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Metro Bank Holdings PLC (LSE: MTRO LN)
26 February 2025

Metro Bank Holdings PLC (the "Company")

Legal Entity Identifier: 984500CDDEAD6C2EDQ64

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE UK VERSION OF REGULATION (EU) NO. 596/2014 ON MARKET ABUSE, AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

FOR IMMEDIATE RELEASE

Metro Bank Confirms Sale of £584 million^[1] Unsecured Personal Loan Book

Highlights

- **Sale allows acceleration of asset rotation**
- **Pro-forma^[2] CET1 ratio improves by c81bps upon completion**
- **Pro forma^[2] MREL ratio improves by c129bps upon completion**
- **Day one gain on sale^[3] c£11 million**
- **Guidance unaffected given very limited impact on earnings and NIM**

Summary

Metro Bank today confirms entering into an agreement to sell a portfolio of approximately £584 million performing unsecured personal loans (the "Portfolio")^[4]. The transaction is expected to result in a 30 June 2024 pro-forma improvement in Metro Bank's CET1 ratio by c81bps and total capital plus MREL ratio of c129bps from 22.2% to 23.5%.

The sale of the Portfolio is in line with Metro Bank's strategy to reposition its balance sheet and enhance risk-adjusted returns on capital. The transaction is capital accretive and creates additional lending capacity to enable Metro Bank to continue its asset rotation towards higher yielding commercial, corporate, SME lending and specialist mortgages.

The Portfolio has a gross book value of £584 million with a weighted average rate of c5.3%. It consists of performing unsecured personal loans with an average remaining fixed-rate term of c2.4 years.

The transaction results in an estimated c£11 million gain on sale^[5] upon completion.

Commenting on the transaction, Daniel Frumkin, Metro Bank's Chief Executive Officer, said:

"The sale of our unsecured personal loan book is in line with our strategy and positions Metro Bank strongly for future growth. Upon completion, the transaction is capital accretive and will allow us to further optimise our balance sheet as we strengthen our position as a specialist lender of choice."

The person responsible for arranging release of this announcement on behalf of Metro Bank is Clare Gilligan, Company Secretary.

1. Cut-off as at 31-December-24
2. Pro-forma estimated as at 30-June-24
3. The final purchase price will include adjustments and reconciliations to reflect certain costs and collections in the run up to completion of the transaction. Sale is expected to complete by late Q1 2025
4. Metro Bank will retain the legal title to these loans, as well as responsibility for servicing them and liability for historic and ongoing conduct issues unless caused by any servicer which replaces Metro Bank
5. Gain on sale upon completion includes release of expected credit loss provision and other associated fees

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About Metro Bank

Metro Bank is celebrated for its exceptional customer experience. It holds the number two spot for personal and business service instore in the Competition and Markets Authority's Service Quality Survey in February 2025.

Since 2012, Metro Bank has originated and approved just over £10bn in commercial lending.

The community bank offers retail, business, commercial and private banking services, and prides itself on giving customers the choice to bank however, whenever and wherever they choose, and supporting the customers and communities it serves. Whether that's through its network of 76 stores; on the phone through its UK-based contact centres; or online through its internet banking or award-winning mobile app, the bank offers customers real choice.

Metro Bank is a multi-award-winning organisation. The Bank has also been awarded "Large Loans Mortgage Lender of the Year", 2024 and 2023 Mortgage Awards, accredited as a top ten Most Loved Workplace 2023, "2023 Best Lender of the Year – UK" in the M&A Today, Global Awards, the "Inclusive Culture Initiative Award" in the 2023 Inclusive Awards, "Diversity, Equity & Inclusion Award" and "Leader of the Year Award 2023" at the Top 1% Workplace Awards, "Best Women Mortgage Leaders in the UK" from Elite Women 2023, "Diversity Lead of the Year", 2023 Women in Finance, Best Large Loan Lender, 2023 Mortgage Strategy Awards, "Best Business Credit Card", Forbes Advisor Best of 2023 Awards, "Best Business Credit Card", 2023 MoneyNet Personal Finance Awards.

Metro Bank Holdings PLC (registered in England and Wales with company number 14387040, registered office: One Southampton Row, London, WC1B 5HA) is the listed entity and holding company of Metro Bank PLC.

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