         | –                | –         |
| 2   | (i) VaR component (including the 3× multiplier)  |                  | –         |                  | –         |
| 3   | (ii) stressed VaR component (including the 3× multiplier)                                |                  | –         |                  | –         |
| 4   | Transactions subject to the Standardised method  | 0                | 0         | 2                | 0         |
| UK4 | Transactions subject to the Alternative approach (Based on the Original Exposure Method) | –                | –         | –                | –         |
| 5   | Total transactions subject to own funds requirements for CVA risk                        | 0                | 0         | 2                | 0         |

## 10. Counterparty Credit Risk continued

Table 30: UK CCR8 – Exposures to CCPs

|          | 31 December 2024  |           | 31 December 2023 |           |
|----------|---|-----------|------------------|-----------|
|          | Exposure value  | RWA       | Exposure value   | RWA       |
|          | £'million   | £'million | £'million        | £'million |
| <b>1</b> | <b>Exposures to QCCPs (total)</b>   |           |                  |           |
| 2        | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which |           |                  |           |
| 3        | (i) OTC derivatives   | 46        | 1                | 76        |
| 4        | (ii) Exchange-traded derivatives  | 46        | 1                | 76        |
| 5        | (iii) SFTs  | –         | –                | –         |
| 6        | (iv) Netting sets where cross-product netting has been approved                                   | –         | –                | –         |
| 7        | Segregated initial margin   | –         | –                | –         |
| 8        | Non-segregated initial margin   | –         | –                | –         |
| 9        | Prefunded default fund contributions  | –         | –                | –         |
| 10       | Unfunded default fund contributions   | –         | –                | –         |

## 11. Market Risk

### Risk definition (audited)

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.

### Risk appetite statement

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

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

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

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

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

### Exposure and assessment (audited)

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

The primary source of our market risk exposure arises from structural interest rate risk in the banking book mismatch between the fixed rate assets and liabilities and any differences in bases. Interest rate risk in the banking book crystallises in, and is measured through, the sensitivity of our current and future net interest income and our economic value to movements in market interest rates. During 2024 we saw a reduction in the interest rate environment and the bank remained within approved limits, as well as and supervisory outlier tests, throughout.

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

Management limits are set at the ALCO for economic value and net interest income sensitivity to ensure prompt action and escalation. Limits and the relevant metrics are also reported to ROC and the Board. .

The treasury function has responsibility for managing within our market risk policy and strategy. We have an independent 2LoD Prudential Risk team who independently monitor our market risk daily including ensuring compliance with the policies we have developed. The Prudential Risk function run additional interest rate risk simulations monthly to assess other threats that may not be evident in the standard parallel shock metrics or supervisory outlier tests .

### Response (audited)

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

### Interest rate risk

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

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

### Foreign exchange exposure

We have very limited exposure to foreign exchange risk. Foreign currency denominated assets and liabilities are matched off closely in each of the currencies we operate, and we eliminate our foreign exchange exposure as far as is practical on a daily basis. In any event the risk is strictly capped at 2% of our capital base. We offer business current accounts in foreign currency and foreign exchange facilities to facilitate customer requirements only.

## 11. Market Risk continued

### Monitoring/reporting

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

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

## 12. Securitisation

We invest in highly rated securitisation issues in eligible, established asset classes to support regulatory liquidity requirements. External credit rating assessments are provided by Fitch and Moody's (where available) to assess the rating of the positions in which we invest. In line with our liquidity risk appetite, our Treasury Dealing Policy restricts investment activity to senior, high-quality liquid securities in a small number of established, low risk-sectors. We do not act as a sponsor or originator in any securitisations.

In November 2018, the PRA published supervisory statement SS10/18 on simple, transparent and standardised (STS) securitisation requirements. A part of this paper required firms to make a decision under CRR Article 254(3) on the methodology used to calculate capital requirements for STS securitisation exposures. Applying the hierarchy of methods, the Bank has informed the PRA in applying the external ratings-based approach (SEC-ERBA) to all of our rated securitisations.

**Table 31: UK SEC1 – Securitisation exposures in the non-trading book**

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

|                                 | 31 December 2024             |           |           | 31 December 2023             |           |       |
|---------------------------------|------------------------------|-----------|-----------|------------------------------|-----------|-------|
|                                 | Institution acts as investor |           |           | Institution acts as investor |           |       |
|                                 | Traditional                  |           | Total     | Traditional                  |           | Total |
|                                 | STS                          | Non-STS   |           | STS                          | Non-STS   |       |
|                                 | £'million                    | £'million | £'million | £'million                    | £'million |       |
| 1 <b>Total exposures</b>        | 1,001                        | 120       | 1,122     | 862                          | 213       | 1,075 |
| 2 Retail (total)                | 1,001                        | 120       | 1,122     | 862                          | 213       | 1,075 |
| 3 <i>residential mortgage</i>   | 688                          | 120       | 809       | 675                          | 213       | 888   |
| 5 <i>other retail exposures</i> | 313                          | 0         | 313       | 188                          | –         | 188   |

**Table 32: UK SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor**

This table shows the non-trading book securitisation exposures.

|                              | 31 December 2024                          |                |  |                               |                          |   | 31 December 2023 |  |                               |                          |  |  |
|------------------------------|---|----------------|--|-------------------------------|--------------------------|---|------------------|--|-------------------------------|--------------------------|--|--|
|                              | Exposure values (by RW bands/ deductions) |                | Exposure values (by regulatory approach) | RWEA (by regulatory approach) | Capital charge after cap | Exposure values (by RW bands/ deductions) |                  | Exposure values (by regulatory approach) | RWEA (by regulatory approach) | Capital charge after cap |  |  |
|                              | ≤20% RW                                   | >20% to 50% RW | SEC-ERBA (including IAA)                 | SEC-ERBA (including IAA)      | SEC-ERBA (including IAA) | ≤20% RW                                   | >20% to 50% RW   | SEC-ERBA (including IAA)                 | SEC-ERBA (including IAA)      | SEC-ERBA (including IAA) |  |  |
|                              | £'million                                 | £'million      | £'million                                | £'million                     | £'million                | £'million                                 | £'million        | £'million                                | £'million                     | £'million                |  |  |
| 1 <b>Total exposures</b>     | 1,122                                     | –              | 1,122                                    | 124                           | 10                       | 1,075                                     | –                | 1,075                                    | 129                           | 10                       |  |  |
| 2 Traditional securitisation | 1,122                                     | –              | 1,122                                    | 124                           | 10                       | 1,075                                     | –                | 1,075                                    | 129                           | 10                       |  |  |
| 3 Securitisation             | 1,122                                     | –              | 1,122                                    | 124                           | 10                       | 1,075                                     | –                | 1,075                                    | 129                           | 10                       |  |  |
| 4 Retail underlying          | 1,122                                     | –              | 1,122                                    | 124                           | 10                       | 1,075                                     | –                | 1,075                                    | 129                           | 10                       |  |  |
| 5 <i>Of which STS</i>        | 1,001                                     | –              | 1,001                                    | 100                           | 8                        | 862                                       | –                | 862                                      | 86                            | 7                        |  |  |

## 13. Operational Risk

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

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

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

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

**Table 33: UK OR1 – Operational risk own funds requirements and risk-weighted exposure amounts**

|                    |   | 31 December 2024   |           |           |                        |                             |
|--------------------|---|--------------------|-----------|-----------|------------------------|-----------------------------|
|                    |   | Relevant indicator |           |           |                        |                             |
|                    |   | Year-3             | Year-2    | Last year | Own funds requirements | Risk weight exposure amount |
| Banking activities |   | £'million          | £'million | £'million | £'million              | £'million                   |
| 1                  | Banking activities subject to standardised approach (TSA) | 409                | 523       | 547       | 58                     | 720                         |

|                    |   | 31 December 2023   |           |           |                        |                             |
|--------------------|---|--------------------|-----------|-----------|------------------------|-----------------------------|
|                    |   | Relevant indicator |           |           |                        |                             |
|                    |   | Year-3             | Year-2    | Last year | Own funds requirements | Risk weight exposure amount |
| Banking activities |   | £'million          | £'million | £'million | £'million              | £'million                   |
| 1                  | Banking activities subject to standardised approach (TSA) | 359                | 409       | 523       | 56                     | 703                         |



## 14. Asset Encumbrance

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

Our encumbered assets are used to support collateral requirements for central bank schemes (including TFSME, of which the bank repaid £2.65 billion in 2024 of £3.8 billion initially drawn), third party repurchase agreements and to a lesser extent collateral for derivatives. The Bank has not issued any securitisations.

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

The Bank has £13,660 million of financial assets (31 December 2023: £17,280 million) which could be encumbered for funding purposes, made of £9,055 million of loans (31 December 2023: £12,344 million) and £4,606 million of securities (31 December 2023: £4,936 million). The Bank has £2,878 million of mortgage loans as at 31 December 2024 (31 December 2023: £4,799 million), which could provide secured funding as central bank-eligible collateral or as part of a securitisation. The Bank had £1,249 million of fixed and intangible assets as at 31 December 2024 (31 December 2023: £1,171 million) which cannot be encumbered for funding purposes.

Encumbrance has fallen significantly in 2024 due to the repayment of £2,650 million of TFSME drawings. We have pledged £1,034 million (2023: £6,110 million) of the financial assets above as encumbered collateral which can be called upon in the event of default. Of this, £445 million (2023: £1,311 million) is made up of high-quality securities and £589 million (2023: £4,799 million) is from our own loan portfolio.

Tables 34, 35 and 36 provide breakdown of the encumbered and unencumbered assets based on 4-quarter median over the last 12 months.

**Table 34: UK AE1 – Encumbered and unencumbered assets**

|     |   | 31 December 2024                            |           |   |           |  |           |                                   |           |
|-----|---|---|-----------|---|-----------|--|-----------|-----------------------------------|-----------|
|     |   | Carrying amount of encumbered assets        |           | Fair value of encumbered assets             |           | Carrying amount of unencumbered assets |           | Fair value of unencumbered assets |           |
|     |   | of which notionally eligible EHQLA and HQLA |           | of which notionally eligible EHQLA and HQLA |           | of which EHQLA and HQLA                |           | of which EHQLA and HQLA           |           |
|     |   | £'million                                   | £'million | £'million                                   | £'million | £'million                              | £'million | £'million                         | £'million |
| 010 | <b>Assets of the reporting institution</b>            | 5,194                                       | 1,000     |   |           | 16,252                                 | 7,843     |                                   |           |
| 030 | Equity instruments                                    | –   | –         | –   | –         | –                                      | –         | –                                 | –         |
| 040 | Debt securities                                       | 996   | 927       | 978   | 909       | 3,668                                  | 3,458     | 3,484                             | 3,273     |
| 050 | <i>of which: covered bonds</i>                        | 48  | 48        | 48  | 48        | 577                                    | 577       | 571                               | 571       |
| 060 | <i>of which: securitisations</i>                      | 483   | 423       | 482   | 423       | 688                                    | 548       | 687                               | 546       |
| 070 | <i>of which: issued by general governments</i>        | 445   | 445       | 433   | 433       | 840                                    | 840       | 788                               | 788       |
| 080 | <i>of which: issued by financial corporations</i>     | 549   | 480       | 549   | 480       | 2,923                                  | 2,691     | 2,794                             | 2,579     |
| 090 | <i>of which: issued by non-financial corporations</i> | –   | –         | –   | –         | –                                      | –         | –                                 | –         |
| 120 | Other assets <sup>1</sup>                             | 3,880                                       | 74        |   |           | 12,677                                 | 4,385     |                                   |           |

## 14. Asset Encumbrance continued

|     |   | 31 December 2023                            |           |   |           |  |           |                                   |           |
|-----|---|---|-----------|---|-----------|--|-----------|-----------------------------------|-----------|
|     |   | Carrying amount of encumbered assets        |           | Fair value of encumbered assets             |           | Carrying amount of unencumbered assets |           | Fair value of unencumbered assets |           |
|     |   | of which notionally eligible EHQLA and HQLA |           | of which notionally eligible EHQLA and HQLA |           | of which EHQLA and HQLA                |           | of which EHQLA and HQLA           |           |
|     |   | £'million                                   | £'million | £'million                                   | £'million | £'million                              | £'million | £'million                         | £'million |
| 010 | Assets of the reporting institution                   | 5,712                                       | 1,940     |   |           | 16,134                                 | 5,516     |                                   |           |
| 030 | Equity instruments                                    | –   | –         | –   | –         | –                                      | –         | –                                 | –         |
| 040 | Debt securities                                       | 1,928                                       | 1,808     | 1,829                                       | 1,710     | 3,239                                  | 3,093     | 3,060                             | 2,907     |
| 050 | <i>of which: covered bonds</i>                        | 482   | 482       | 475   | 255       | 448                                    | 448       | 444                               | 444       |
| 060 | <i>of which: securitisations</i>                      | 569   | 569       | 568   | 435       | 669                                    | 520       | 658                               | 510       |
| 070 | <i>of which: issued by general governments</i>        | 835   | 835       | 797   | 797       | 698                                    | 695       | 657                               | 651       |
| 080 | <i>of which: issued by financial corporations</i>     | 1,136                                       | 384       | 1,107                                       | 978       | 2,382                                  | 2,269     | 2,261                             | 2,153     |
| 090 | <i>of which: issued by non-financial corporations</i> | –   | –         | –   | –         | –                                      | –         | –                                 | –         |
| 120 | Other assets <sup>1</sup>                             | 3,737                                       | 133       |   |           | 12,887                                 | 2,523     |                                   |           |

<sup>1</sup> Consists of all remaining regulatory balance sheet assets, predominately loans and advances.

## 14. Asset Encumbrance continued

Table 35: UK AE2 – Collateral received and own debt securities issued

|     |  | 31 December 2024   |           |   |           | 31 December 2023   |           |   |           |
|-----|--|--|-----------|---|-----------|--|-----------|---|-----------|
|     |  | Fair value of encumbered collateral received or own debt securities issued |           | Unencumbered<br>Fair value of collateral received or own debt securities issued available for encumbrance |           | Fair value of encumbered collateral received or own debt securities issued |           | Unencumbered<br>Fair value of collateral received or own debt securities issued available for encumbrance |           |
|     |  | of which notionally eligible EHQLA and HQLA                                |           | of which EHQLA and HQLA   |           | of which notionally eligible EHQLA and HQLA                                |           | of which EHQLA and HQLA   |           |
|     |  | £'million  | £'million | £'million   | £'million | £'million  | £'million | £'million   | £'million |
| 130 | Collateral received by the reporting institution                           | –  | –         | –   | –         | –  | –         | –   | –         |
| 240 | Own debt securities issued other than own covered bonds or securitisations | –  | –         | –   | –         | –  | –         | –   | –         |
| 241 | Own covered bonds and asset-backed securities issued and not yet pledged   |  |           | –   | –         |  |           | –   | –         |
| 250 | Total assets, collateral received and own debt securities issued           | 5,194  | 1,000     |   |           | 5,712  | 1,940     |   |           |

Table 36: UK AE3 – Sources of encumbrance

|    |   | 31 December 2024  |   | 31 December 2023  |   |
|----|---|---|---|---|---|
|    |   | Assets, collateral received and own debt securities issued other than covered bonds and securitisations | Matching liabilities, contingent liabilities or securities lent | Assets, collateral received and own debt securities issued other than covered bonds and securitisations | Matching liabilities, contingent liabilities or securities lent |
|    |   | £'million   | £'million   | £'million   | £'million   |
| 10 | Carrying amount of selected financial liabilities | 3,476   | 5,075   | 4,233   | 5,557   |

## 15. Interest Rate Risk in the Banking Book

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

Our Primary IRRBB metrics are Net Interest Income (NII) and Economic Value of Equity (EVE) risk sensitivity measures. NII sensitivity measures the 12-month impact of net interest income arising from a 200 basis point parallel shift to the yield curve and on a constant balance sheet. This metric captures short term sensitivity of earnings due to a change in interest rates. EVE risk sensitivity measures the change in the net present value of our assets and liabilities under an immediate 200 basis point parallel shift to the yield curve.

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

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

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

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

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

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

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

Metro Bank makes the following assumptions:

### ΔEVE

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

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

## 15. Interest Rate Risk in the Banking Book continued

### $\Delta$ NII

The  $\Delta$ NII calculations are produced in accordance with PRA requirements and include the following key assumptions:

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

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

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

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

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

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

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

## 15. Interest Rate Risk in the Banking Book continued

The average repricing maturity assigned to non-maturing deposits (NMDs) is 1.15 years. This includes both rate sensitive balances that reprice overnight and stable rate insensitive balances profiled on a behavioural term agreed at ALCO.

The longest repricing maturity assigned to NMDs is 5 years

**Table 37: UK IRRBB1 – Quantitative information on IRRBB**

|     |                        | ΔEVE             |                  | ΔNII             |                  | Tier 1 capital   |                  |
|-----|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|     |                        | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 | 31 December 2024 | 31 December 2023 |
|     |                        | £'million        | £'million        | £'million        | £'million        | £'million        | £'million        |
| 010 | Parallel shock up      | 5                | (28)             | 24               | (17)             |                  |                  |
| 020 | Parallel shock down    | (9)              | 23               | (25)             | 18               |                  |                  |
| 030 | Steeper shock          | 24               | 52               |                  |                  |                  |                  |
| 040 | Flattener shock        | (22)             | (55)             |                  |                  |                  |                  |
| 050 | Short rates shock up   | (18)             | (58)             |                  |                  |                  |                  |
| 060 | Short rates shock down | 19               | 61               |                  |                  |                  |                  |
| 070 | Maximum                | (22)             | (58)             | (25)             | (17)             |                  |                  |
| 080 | Tier 1 capital         |                  |                  |                  |                  | 808              | 985              |

## 16. Remuneration

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

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

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

### Material Risk Takers

The Remuneration Code and European Regulatory Technical Standards require the Bank to identify its Material Risk Takers ('MRTs'). MRTs are those colleagues who operate in roles that are deemed to have, or potentially have, a material impact on the risk profile of the Bank. Metro Bank had classified 66 members of staff as material risk takers in 2024 (2023: 59). This figure includes joiners and leavers.

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

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

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

### Approach to remuneration

The approach taken for our MRT population will differ from that of the wider colleague population. We offer base salary, variable remuneration and a consistent benefit offering to all colleagues. To align the interests of our MRT population with those of our shareholders, we may deliver a portion of variable reward in retained shares, deferred cash, deferred shares, and where appropriate, awards under the long-term incentive plan ('LTIP') or restricted shares.

The Bank aims for salaries to remain competitive against peers in the financial services sector and uses market data as a reference point. Variable remuneration is based on a mix of corporate performance and a colleague's achievement against their objectives. Risk is considered when determining variable remuneration for all colleagues, in particular MRTs. For the 2024 performance period, we have maintained a 1:1 cap on annual bonus for Executive Director's, and 2:1 cap on LTIP, the latter approved at the 2024 Annual General Meeting.

We are seeking approval at the 2025 Annual General Meeting for the introduction of a new Share Value Alignment Plan ('SVAP'), which is a long-term plan spanning a performance period of five years to provide market competitive remuneration for long term value creation, aligned to the interests of the Banks shareholders. The value created is converted into nil cost options (or cash phantom units) at the relevant test dates, which commence after a three-year period with subsequent tests in year four and five. The nil cost options will vest in line with regulatory requirements, which currently requires 60% of all variable pay to vest over a three-to-seven year period from grant. The remaining 40% of variable pay will vest on the April following the relevant performance test. In the event the regulations are eased, the vesting period may be shortened to align to the revised regulations.

Further information relating to the SVAP and remuneration of our colleagues can be found in our DRR.

### Base salary

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

### Variable remuneration

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

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

## 16. Remuneration continued

### Long-term incentives

The Bank's LTIP and proposed new SVAP is designed to align senior colleagues' remuneration with the long-term interests of the Bank and its shareholders. It rewards long-term delivery of the Bank's strategy and growth. Performance conditions may apply and are normally tested over a period of three financial years. Subject to the achievement of any performance conditions, awards will vest according to timetables designed to meet with regulatory requirements.

### Guaranteed variable remuneration

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

### Deferral and vesting

Variable remuneration is delivered in line with current regulatory requirements. For MRTs receiving a variable remuneration award in respect of 2024 performance that exceeds the 'de minimis' level:

- at least 40% of total variable remuneration is deferred into cash or share options, increasing to 60% for the Directors or where variable remuneration is in excess of £0.5m;
- at least 50% of variable remuneration is paid in share options, through a combination of retained shares, deferred shares, restricted shares and/or LTIP or SVAP; and;
- vested shares options are subject to retention periods

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

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

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

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

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

### The link between pay and performance

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

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

- Financial
- Risk and Regulatory
- Customers
- People and Communities

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



## 16. Remuneration continued

### Remuneration for Material Risk Takers

The following tables display the 2024 fixed and variable remuneration for Metro Bank's MRT population. The Bank is not structured in such a way to break down the data by business area. In addition, to preserve the anonymity of individual's remuneration, some tables do not show the breakdown between each distinct MRT category.

**Table 38: UK REM1 – Remuneration awarded for the financial year**

|        |                                     | 31 December 2024   |                                     |                         |  |     |
|--------|-------------------------------------|--|-------------------------------------|-------------------------|--|-----|
|        |                                     | MB Supervisory function <sup>2,3</sup>                       | MB Management function <sup>3</sup> | Other senior management | Other MRT<br>(or other identified staff) |     |
| 1      |                                     | Number of identified staff                                   | 12                                  | 13                      | 2  | 42  |
| 2      | Fixed Remuneration <sup>1</sup>     | Total fixed remuneration £'million                           | 2.8                                 | 3.3                     | 0.4                                      | 6.1 |
| 3      |                                     | Of which: cash-based £'million                               | 2.8                                 | 3.2                     | 0.3                                      | 5.6 |
| 7      |                                     | Of which: other £'million <sup>4</sup>                       | 0.0                                 | 0.1                     | 0.0                                      | 0.5 |
| 9      |                                     | Number of identified staff                                   | 2                                   | 7                       |  | 30  |
| 10     | Variable remuneration               | Total variable remuneration £'million                        | 0.5                                 | 1.2                     |  | 1.6 |
| 11     |                                     | Of which: cash-based £'million                               | 0.3                                 | 0.3                     |  | 0.4 |
| 12     |                                     | Of which: deferred £'million <sup>5</sup>                    | 0.0                                 | -                       |  | -   |
| UK-13b |                                     | Of which: shares or equivalent ownership interests £'million | 0.2                                 | 0.8                     |  | 1.2 |
| UK-14b |                                     | Of which: deferred £'million                                 | 0.2                                 | 0.8                     |  | 1.2 |
| 17     | <b>Total remuneration £'million</b> | <b>3.3</b>   | <b>4.5</b>                          |                         | <b>8.2</b>                               |     |

|        |                                     | 31 December 2023   |                        |                         |  |     |
|--------|-------------------------------------|--|------------------------|-------------------------|--|-----|
|        |                                     | MB Supervisory function                                      | MB Management function | Other senior management | Other MRT<br>(or other identified staff) |     |
| 1      |                                     | Number of identified staff                                   | 11                     | 13                      | 2  | 34  |
| 2      | Fixed Remuneration                  | Total fixed remuneration £'million                           | 2.4                    | 3.0                     | 0.4                                      | 4.6 |
| 3      |                                     | Of which: cash-based £'million                               | 2.4                    | 3.0                     | 0.4                                      | 4.2 |
| 7      |                                     | Of which: other £'million                                    | 0.1                    | 0.1                     | 0.0                                      | 0.3 |
| 9      |                                     | Number of identified staff                                   | -                      | 1                       |  | 25  |
| 10     | Variable remuneration               | Total variable remuneration £'million                        | -                      | 0.2                     |  | 0.4 |
| 11     |                                     | Of which: cash-based £'million                               | -                      | 0.1                     |  | 0.4 |
| 12     |                                     | Of which: deferred £'million                                 | -                      | 0.0                     |  | -   |
| UK-13b |                                     | Of which: shares or equivalent ownership interests £'million | -                      | 0.1                     |  | -   |
| UK-14b |                                     | Of which: deferred £'million                                 | -                      | 0.1                     |  | -   |
| 17     | <b>Total remuneration £'million</b> | <b>2.4</b>   | <b>3.2</b>             |                         | <b>5.3</b>                               |     |

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

<sup>2</sup> There are identified staff that left the Supervisory function on 31 12 2023 but we continued to pay them notice pay in 2024. They are not included in the headcount but are in the total fixed remuneration.

<sup>3</sup> There are 4 identified staff, 2 in the Supervisory function and 2 in the Management function, that will be members of a proposed new long-term variable reward plan, SVAP, which is subject to shareholder approval at the 2025 Annual General Meeting. We have disclosed the annual bonus for these individuals in the variable remuneration cash-based payment as the SVAP will be the deferral mechanism to align to our regulatory deferral requirement, similar to the LTIP approach. Given the nature of the SVAP, and the fact it has not yet been approved or granted, means no specific value is available for the purpose of the above disclosure, and so no value in respect of the SVAP has been included in the table. The SVAP will be granted following AGM approval, and a fair value calculated to ensure compliance to the Regulatory deferral requirement

<sup>4</sup> The value of fixed remuneration for the Supervisory function that is "of which: other" is £32,019. The same for other senior management is £35,648.

<sup>5</sup> The value of deferred cash based variable remuneration for the Supervisory function is £33,920.

## 16. Remuneration continued

**Table 39: UK REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)**

|  |   | 31 December 2024        |                        |   |
|--|---|-------------------------|------------------------|---|
|  |   | MB Supervisory function | MB Management function | Other senior management or other identified staff |
| <b>Guaranteed variable remuneration awards</b>   |   |                         |                        |   |
| 1  | Guaranteed variable remuneration awards – Number of identified staff  | 1                       | –                      | –   |
| 2  | Guaranteed variable remuneration awards – Total amount £'million <sup>1</sup>   | 0.210                   | –                      | –   |
| 3  | Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap £'million | –                       | –                      | –   |
| <b>Severance payments awarded in previous periods, that have been paid out during the financial year</b> |   |                         |                        |   |
| 4  | Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff              | –                       | 3                      | 4   |
| 5  | Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount £'million                  | –                       | 0.314                  | 0.183   |
| <b>Severance payments awarded during the financial year</b>  |   |                         |                        |   |
| 6  | Severance payments awarded during the financial year – Number of identified staff   | –                       | –                      | 3   |
| 7  | Severance payments awarded during the financial year – Total amount £'million <sup>2</sup>  | –                       | –                      | 0.112   |
| 8  | Of which paid during the financial year £'million   | –                       | –                      | 0.112   |
| 9  | Of which deferred £'million   | –                       | –                      | –   |
| 10   | Of which severance payments paid during the financial year, that are not taken into account in the bonus cap £'million                      | –                       | –                      | 0.112   |
| 11   | Of which highest payment that has been awarded to a single person £'million   | –                       | –                      | 0.060   |

|  |   | 31 December 2023        |                        |   |
|--|---|-------------------------|------------------------|---|
|  |   | MB Supervisory function | MB Management function | Other senior management or other identified staff |
| <b>Guaranteed variable remuneration awards</b>   |   |                         |                        |   |
| 1  | Guaranteed variable remuneration awards – Number of identified staff  | –                       | 1                      | –   |
| 2  | Guaranteed variable remuneration awards – Total amount £'million  | –                       | 0.088                  | –   |
| 3  | Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap £'million | –                       | –                      | –   |
| <b>Severance payments awarded in previous periods, that have been paid out during the financial year</b> |   |                         |                        |   |
| 4  | Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff              | –                       | –                      | –   |
| 5  | Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount £'million                  | –                       | –                      | –   |
| <b>Severance payments awarded during the financial year</b>  |   |                         |                        |   |
| 6  | Severance payments awarded during the financial year – Number of identified staff   | –                       | 4                      | 4   |
| 7  | Severance payments awarded during the financial year – Total amount £'million   | –                       | 0.361                  | 0.183   |
| 8  | Of which paid during the financial year £'million   | –                       | 0.038                  | –   |
| 9  | Of which deferred £'million   | –                       | –                      | –   |
| 10   | Of which severance payments paid during the financial year, that are not taken into account in the bonus cap £'million                      | –                       | 0.361                  | 0.183   |
| 11   | Of which highest payment that has been awarded to a single person £'million   | –                       | 0.140                  | 0.057   |

<sup>1</sup> This award is in relation to a loss of opportunity awarded for a new hire identified within the Supervisory function.

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

## 16. Remuneration continued

Table 40: UK REM3 – Deferred variable remuneration<sup>1,2,3</sup>

|    |  | 31 December 2024   |  |  |   |   |   |   |   |  |
|----|--|--|--|--|---|---|---|---|---|--|
|    |  | Total amount of deferred remuneration awarded for previous performance periods | Of which due to vest in the financial year | Of which vesting in subsequent financial years | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance | Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) | Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year | Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods |  |
|    |  | £'million  | £'million                                  | £'million                                      | £'million   | £'million   | £'million   | £'million   | £'million   |  |
| 1  | MB Supervisory function                            |  |  |  |   |   |   |   |   |  |
| 2  | – cash based <sup>4</sup>                          | 0.0  | –  | 0.0  | –   | –   | –   | –   | –   |  |
| 3  | – share based <sup>5</sup>                         | 3.3  | 0.2  | 3.1  | –   | –   | 1.7   | 0.0   | 0.2   |  |
| 7  | MB Management function                             |  |  |  |   |   |   |   |   |  |
| 8  | – cash based <sup>6</sup>                          | 0.0  | 0.0  | 0.0  | –   | –   | –   | –   | –   |  |
| 9  | – share based                                      | 2.5  | 0.2  | 2.3  | –   | –   | 1.4   | 0.1   | 0.1   |  |
| 19 | Other senior management and other identified staff |  |  |  |   |   |   |   |   |  |
| 20 | – cash based <sup>7</sup>                          | 0.1  | 0.0  | 0.0  | –   | –   | –   | 0.0   | –   |  |
| 21 | – share based <sup>8</sup>                         | 0.3  | 0.1  | 0.2  | –   | –   | 0.1   | 0.0   | 0.1   |  |
| 25 | <b>Total Amount</b>                                | 6.2  | 0.5  | 5.7  | –   | –   | 3.1   | 0.2   | 0.3   |  |

<sup>1</sup> Includes awards for any colleague identified as a Material Risk Taker during 2024.

<sup>2</sup> Values based on the face value of awards at time of grant.

<sup>3</sup> Since 2021 deferred share awards granted as nominal price options and prior to that were mainly market price share options.

<sup>4</sup> The amount of deferred cash for the MRT's in the MB Supervisory function that was awarded for previous periods and will vest in subsequent financial years is £33,920.

<sup>5</sup> The number of deferred shares for MRTs in the MB Supervisory function awarded before the financial year actually paid out in the financial year is the value of £18,600.

<sup>6</sup> The amount of deferred cash for MRTs in the MB Management function that's deferred from previous performance periods is £15,857 all of which £2,444 vested in the financial year and £13,414 will vest in subsequent financial years. The amount awarded before the financial year actually paid out in the financial year is also £2,444.

<sup>7</sup> The amount of deferred cash for MRTs in other senior management or other identified staff that's deferred from previous performance periods and vested in the financial year is £21,059 with £49,268 vesting in subsequent financial years. The amount awarded before the financial year actually paid out in the financial year is also £21,059.

<sup>8</sup> The number of deferred shares for MRTs in other senior management or other identified staff that was awarded before the financial year actually paid out in the financial year is the value of £43,725.

## 16. Remuneration continued

| 31 December 2023 |  |  |  |  |   |   |   |   |   |
|------------------|--|--|--|--|---|---|---|---|---|
|                  |  | Total amount of deferred remuneration awarded for previous performance periods | Of which due to vest in the financial year | Of which vesting in subsequent financial years | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year | Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance | Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments) | Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year | Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods |
|                  |  | £'million  | £'million                                  | £'million                                      | £'million   | £'million   | £'million   | £'million   | £'million   |
| 1                | MB Supervisory function                            |  |  |  |   |   |   |   |   |
| 2                | – cash based                                       | –  | –  | –  | –   | –   | –   | –   | –   |
| 3                | – share based                                      | 4.0  | 0.4  | 3.5  | –   | –   | (2.9)   | 0.0   | 0.4   |
| 7                | MB Management function                             |  |  |  |   |   |   |   |   |
| 8                | – cash based                                       | 0.0  | 0.0  | 0.0  | –   | –   | –   | 0.0   | –   |
| 9                | – share based                                      | 4.5  | 1.1  | 3.4  | –   | –   | (2.9)   | 0.5   | 0.6   |
| 19               | Other senior management and other identified staff |  |  |  |   |   |   |   |   |
| 20               | – cash based                                       | 0.1  | 0.0  | 0.1  | –   | –   | –   | 0.0   | –   |
| 21               | – share based                                      | 0.6  | 0.3  | 0.3  | –   | –   | (0.3)   | 0.1   | 0.2   |
| 25               | <b>Total Amount</b>                                | 9.2  | 1.8  | 7.4  | –   | –   | (6.1)   | 0.6   | 1.2   |

## 16. Remuneration continued

**Table 41: UK REM4 – Remuneration of 1 million EUR or more per year<sup>1,2</sup>**

|   | Total remuneration in respect of the performance year <sup>1</sup> | 31 December 2024  | 31 December 2023  |
|---|--|---|---|
|   |  | Identified staff that are high earners as set out in Article 450(i) CRR | Identified staff that are high earners as set out in Article 450(i) CRR |
| 1 | €1,000,000 – €1,500,000  | 1   | –   |
| 2 | €1,500,000 – €2,000,000  | 0   | –   |
| 3 | €2,000,000 – €2,500,000  | 0   | –   |
| 4 | €2,500,000 and above   | 0   | –   |

<sup>1</sup> Remuneration converted to Euros using the exchange rate £1 = €1.20149 (exchange rate for December 2024 per European Commission exchange rates website).

<sup>2</sup> High earners have been identified excluding the proposed new SVAP scheme, as no specific value is available for the SVAP awards to individuals at this stage. A fair value will be calculated following the grant of the awards. There are 4 identified staff, 2 in the Supervisory function and 2 in the Management function, that will be members of a proposed new plan, SVAP, which is subject to shareholder approval at the 2025 Annual General Meeting. We have included the annual cash bonus for these individuals for variable remuneration alongside the fixed remuneration to calculate the total remuneration.

**Table 42: UK REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)<sup>1,2</sup>**

|   |   | 31 December 2024             |                        |          |                |                    |
|---|---|------------------------------|------------------------|----------|----------------|--------------------|
|   |   | Management body remuneration |                        |          | All other MRTs | Total <sup>3</sup> |
|   |   | MB Supervisory function      | MB Management function | Total MB |                |                    |
| 1 | <b>Total number of identified staff</b>                 |                              |                        |          |                | 66                 |
| 2 | Of which: members of the MB                             | 12                           | 13                     | 25       |                |                    |
| 3 | Of which: other senior management                       |                              |                        |          | 2              |                    |
| 4 | Of which: other identified staff                        |                              |                        |          | 42             |                    |
| 5 | <b>Total remuneration of identified staff £'million</b> | 3.3                          | 4.5                    | 7.8      | 8.2            |                    |
| 6 | Of which: variable remuneration £'million               | 0.5                          | 1.2                    | 1.7      | 1.6            |                    |
| 7 | Of which: fixed remuneration £'million                  | 2.8                          | 3.3                    | 6.1      | 6.5            |                    |
|   |   | 31 December 2023             |                        |          |                |                    |
|   |   | Management body remuneration |                        |          | All other MRTs | Total              |
|   |   | MB Supervisory function      | MB Management function | Total MB |                |                    |
| 1 | Total number of identified staff                        |                              |                        |          |                | 59                 |
| 2 | Of which: members of the MB                             | 11                           | 13                     | 24       |                |                    |
| 3 | Of which: other senior management                       |                              |                        |          | 2              |                    |
| 4 | Of which: other identified staff                        |                              |                        |          | 34             |                    |
| 5 | Total remuneration of identified staff £'million        | 2.4                          | 3.2                    | 5.6      | 5.3            |                    |
| 6 | Of which: variable remuneration £'million               | –                            | 0.2                    | 0.2      | 0.4            |                    |
| 7 | Of which: fixed remuneration £'million                  | 2.4                          | 3.0                    | 5.4      | 4.9            |                    |

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

<sup>2</sup> There are 4 identified staff, 2 in the Supervisory function and 2 in the Management function, that will be members of a proposed new long-term variable reward plan, SVAP, which is subject to shareholder approval at the 2025 Annual General Meeting. We have disclosed only the annual bonus for these individuals in the variable remuneration row, as no specific value is available for the SVAP awards to individuals at this stage. A fair value will be calculated following the grant of the awards

<sup>3</sup> The total number of MRT's does not match the sum of total management body and all other MRT's because:

- There are two individuals that were on the Management function for part of the year and then the Supervisory function for part of the year
- There is one individual that was senior management for part of the year and Management function for part of the year
- There are identified staff that left the Supervisory function on 31 12 2023 but we paid them notice pay in 2024. They are not included in the headcount but are in the total fixed remuneration..

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