Metro Bank Holdings PLC (MTRO)
Metro Bank Holdings PLC: Results for year ended 31 December 2024

27-Feb-2025 / 07:00 GMT/BST

Metro Bank Holdings PLC

Full year results

Trading update 2024

27 February 2025

Metro Bank Holdings PLC (LSE: MTRO LN)

Results for year ended 31 December 2024

Highlights

- **2024 statutory profit after tax of £42.5 million, post recognition of the deferred tax asset**
- **Underlying profit of £12.8 million in H2 2024, in excess of guidance of returning to profitability during Q4 2024**
- **Net Interest Margin at year end of 2.65%, ahead of guidance of 2.50% and up 113bps from nadir of 1.52% in February 2024**
- **Cost of deposits at year end of 1.40%, down from a peak of 2.29% in February 2024**
- **Corporate and Commercial new loan originations grew by 71% during 2024 and by 40% from H1 2024 to H2 2024**
- **Credit approved pipeline for corporate/commercial/SME already at >50% of total 2024 lending**
- **Continued balance sheet optimisation through the sale of £2.5 billion prime residential mortgages and £584 million of unsecured personal loans**
- **Transformational year in 2024 has created strong momentum; reiterating existing guidance for 2025, 2026 and 2027**

Daniel Frumkin, Chief Executive Officer at Metro Bank, said:

"It has been a transformational year for Metro Bank as we made substantial progress against our strategy, ending the period ahead of guidance, profitable, and with strong momentum going forward."

"We have successfully continued our pivot towards higher margin business in the form of corporate, commercial and SME lending and specialist mortgages, while also taking significant steps to reduce our costs and optimising our funding model. We have simplified and strengthened our balance sheet, and as a result, end the year with a robust capital position."

"Our network of stores helps us grow our target markets, with our specialist relationship banking colleagues driving positive outcomes for customers and communities across the UK. We are delivering on our strategy. Looking forward, we are confident that Metro Bank has a strong and compelling plan, differentiated model and clear path forward to further growth."

Key Financials

£ in millions	**31 Dec 2024**	**31 Dec 2023**	**Change from FY 2023**	**30 Jun 2024**	**Change from H1 2024**
Assets	£17,582	£22,245	(21%)	£21,489	(18%)
Loans	£9,013	£12,297	(27%)	£11,543	(22%)
Deposits	£14,458	£15,623	(7%)	£15,726	(8%)
Loan to deposit ratio	62%	79%	(17pp)	73%	(11pp)
CET1 capital ratio[1]	12.5%	13.1%	(56bps)	12.9%	(36bps)

Total capital ratio (TCR)[1]	14.9%	15.1%	(24bps)	15.0%	(14bps)
MREL ratio[1]	23.0%	22.0%	100bps	22.2%	75bps
Liquidity coverage ratio	337%	332%	5pp	365%	(28pp)

£ in millions	**FY 2024**	**FY 2023**	**Change from FY 2024**	**H2 2024**	**H1 2024**	**Change from H1 2024**
Total underlying revenue[2]	£503.5	£546.5	(8%)	£269.5	£234.0	15%
Underlying profit/(loss) before tax[3]	(£14.0)	(£16.9)	17%	£12.8	(£26.8)	148%
Statutory profit/(loss) before tax	(£212.2)	£30.5	(795%)	(£178.6)	(£33.5)	(433%)
Statutory profit/(loss) after tax	£42.5	£29.5	44%	£75.6	(£33.1)	328%
Net interest margin	1.91%	1.98%	(7bps)	2.22%	1.64%	58bps
Lending yield	5.33%	4.72%	61bps	5.48%	5.18%	30bps
Cost of deposits	1.95%	0.97%	98bps	1.72%	2.18%	(46bps)
Cost of risk	0.06%	0.26%	(20bps)	0.01%	0.10%	(10bps)
Underlying EPS	(2.1p)	(8.4p)	75%	1.9p	(3.9p)	139%
Book value per share	£1.76	£1.70	4%	£1.76	£1.64	7%
Tangible book value per share	£1.21	£1.40	(13)%	£1.21	£1.37	(12)%

1. Excluding recently announced unsecured personal loans portfolio sale. Pro forma on completion of the performing unsecured personal loans portfolio sale in late Q1 2025 is estimated to result in a total capital plus MREL ratio of 24.5% and CET1 ratio of 13.4%
2. Underlying revenue excludes grant income recognised relating to the Capability & Innovation fund
3. Underlying loss before tax is an alternative performance measure and excludes impairment and write-off of property, plant & equipment (PPE) and intangible assets, transformation costs, remediation costs, costs incurred as part of the holding company insertion and costs of the capital raise and refinancing in H2 2023

Investor presentation

A presentation for investors and analysts will be held at 9AM (UK time) on 27 February 2025. The presentation will be webcast on:

https://webcast.openbriefing.com/metrobank-fy24/

For those wishing to dial-in:

From the UK dial: +44 800 358 1035

From the US dial: +1 855 979 6654

Access code: 126674

Other global dial-in numbers: https://www.netroadshow.com/events/global-numbers?confId=67110

Financial performance for the year ended 31 December 2024

Deposits

£ in millions	**31 Dec 2024**	**31 Dec 2023**	**Change from FY 2023**	**30 Jun 2024**	**Change from H1 2024**
Demand: current accounts	£5,791	£5,696	2%	£5,662	2%
Demand: savings accounts	£7,534	£7,827	(4%)	£8,108	(7%)
Fixed term: savings accounts	£1,133	£2,100	(46%)	£1,956	(42%)
Deposits from customers	**£14,458**	**£15,623**	**(7%)**	**£15,726**	**(8%)**
Deposits from customers includes:					
Retail customers (excluding retail partnerships)	£5,968	£7,235	(18%)	£7,170	(17%)
SMEs[4]	£4,442	£3,782	17%	£4,224	5%
	£10,410	**£11,017**	**(6%)**	**£11,394**	**(9%)**
Retail partnerships	£1,785	£1,708	5%	£1,734	3%
Commercial customers (excluding SMEs[4])	£2,263	£2,898	(22%)	£2,598	(13%)
	£4,048	**£4,606**	**(11%)**	**£4,332**	**(6%)**

4. SME defined as enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding €50 million, and/or an annual balance sheet total not exceeding €43 million and have aggregate deposits less than €1 million.

- **Customer deposits reduced by 7% at 31 December 2024 to £14.5 billion, down £2.0 billion on February 2024 peak of £16.5 billion (31 December 2023: £15.6 billion)** reflecting the deliberate focus to reduce excess liquidity and cost of deposits. The core customer deposit base continues to be predominantly Retail and SME. Higher cost fixed-term deposits have reduced by 46% year-on-year as deposits from the successful Q4 2023 deposit campaign have started to mature and are being allowed to attrite.

- **Cost of deposits for the year ended December 2024 was 1.95% (31 December 2023: 0.97%), with downward momentum and an exit cost of deposits at the end of the year of 1.40%, down 0.89% from a February 2024 peak of 2.29%.** Half-on-half cost of deposits reduced by 0.46%, from 2.18% to 1.72%.

- **Stores remain a key element to the Group's service offering and strategy as an enabler of our relationship-based approach.** Metro Bank will open two new stores in Q2 2025 in Chester and Gateshead with a store in Salford set to open in late 2025, with all locations selected to not only support local consumers but to also support our growing corporate, commercial and SME banking offer.

Loans

£ in millions	31 Dec 2024	31 Dec 2023	Change from FY 2023	30 Jun 2024	Change from H1 2024
Gross loans and advances to customers	**£9,204**	**£12,496**	**(26%)**	**£11,739**	**(22%)**
Less: allowance for impairment	(£191)	(£199)	(4%)	(£196)	(3%)
Net loans and advances to customers	**£9,013**	**£12,297**	**(27%)**	**£11,543**	**(22%)**
Gross loans and advances to customers consists of:					
Retail mortgages	£5,145	£7,818	(34%)	£7,512	(32%)
Commercial lending[5]	£2,661	£2,443	9%	£2,437	9%
Consumer lending	£745	£1,297	(43%)	£1,003	(26%)
Government-backed lending[6]	£653	£938	(30%)	£787	(17%)

5. Includes CLBILS.
6. BBLS, CBILS and RLS.

- **Total net loans at 31 December 2024 were £9.0 billion, down 27% from 31 December 2023, primarily driven by the £2.5 billion sale of a prime residential mortgage portfolio in H2 2024**. Post period-end, Metro Bank has also announced the sale of a £584 million performing unsecured personal loans portfolio. The remainder of the consumer and government-backed lending portfolios are in run-off. Loan to deposit ratio at 31 December 2024 was 62% (31 December 2023: 79%), providing opportunities to further optimise funding costs.

- **Retail mortgages decreased 34% year-on-year to £5.1 billion (31 December 2023: £7.8 billion)** following the £2.5 billion mortgage loan, but remain the largest component of the lending book at 56% (31 December 2023: 63%). The Debt to Value (DTV) of the portfolio at 31 December 2024 was 59% (31 December 2023: 58%). The pivot towards specialist mortgages continues, following recent investment to re-platform the mortgage business and enhance the product offering. Metro Bank's operating model is tailored to more complex underwriting which enables the Group to meet the needs of more customers and scale underserved markets whilst offering improved risk-adjusted returns.

- **Commercial loans (excluding BBLS, CBILS and RLS) increased by 9% at 31 December 2024 to £2,661 million (31 December 2023: £2,443 million) in line with the Group's strategy.** Growth in new corporate, commercial and SME lending was offset by continued attrition of commercial real estate and portfolio buy-to-let portfolios. The DTV of the portfolio at 31 December 2024 was 56% (31 December 2023: 55%) and the portfolio has a coverage ratio of 1.98% (31 December 2023: 2.13%). Metro Bank is committed to supporting local businesses as we continue to pivot towards corporate, commercial and SME lending.

- **Year-on-year gross new Corporate and Commercial lending grew by 71% from £0.7 billion at 31 December 2023 to £1.2 billion at 31 December 2024,** demonstrating that our strategic shift into corporate, commercial and SME lending is being delivered at pace.

- **Cost of risk decreased to 0.06% at 31 December 2024 (31 December 2023: 0.26%)**. The overall impact of risk profile, credit performance and macroeconomic outlook has resulted in a lower cost of risk in the year. The credit quality of new lending continues to be strong through the current macro-economic environment and the Group retains its prudent approach to provisioning.

- **Overall arrears levels have increased to 5.6% at 31 December 2024 (31 December 2023: 3.8%).** There has been some observed crystallisation of the prior economic deterioration on customer positions; however, this was less than previously forecasted. The main driver for the increased arrears rate is the sale of retail mortgage assets and the run-off of the unsecured personal loans portfolio.

- **Non-performing loans increased to 5.48% (31 December 2023: 3.11%)** as a result of the mortgage asset sale (in which accounts in arrears were excluded), the maturity profile of the unsecured personal loans portfolio that is in run-off, new mortgage defaults primarily due to accounts moving into 90+ day arrears, and large single name individually impaired Commercial cases, partially offset by BBLS claims. Excluding government-backed lending, non-performing loans were 4.78% at 31 December 2024 (31 December 2023: 2.58%).

- **The loan portfolio remains highly collateralised and prudently provisioned.** The ECL provision at 31 December 2024 was £191 million with a coverage ratio of 2.07%, compared to £199 million with a coverage ratio of 1.59% at 31 December 2023. The level of post-model overlays currently sits at 9.8% of the ECL stock, or £18.8 million. This has reduced since 31 December 2023 (11.8% of ECL stock, or £23.4 million).

Profit and Loss Account

- **Returned to profitability, with underlying profit before tax in H2 2024 of £12.8 million (H1 2024: loss of £26.8 million),** primarily driven by improvements in net interest income**. Underlying loss before tax at 31 December 2024 was £14.0 million (31 December 2023: £16.9 million).**
- **Net interest margin for the year ended December 2024 was 1.91% (31 December 2023: 1.98%), with an exit net interest margin of 2.65%, ahead of guidance of 2.50% and up 1.13% from nadir of 1.52% in February 2024,** reflecting lower cost of deposits and increased asset yields.
- **Underlying net interest income decreased by 8% YoY to £377.9 million (31 December 2023: £411.9 million)** driven by increased cost of deposits in H1 2024. **Half-on-half underlying net interest income increased by 20% to £206.0 million (H1 2024: £171.9m)**, reflecting the continued transition towards higher yielding assets and a reduction in cost of deposits.
- **Underlying net fee and other income decreased YoY to £125.6 million (31 December 2023: £134.6 million),** primarily reflecting increased competition within FX markets.
- **Underlying costs reduced 4%, or £19.8 million year-on-year, to £510.4 million (31 December 2023: £530.2 million).** Annualised run-rate cost savings of £80 million were successfully delivered in 2024, helping to offset inflationary pressures and allowing capacity for investment necessary to support the Group's future growth plans.
- **Statutory loss before tax of £212.1 million for the year ended 31 December 2024 (31 December 2023: profit of £30.5 million)** was primarily driven by £101.6 million loss on the mortgage sale, £44.0 million write-off of intangible assets, £31.1 million in transformation costs and £21.3 million of remediation costs that included the £16.7 million FCA fine.
- **Statutory profit after tax of £42.5 million at 31 December 2024 (31 December 2023: £29.5 million)** reflects recognition of £254.6 million deferred tax asset in anticipation of future profitability.

Capital, Funding and Liquidity

	Position 31 December 2024	Pro-forma Including asset sale	Position 31 December 2023	Minimum requirement including buffers[7]	Minimum requirement excluding buffers
Common Equity Tier 1 (CET1)	12.5%	13.4%	13.1%	9.2%	4.7%
Tier 1	12.5%	13.4%	13.1%	10.8%	6.3%
Total Capital	14.9%	15.9%	15.1%	12.9%	8.4%
Total Capital + MREL	23.0%	24.5%	22.0%	21.2%	16.7%

7. CRD IV buffers

- **Total RWAs at 31 December 2024 were £6.4 billion (31 December 2023: £7.5 billion).** The movement reflects the £2.5 billion sale of the prime residential mortgage portfolio and actions taken to optimise the balance sheet. RWA density was 36% compared to 30% at 31 December 2023 reflecting the pivot to corporate, commercial and SME lending.
- **Metro Bank's MREL ratio was 23.0% as at 31 December 2024, up 100bps year-on-year from 22.0% as at 31 December 2023 (30 June 2024: 22.2%)**, reflecting ongoing focus on capital management whilst optimising risk-adjusted returns on regulatory capital.
- **Upon completion, the £584 million unsecured personal loans asset sale post-period is expected to result in a pro forma improvement in total capital plus MREL of c152 bps to 24.5%** and CET1 of c92 bps to 13.4%.
- The bank continues to consider opportunities to **optimise the capital structure to drive growth momentum** in delivering strategy.
- **Strong liquidity and funding position maintained.** All customer loans are fully funded by customer deposits with a loan-to-deposit ratio of 62% compared to 79% at the end of 2023. This provides further opportunities to optimise funding costs.
- **Liquidity Coverage Ratio (LCR)** was 337% compared to 332% as at 31 December 2023, with cash balances of £2.8 billion.
- **Net Stable Funding Ratio (NSFR)** has increased to 169% compared to 145% as at 31 December 2023, driven by the reduction

in loan advances, primarily from the £2.5 billion mortgage portfolio sale, offset by the repayment of TFSME with sale proceeds.

- The Treasury portfolio of £7.3 billion includes £4.5 billion of investment securities, of which **78% are rated AAA and 22% are rated AA**. Of the total investment securities, 92% is held at amortised cost and 8% is held at fair value through other comprehensive income.
- Over the **next 3 years more than £2.0 billion of fixed rate treasury assets will mature** at an average blended yield of just over 1%, these will be replaced by asset with yields in line with or greater than the prevailing base rate.
- UK leverage ratio was 5.6% as at 31 December 2024 (31 December 2023: 5.3%).

Strong guidance reconfirmed.

ROTE	• Mid-to-upper single digit in 2025, double digit in 2026 and mid-to-upper teens thereafter
NIM	• Continued NIM expansion driven by asset rotation, and exit NIMs in 2025, 2026 and 2027 to be between 3.00%-3.25%, 3.60%-4.00% and 4.00%-4.50%, respectively
Costs	• Year-on-year 4-5% reduction in cost for 2025 • Cost to income ratios in 2026, 2027 and 2028 to be between 75%-70%, 65%-60% and 55%-50% respectively

Metro Bank Holdings PLC

Summary Balance Sheet and Profit & Loss Account

(Unaudited)

Balance Sheet	**YoY change**	**31 Dec 2024** ***£'million***	**30 Jun 2024** ***£'million***	**31 Dec 2023** ***£'million***
Assets				
Loans and advances to customers	(27%)	£9,013	£11,543	£12,297
Treasury assets[8]		£7,301	£8,819	£8,770
Other assets[9]		£1,268	£1,127	£1,178
Total assets	(21%)	**£17,582**	**£21,489**	**£22,245**
Liabilities				
Deposits from customers	(7%)	£14,458	£15,726	£15,623
Deposits from central banks		£400	£3,050	£3,050
Debt securities		£675	£675	£694
Other liabilities		£866	£934	£1,744
Total liabilities	**(22%)**	**£16,399**	**£20,385**	**£21,111**
Total shareholder's equity		**£1,183**	**£1,104**	**£1,134**
Total equity and liabilities		**£17,582**	**£21,489**	**£22,245**

8. Comprises investment securities and cash & balances with the Bank of England.
9. Comprises property, plant & equipment, intangible assets and other assets.

Profit & Loss Account	**YoY change**	**31 Dec 2024** ***£'million***	**31 Dec 2023** ***£'million***
Underlying net interest income	(8%)	£377.9	£411.9
Underlying net fee and other income	(5%)	£125.4	£131.9
Underlying net gains on sale of assets		£0.2	£2.7
Total underlying revenue	**(8%)**	**£503.5**	**£546.5**
Underlying operating costs	(4%)	(£510.4)	(£530.2)
Expected credit loss expense	79%	(£7.1)	(£33.2)

Underlying profit/(loss) before tax	**17%**	**(£14.0)**	**(£16.9)**
Impairment and write-off of property plant & equipment and intangible assets		(£44.0)	(£4.6)
Transformation costs		(£31.1)	(£20.2)
Remediation costs		(£21.3)	
Mortgage sale		(£101.6)	-
Capital raise and refinancing		(£0.1)	£74.0
Holding company insertion		-	(£1.8)
Statutory profit/(loss) before tax		**(£212.1)**	**£30.5**
Statutory taxation		£254.6	(£1.0)
Statutory profit/(loss) after tax		**£42.5**	**£29.5**

Key metrics	**31 Dec 2024**	**31 Dec 2023**
Underlying earnings per share – basic	(2.1p)	(8.4p)
Number of shares	672.7m	672.7m
Net interest margin (NIM)	1.91%	1.98%
Lending yield	5.33%	4.72%
Cost of deposits	1.95%	0.97%
Cost of risk	0.06%	0.26%
Arrears rate	5.6%	3.8%
Underlying cost: income ratio	101%	97%
Book value per share	£1.76	£1.69
Tangible book value per share	£1.21	£1.40

		Half year ended		
Profit & Loss Account	**HoH change**	**31 Dec 2024** ***£'million***	**30 Jun 2024** ***£'million***	**31 Dec 2023** ***£'million***
Underlying net interest income	20%	£206.0	£171.9	£190.4
Underlying net fee and other income	2%	£63.4	£62.0	£68.6
Underlying net gains on sale of assets		£0.1	£0.1	£1.9
Total underlying revenue	**15%**	**£269.5**	**£234.0**	**£260.9**
Underlying operating costs	0%	(£255.8)	(£254.6)	(£272.0)
Expected credit loss expense		(£0.9)	(£6.2)	(£21.9)
Underlying profit/(loss) before tax	**148%**	**£12.8**	**(£26.8)**	**(£33.0)**
Impairment and write-off of property plant & equipment and intangible assets		(£43.7)	(£0.3)	(£4.6)
Transformation costs		(£26.6)	(£4.5)	(£20.2)
Remediation costs		(£19.5)	(£1.8)	(£0.8)
Mortgage sale		(£101.6)	-	-
Capital raise and refinancing		-	(£0.1)	£74.0
Holding company insertion		-	-	(£0.3)
Statutory profit/(loss) before tax		**(£178.6)**	**(£33.5)**	**£15.1**
Statutory taxation		£254.2	£0.4	£1.7
Statutory profit/(loss) after tax		**£75.6**	**(£33.1)**	**£16.8**

	Half year ended		
Key metrics	**31 Dec 2024**	**30 Jun 2024**	**31 Dec 2023**
Underlying earnings per share – basic	1.9p	(3.9p)	(12.2p)
Number of shares	672.7m	672.7m	672.7m
Net interest margin (NIM)	2.22%	1.64%	1.85%
Lending yield	5.48%	5.18%	4.91%

Cost of deposits	1.72%	2.18%	1.29%
Cost of risk	0.01%	0.10%	0.34%
Arrears rate	5.6%	3.8%	3.8%
Underlying cost:income ratio	95%	109%	104%
Book value per share	£1.76	£1.64	£1.70
Tangible book value per share	£1.21	£1.37	£1.40
Risk weighted assets (RWAs)	£6,442m	£7,239m	£7,533m
Risk weight density (RWAs / total assets)	36.6%	35.9%	33.9%

Enquiries

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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.

Metro Bank PLC (registered in England and Wales with company number 6419578, registered office: One Southampton Row, London, WC1B 5HA) is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. 'Metrobank' is a registered trademark of Metro Bank PLC. Eligible deposits are protected by the Financial Services Compensation Scheme. For further information about the Scheme refer to the FSCS website www.fscs.org.uk. All Metro Bank products are subject to status and approval.

Metro Bank is an independent UK bank – it is not affiliated with any other bank or organisation (including the METRO newspaper or its publishers) anywhere in the world. Please refer to Metro Bank using the full name.

Metro Bank Holdings PLC
Preliminary Announcement
(Unaudited)
For the year ended 31 December 2024

Chief Executive Officer's statement

2024 has been a transformational year for Metro Bank.

We have made significant progress in creating a simpler, more agile Bank and continued, at pace, the strategic shift towards corporate, commercial, and SME lending, and specialist mortgages – a compelling opportunity in an underserved area of the market.

We have delivered on an ambitious transformation, delivering £80 million annualised run rate cost savings in FY 2024- primarily from reducing on-shore headcount numbers by more than 30% from 4,458 to 2,972. These cost savings helped offset headwinds and created capacity for investment to support future growth. In Q4 2024, we announced a new partnership with Infosys, a world leader in strategic outsourcing, to enhance digital capabilities, improve automation, and embed further AI capabilities.

We continued to optimise the balance sheet, including a £2.5 billion sale of prime residential mortgages in Q3 2024 and a £584 million sale of unsecured personal loans announced post year-end. Both transactions are in line with Metro Bank's strategy to reposition its balance sheet, actively manage the asset rotation and enhance risk-adjusted returns on capital. The transactions create additional lending capacity to enable Metro Bank to continue its shift towards higher yielding corporate, commercial, and SME lending, and specialist mortgages.

We delivered strong growth momentum supporting our strategy, with corporate, commercial and SME gross new lending growing by 71% year-on-year. Effective asset rotation has also allowed us to actively manage down excess liquidity, particularly expensive fixed-term deposits, resulting in a significant reduction in cost of deposits throughout the year. Underlying momentum in the franchise remains strong, with 110,000 new personal and 36,000 new business current accounts opened in the year.

Successful operational execution has resulted in Metro Bank outperforming the 2024 guidance and reconfirming all guidance previously provided at half-year results, building to best-in-class performance:

- Underlying profit of £13m in H2'24, beating guidance of profitability during the 4th quarter
- Net interest margin at year-end was 2.65%, beating guidance of 2.50%
- Cost savings delivered
- RoTE guidance reconfirmed to mid to upper single digit in 2025, double digit in 2026 and mid to upper teens thereafter
- Continued NIM expansion driven by asset rotation and cost of deposits, with 2025 exit run-rate expected to be between 3.00%-3.25%, 3.75%-4.00% in 2026 and 4.00-4.50% in 2027, respectively
- Continued cost discipline and control, guiding to a 4-5% year-on-year reduction in costs for 2025. Cost to income ratio improves to be between 75%-70% in 2026, 65%-60% in 2027 and 55%-50% in 2028

Delivery in 2024 provides strong growth momentum and proves Metro Bank's ability to deliver on an ambitious future strategy. By 2027, we remain committed to generating one of the best returns on tangible equity of any UK High Street bank.

Progress on Strategic Priorities

Revenue

We made strong progress in the strategic shift toward corporate, commercial, and SME lending, and specialist mortgages in the year. Corporate, commercial and SME gross new lending grew by 71% year-on-year, and we ended 2024 with a credit approved pipeline which was two times larger than at the start of 2024. 78% of new Corporate and Commercial lending was non-broker led, c.30% of this came from refinancing existing customers. On average, new originations attracted a margin in excess of 350 bps over base rate, driving year-on-year improvements in yield. Progress in specialist mortgage originations was strong, with the launch of new propositions helping drive a significant increase in spread over swaps on new mortgage originations. New lending, together with attrition of legacy portfolios at lower yields, has led to a 61 bps year-on-year improvement in overall lending yield.

Following our successful deposit campaign at the end of 2023, we have observed a subsequent decline in balances as we optimise our deposits and cost of funding. The cost of deposits at year-end of 1.40% continues to fall, down from a peak of 2.29% in February 2024, as more expensive fixed term deposits are allowed to attrite.

The combined impact of increased lending yields and a lower cost of deposits has resulted in an exit NIM of 2.65%, ahead of guidance of 2.50%, and up 1.13% from nadir of 1.52% in February 2024.

Cost

Over the past year, we have fundamentally transformed our cost base, reducing operating costs in line with a bank of our size and driving towards sustained profitability. We continue to take a disciplined approach to costs, with underlying costs down YoY by 4%, despite inflationary pressures. We have delivered £80 million of annualised run rate cost savings in FY 2024, after reducing on-shore headcount numbers by > 30% from 4,458 to 2,972 within 12 months. We fundamentally repositioned our store and call centre propositions in line with customer usage patterns, and enhanced cost control frameworks. We have driven efficiencies across the business. Metro Bank established a strong strategic partnership with Infosys to enhance digital capabilities, improve automation, refine data, and embed further AI capabilities. This collaboration has helped make the Metro Bank model more scalable.

Infrastructure

To drive our next stage of growth, we have strategically invested in platforms and capabilities. Central to this is a partnership with Infosys which will revolutionise our digital capabilities, including actionable data analytics, automated processes, and compelling digital platforms.

Our redesigned store offering empowers colleagues to drive growth in the SME and commercial segments. We are on track to continue our store openings in the North of England, with new stores planned for Chester, Gateshead and Salford in Q2 2025. The store proposition has been streamlined to drive efficiency and improve the customer experience. Back-end processes, particularly around lending and digital customer onboarding, have also been improved key customer interactions. Lastly, we have built a range of new products and platforms, such as online chat and an enhanced business overdraft via mobile app which will enable customers to engage with us how they want. We also implemented over 450 technical changes to systems, products and infrastructure – even more than last year – along with upgrading our financial crime architecture, fraud tools, and our new first line risk function.

The bank also resolved the FCA's enquiries into transaction monitoring systems and controls that began in 2016 and were remediated by 2020. The conclusion of these enquiries draws a line under this legacy issue, allowing the bank to move forward and fully focus on the future, building on the solid foundations it has already laid.

Balance sheet optimisation

We have made significant progress in restructuring our balance to align with strategic growth opportunities, including a £2.5 billion sale of prime residential mortgages in Q3 2024 and £584 million sale of unsecured personal loans post year-end. The mortgage sale proceeds were used to repay TFSME[1], providing further opportunity to continue optimising our funding capabilities. Both transactions are in line with Metro Bank's strategy to reposition its balance sheet, actively manage the asset rotation and enhance risk-adjusted returns on capital.

Following the successful deposit campaign in Q4 2023, we have worked to reduce our cost of funds and excess liquidity. Overall, customer deposits reduced by 7% at 31 December 2024 to £14.5 billion, down £2.0 billion on February 2024 peak of £16.5 billion (31 December 2023: £15.6 billion) reflecting the deliberate focus on reducing excess liquidity and cost of deposits. The core deposit base continues to be predominantly Retail and SME. Higher cost fixed-term deposits have reduced by 46% year-on-year as deposits from the successful Q4 2023 deposit campaign have started to mature and are either being allowed to attrite.

Communications

We continue to focus on engaging our colleagues, communities and other stakeholders. Our focus on delivering excellent customer service is reflected in the latest independent Competition and Markets Authority survey where we ranked number two for in-store service quality for retail customers, an increase from third place in August 2024. We were also placed second for service quality in stores and our business service centres for business customers. We remain committed to maintaining a physical presence and ensuring that stores remain both accessible and at the heart of local communities. We will be opening three new stores in 2025 in Chester, Gateshead and Salford.

Following a year of transformation, we are a leaner organisation, and as part of our continuous improvement, we will keep creating an environment where colleagues can grow, thrive and be their true authentic selves. We continue to focus on our culture of promoting from within, with over 55% of the positions in the year filled by colleagues being promoted or moving around the business. Given our strategic focus on SME/Commercial lending, we have hired additional staff into Corporate and Commercial relationship and credit teams to drive our next stage of growth.

Our ECB partnership went from strength to strength, as we continue to be committed to growing Women's and Girls' Cricket. We launched Metro Bank Girls in Cricket Fund contributing in one year to 21% increase in number of girls' teams. We also launched our Relationship Banking specialists' brand positioning to ensure we are uniquely positioned to serve our Corporate, Commercial and SME customers.

Capital

Our capital position continues to strengthen, with the Bank's MREL ratio 23.0% as at 31 December 2024, up 100bps year-on-year from 22.0% as at 31 December 2023, reflecting the mortgage sale and ongoing focus on capital management whilst optimising risk-adjusted returns on regulatory capital.

Post completion of the personal unsecured loan portfolio sale, the pro forma total capital plus MREL ratio will increase from 23.0% to 24.5% and CET1 will increase from 12.5% to 13.4%. The additional lending capacity provided by this sale will enable us to continue our shift into high yielding assets in niche and underserved markets and become a specialist lender of choice.

We continue to consider opportunities to optimise capital structure to continue to drive growth momentum as seen during 2024, facilitating delivery of our strategy.

[1] Bank of England Term Funding Scheme with additional incentives for SMEs

Looking ahead

2024 has been a pivotal year for Metro Bank. We outperformed market guidance and delivered an ambitious transformation plan. But we know the work is not done if we are to realise our ambition of generating one of the best returns on tangible equity of any UK High Street bank by 2027.

As we move into 2025, we are focussed on continuing to grow higher-yielding corporate, commercial, and SME and specialist mortgages, whilst optimising deposits to lower cost of funds and grow revenue. All while maintaining a focus on cost discipline, and a prudent approach to credit risk. With a strong capital base, a growing customer base, and a clear path for future growth, Metro Bank is well-positioned to capitalise on the opportunities ahead.

Finance review

Summary of the year

2024 was an important year as we pivoted our focus to commercial and specialist lending and took proactive steps across the bank to position ourselves for further growth and future profitability in the coming years.

For the full year ended 31 December 2024, we recorded an underlying loss before tax of £14.0 million, a reduction of 17% from £16.9 million as at 31 December 2023 reflecting the commitment to greater cost discipline and a transition to a leaner, more agile operating model designed to most effectively support our customers and better position the bank for profitability.

We recognised a statutory loss before tax of £212.1 million for the full year, largely driven by a one-off loss on the sale of a £2.5 billion mortgage portfolio to

NatWest Group Plc and various charges relating to the transformation of the business and remediation costs. However, we recognised an underlying profit of £12.8 million in H2 (H1: loss of £26.8 million) that supported a forecast indicative of future profits. We recognised a deferred tax asset on unused tax losses and subsequently recorded a statutory profit after tax of £42.5 million for the full year (2023: £29.5 million).

Our proactive and positive management of our balance sheet and our dedication to the cost reduction programme we outlined at the beginning of the year support the future prosperity of a profitable bank and position us well looking into 2025.

Income statement

	2024 £m	2023 £m	Change %
Underlying net interest income	377.9	411.9	(8%)
Underlying non-net interest income	125.6	134.6	(7%)
Total underlying revenue	503.5	546.5	(8%)
Underlying operating expenses	(510.4)	(530.2)	4%
Expected credit loss expense	(7.1)	(33.2)	79%
Underlying loss before tax	(14.0)	(16.9)	17%
Non-underlying items	(198.1)	47.4	(518%)
Statutory (loss)/profit before tax	(212.1)	30.5	(796%)
Taxation	254.6	(1.0)	256%
Statutory profit after tax	42.5	29.5	44%

Interest income
Interest income benefitted from a higher average base rate during the period, increasing 9% to £935.4 million (2023: £855.7 million). Lending income continues to make up the largest proportion of our interest income though following the sale of our mortgage portfolio has decreased marginally to £586.2 million (2023: £599.9 million).

Asset yields increased to to 4.17% (2023: 3.37%) as we pivoted towards more specialist mortgages and sold £2.5 billion of prime residential mortgages. Our remaining retail mortgages are 90% fixed with an average time to reversion of 2.23 years (31 December 2023: 2.41 years). We expect to see further improvements to asset yields and associated income in the years ahead as older balances roll-off and are replaced with new lending at a higher rate.

Our commercial lending portfolio income grew, predominantly driven by our floating business loans which have seen greater yields as a result of the higher base rate environment, as well as the continued attrition of lower-yielding commercial real estate. The Consumer and Government-backed lending portfolios are in run-off as the Group continues to pivot its strategy towards commercial, corporate and SME lending, and specialist mortgages.

We also saw the benefits of increased rates flowing through to our floating treasury portfolio, as well as the fixed rate treasury assets maturing at an average blended yield of 1% and replaced by assets in line with base rate.

Interest expense
Interest expense increased 126% to £557.5 million (2023: £443.8 million). This increase reflected an increase in cost of deposits that followed our deposit campaign in Q4 2023. We sought to increase deposit inflows by launching a range of products such as Instant Access accounts at competitive rates, the impact of which has materialised in 2024 where the average cost of deposits increased to 1.95% (2023: 0.97%) as a result. We actively managed down the costly deposits in the latter half of the year reducing the average cost of deposits from 2.18% as at 30 June 2024 to 1.72% at 31 December 2024.

In January 2024, we repaid a £255 million repurchase agreement with NatWest Group Plc, reducing the associated interest expense for the year.

We continue to see the impact of the increased cost of funding following our repricing and restructuring of debt securities in 2023. The successful debt refinancing strengthened our balance sheet and enabled us to embed our strategy to pivot to specialist and commercial lending throughout 2024. The launch of products such as Limited Company Buy-to-let represented the realization of our revised strategy and the enablement to enhance future earnings through asset growth and risk adjusted returns.

Non-interest income
Net fee and commission income has increased by £2.8 million to £93.2 million in 2024 (2023: £90.4 million), reflecting nation-wide use of Metro Bank products including safe deposit boxes and Metro Bank cards. Both safe deposit box income and ATM and interchange income remained fairly static at £19.0m and £40.4 million respectively (2023: £18.2 million and £40.0 million). Service charge and other fee income grew by £1.8 million to £38.6 million (2023: £36.8 million) providing a valuable source of income, whilst having minimal impact on our capital ratios.

Operating expenses

	2024	2023
Underlying cost:income ratio	101%	97%
Statutory cost:income ratio	151%	90%

In Q4 2023, we committed to a cost reduction plan to support a return to sustainable profitability. Despite inflationary pressures, we have seen this disciplined approach to cost management materialise into a 4% improvement in underlying operating expenses, year on year and a decrease in general operating expenses from £502.9 million in 2023 to £489 million in 2024.

People related costs remain our biggest contributor to operating expenses but reduced to £209.6m in 2024 (2023: £241.2 million) following successful implementation of restructuring plans. This is offset partially by an increase in transformation costs. We expect a similar trend going into 2025 as we move to a simpler, more agile operating model. The provision for the restructure is recognized as a non-underlying item.

Professional fees increased by 16% to £27.7 million (2023: £23.2 million) as we prioritised digital enablement and enhancement to deliver customer initiatives.

Information technology costs remained broadly flat at £60.1 million (2023: £59.7 million) reflecting investment into digitizing and improving new and existing products and making internal processes more efficient.

Occupancy expenses are driven by costs associated with our continued store presence. Despite inflationary pressures, costs remained broadly flat at £30.9 million (2023: £31.7 million) reflective of our disciplined approach to cost management.

We seek to continuously exercise discipline around cost whilst acknowledging the costs associated with greater investment in diversifying our product capabilities to both boost deposits and transition further into specialist lending. We value our relationship-centric approach to banking and will continue to drive proactive cost management whilst maintaining and growing our physical presence.

Non-underlying items

	2024 £m	2023 £m	Change %
Impairment and write-off of property, plant, equipment and intangible assets	(44.0)	(4.6)	(857%)
Remediation costs	(21.3)	–	n/a
Transformation costs	(31.1)	(20.2)	(54%)
Mortgage portfolio sale	(101.6)	-	n/a
Holding company insertion costs	-	(1.8)	n/a
Cost of capital raise[1]	(0.1)	-	n/a

Non-underlying items	(198.1)	47.4	(518%)

1. Relates to capital raise in Q4 2023.

We have recognised non-underlying items of £198.1 million in 2024 (2023: income of £47.4 million) driven by a loss on the sale of a £2.5 billion mortgage portfolio, write off's and impairments of £44 million in relation to intangible assets, and the costs associated with restructuring.

The sale of the mortgage portfolio provides us with additional lending capacity to enable a further shift to high yielding assets in niche markets, supporting our strategic focus to become a specialist lender of choice.

Transformation costs consist primarily of the costs associated with restructuring, specifically movements to appropriately size the bank and

make operations and support services more agile and efficient going forward.

Remediation costs refer to any and all costs associated with legal or professional proceedings such as the sale of the mortgage portfolio and the final conclusion of FCA enquiries.

At the end of 2024, we wrote off the outstanding net book value of a number of intangible assets as at 31 December 2024. The larger proportion of the balance related to RateSetter and AIRB platforms where we have ceased lending through our RateSetter brand and not achieved AIRB status as originally expected.

Expected credit loss expense

31 December 2024	ECL Allowance £m	Coverage ratio %	Non-performing loan ratio %
Retail mortgages	15	0.29%	3.93%
Consumer lending	108	14.43%	13.15%
Commercial	68	2.06%	6.16%
Total lending	191	2.07%	5.48%
31 December 2023			
Retail mortgages	19	0.24%	1.87%
Consumer lending	108	8.33%	5.94%
Commercial	72	2.13%	4.91%
Total lending	199	1.59%	3.11%

We recognised an expected credit loss expense of £7.1 million in 2024 (2023: £33.2 million) primarily due to improvements in the proportion of commercial lending balances in stage 2 and 3. Some deterioration has been noted in the outstanding retail lending balances due to the macroeconomic environment including lower house prices, increased cost of living and higher interest rates. We recognised management overlays and adjustments of £18.74 million (2023: £23.4 million) which represents 10% of ECL stock (31 December 2023: 12%). As at 31 December 2024, our coverage ratio was 2.07% (2023: 1.59%) and we believe we remain appropriately provided at this stage in the economic cycle.

Balance sheet
Lending

	31 December		
	2024 £m	2023 £m	Change %
Retail mortgages	5,145	7,817	(34%)
Consumer lending	745	1,297	(43%)
Commercial	3,314	3,382	(2%)
Gross lending	9,204	12,496	(26%)
ECL allowance	(191)	(199)	4%
Net lending	9,013	12,297	(27%)

Net loans and advances to customers ended the year at £9,013 million, down 27% from £12,297 million as at 31 December 2023, in large part driven by the sale of the mortgage portfolio. As a result, retail mortgages represented a smaller proportion of our lending base than in previous years, 56% compared to 63% as at 31 December 2023, as we pivoted our strategy to commercial and specialist lending.

The consumer portfolio has decreased from £1,189 million at the end of 2023, to £637 million on a net basis as at 31 December 2024 driven by the cessation of lending through the RateSetter brand, further supporting our strategic transition.

Commercial lending has reduced by a smaller margin than retail and consumer lending, representing a greater proportion of our overall lending base, 36% as at 31 December 2024 compared to 28% as at 31 December 2023. Net position is down to £3,246 million as at 31 December 2024 (31 December 2023: £3,310 million) driven by a run off of government backed lending and Professional Buy to let but is offset by more core commercial lending.

Throughout 2024, we have supported our shift to commercial and specialist lending by digitalizing more products and launching products such as Limited Company Buy-to-let. As we look forward to 2025, commercial lending will be a focus for us specifically those parts of the market where our manual underwriting capacity present a competitive advantage.

Treasury portfolio
Over the year we have continued to optimise our treasury portfolio to maximise our risk adjusted return on regulatory capital, particularly as rates have risen. We ended the year with £7,301 million of treasury assets (31 December 2023: £8,770 million), comprising £4,490 million investment securities and £2,811 million cash and balances at the Bank of England (31 December 2023: £4,879 million and £3,891 million respectively). Our investment securities remain high quality and liquid with 75% being either AAA-rated or gilts (31 December 2023: 75%).

Other assets

Property, plant and equipment ended the year at £711 million, down from £723 million as at 31 December 2023. No new store openings took place in 2024 though we remain committed to identifying appropriately sized sites in the North of England that are conveniently located for surrounding businesses. We obtained the freehold of two more stores in 2024, a more cost-effective way of delivering our store-based service-led model.

Intangible assets have decreased to £126 million, down from £193 million in 2023, reflecting a more selective approach to investments and write offs including the RateSetter platform in line with the cessation of our RateSetter brand and the AIRB platform. Our investments in 2024 have included Mobile Live Chat and Online Self-serve.

Deposits

	31 December		
	2024 £m	2023 £m	Change %
Retail customer (excluding retail partnerships)	5,968	7,235	(18%)
Retail partnership	1,785	1,708	5%
Commercial customers (excluding SMEs)	2,263	2,898	(22%)

SMEs	4,442	3,782	(17%)
Total customer deposits	14,458	15,623	(7%)
Of which:			
Demand: current accounts	5,791	5,696	2%
Demand: savings accounts	7,534	7,827	(4%)
Fixed term: savings accounts	1,133	2,100	(46%)

We are committed to being a relationship-focused deposit-driven bank. We ended the year with deposits of £14,458 million (31 December 2023: £15,623 million), a decrease of 7% year on year. Macroeconomic conditions remained a contributing factor as we entered 2024 but the deposit campaign at the end of 2023 helped to manage this reduction whilst increasing the overall cost of deposits.

Our overall deposit base remains diversified with a 54%:46% between retail and commercial customers (31 December 2023: 57%:43%) with growth noted within the SME and retail partnership areas, a trend we expect to see continue in 2025.

Wholesale funding
In 2024, we significantly reduced our TFSME balance from £3,050 million to £400 million, utilizing the proceeds of our mortgage portfolio sale to NatWest Group Plc to fund the reduction, to repay our holding early.

Taxation
We recorded a tax credit of £255 million (2023: £1.0 million tax charge) in the year.

We've recognised DTA on unused tax losses totalling £1,073 million which equated to a DTA of £268 million. £13 million was already recognised so the credit to the income statement in 2024 was £255 million.

The future profit projections as per the board approved long-term plan support the recognition of the deferred tax asset. There is no time limit on the utilisation of tax losses.

Liquidity
Our liquidity position remains strong and in excess of regulatory minimum requirements despite efforts being made to reduce the more costly deposits. We ended the year with a liquidity coverage ratio of 337% (31 December 2023: 332%) and a net stable funding ratio of 169% (31 December 2023: 145%).

We hold large amounts of high-quality liquid assets totalling £6,071 million (2023: £6,656 million). This included £2,811 million of cash held at the Bank of England (2023: £3,891 million).

Capital

	2024 £m	2023 £m	Change
CET1 capital[1]	808	985	(18%)
RWAs	6,442	7,533	(14%)
CET1 ratio[1]	12.5%	13.1%	(0.6%)
Total regulatory capital ratio[1]	14.9%	15.1%	(0.2%)
Total regulatory capital + MREL ratio[1]	23.0%	22.0%	1.0%
UK regulatory leverage ratio[1]	5.6%	5.3%	0.3%

1. All the capital figures as at 31 December 2024 are presented on a proforma basis, including our profit for the year. The profit will only be eligible to be included in our capital resources following the completion of our audit and publication of our Annual Report and Accounts.

We ended the year with CET1, total capital and total capital plus MREL ratios of 12.5%, 14.9% and 23.0% respectively (31 December 2023: 13.1%, 15.1% and 22%), above regulatory minima, including buffers (excluding any confidential buffers, where applicable), of 9.2%, 10.8% and 21.2%.

We noted improvements in our total capital plus MREL ratio in excess of those expected as part of the capital raise, as we actively constrained lending in an effort to preserve capital. The sale of a portfolio of £2.5 billion of prime residential mortgages to NatWest Group PLC in Q3 24 demonstrated further commitment to Metro Bank's strategy to reposition its balance sheet and enhance risk-adjusted returns on capital. The transaction was capital ratio accretive and created additional lending capacity to enable Metro Bank to continue its asset rotation.

We ended the year with risk-weighted assets of £6,442 million (31 December 2023: £7,533 million), reflecting the proactive steps to effectively manage our capital position for positive future growth.

Looking ahead
We took proactive steps to position ourselves for future growth throughout 2024 and will continue to build on that progress as we enter 2025.

We will integrate our agile working model in collaboration with Infosys as we simplify and digitise our ways of working to maintain strong cost discipline.

We will continue to prioritise a reduction in cost of deposits whilst remaining committed to positive and meaningful relationships with our customers opening new stores and offering more specialist products.

Risk 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.

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 being put 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.

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. These are the high-level risks we face, 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.

Amongst these, certain risks have been considered most material over the course of the year. Further details on these four risks are set out below:

Strategic risk	**Exposure** 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. 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. **Response** 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. Elevated reputational risk exposure has been monitored closely throughout the year with proactive and coordinated responses seeing coverage and sentiment normalise by year-end. **Outlook** Through 2024 we have seen evidence that our strategy and hard work is bearing fruit, with the bank re-entering the FTSE250 and seeing its credit rating upgraded in 2024. Supported by stabilised inflation, focus in 2025 will be on delivering the Bank's targeted lending growth objectives. Our established Risk management Framework will be applied to oversee the Bank's evolving risk profile and act 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.
Capital risk	**Exposure** Capital risk exposures arise from the depletion of our capital resources which may result from: • increased RWAs • losses • changes to regulatory minima or other regulatory rules. Our capital risk management approach is therefore focused on ensuring we can maintain appropriate levels of capital to both meet regulatory minima and support our objectives, both under normal and stress conditions.

	Response Our capital risk mitigation is focused on three key components: • a return to sustainable profitability that will allow us to generate organic capital growth • the continued optimisation of our balance sheet to ensure we are utilising our capital stack efficiently • continuing to assess the raising of external regulatory debt capital, as and when market conditions and opportunities allow. The Board is committed to these principles and has taken steps through 2024 to strengthen the capital base which has positioned the Bank for sustained profitability. **Outlook** 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. The Bank continually monitors and assesses external pricing for opportunities to support the execution of our strategy whilst ensuring it is done safely and on a sound capital footing.
Credit risk	**Exposure** Our primary source of credit risk is through the loans, limits and advances we make available to our customers. We have exposures across three key areas: corporate and commercial, retail mortgages, and consumer lending. Over the course of 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. 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. **Response** 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. 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. **Outlook** 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. 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. 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.
Financial crime risk	**Exposure** 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. 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. **Response** 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. 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. **Outlook** 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.

Consolidated statement of comprehensive income

For the year ended 31 December 2024

		Years ended 31 December	
	Notes	2024 £'million	2023 £'million
Interest income	2	**935.4**	855.7
Interest expense	2	**(557.5)**	(443.8)
Net interest income		**377.9**	411.9
Fee and commission income	3	**98.0**	95.0
Fee and commission expense	3	**(4.8)**	(4.6)
Net fee and commission income		**93.2**	90.4
Net (loss)/gain on sale of assets	4	**(101.4)**	2.7
Other income	5	**35.6**	143.9
Total income		**405.3**	648.9

General operating expenses	6	**(489.0)**	(502.9)
Depreciation and amortisation	11, 12	**(77.3)**	(77.7)
Impairment and write-offs of property, plant, equipment and intangible assets	11, 12	**(44.0)**	(4.6)
Total operating expenses		**(610.3)**	(585.2)
Expected credit loss expense	14	**(7.1)**	(33.2)
(Loss)/profit before tax		**(212.1)**	30.5
Taxation	7	**254.6**	(1.0)
Profit for the year		**42.5**	29.5
Other comprehensive income for the year			
Items which will be reclassified subsequently to profit or loss:			
Movement in respect of investment securities held at FVOCI (net of tax):			
• changes in fair value		**3.4**	2.4
Total other comprehensive income		**3.4**	2.4
Total comprehensive profit for the year		45.9	31.9
Earnings per share			
Basic (pence)	17	**6.3**	13.8
Diluted (pence)	17	**6.3**	13.4

Consolidated balance sheet

As at 31 December 2024

		Years ended 31 December	
	Notes	2024 £'million	2023 £'million
Cash and balances with the Bank of England		**2,811**	3,891
Loans and advances to customers	9	**9,013**	12,297
Investment securities held at fair value through other comprehensive income	10	**377**	476
Investment securities held at amortised cost	10	**4,113**	4,403
Derivative financial assets		**16**	36
Property, plant and equipment	11	**711**	723
Intangible assets	12	**126**	193
Prepayments and accrued income		**93**	118
Deferred tax asset	7	**240**	-
Other assets		**82**	108
Total assets		**17,582**	22,245
Deposits from customers		**14,458**	15,623
Deposits from central banks		**400**	3,050
Debt securities		**675**	694
Repurchase agreements		**391**	1,191
Derivative financial liabilities		**1**	–
Lease liabilities	13	**205**	234
Deferred grants		**13**	16
Provisions		**11**	23
Deferred tax liability	7	**-**	13
Other liabilities		**245**	267
Total liabilities		**16,399**	21,111
Called-up share capital		**–**	–
Share premium		**144**	144
Retained earnings		**1022**	978
Other reserves		**17**	12
Total equity		**1,183**	1,134
Total equity and liabilities		**17,582**	22,245

Consolidated statements of changes in equity

For the year ended 31 December 2024

	Called-up share capital £'million	Share premium £'million	Merger reserve £'million	Retained earnings £'million	FVOCI reserve £'million	Share option reserve £'million	Total equity £'million
Balance as at 1 January 2024	–	144	-	978	(11)	23	1,134

Profit for the year	–	–	–	43	–	–	43
Other comprehensive income (net of tax) relating to investment securities held at FVOCI	–	–	–	–	4	–	4
Total comprehensive income	–	-	–	43	4	–	47
Equity-settled share based payment charges	-	-	-	-	-	2	2
Transfer of b/f share option reserve	–	–	–	1	–	(1)	-
Balance as at 31 December 2024	–	144	–	1,022	(7)	24	1,183
Balance as at 1 January 2023	**–**	**1,964**	**–**	**(1,015)**	**(13)**	**20**	**956**
Profit for the year	**–**	**–**	**–**	**29**	**–**	**–**	**29**
Other comprehensive income (net of tax) relating to investment securities held at FVOCI	**–**	**–**	**–**	**–**	**2**	**–**	**2**
Total comprehensive income	**–**	**–**	**–**	**29**	**2**	**–**	**31**
Net share option movements	**–**	**–**	**–**	**–**	**–**	**3**	**3**
Cancellation of Metro Bank PLC share capital and share premium	**–**	**(1,964)**	**–**	**1,964**	**–**	**–**	**–**
Issuance of Metro Bank Holdings PLC share capital	**–**	**–**	**965**	**(965)**	**–**	**–**	**–**
Bonus issuance	**965**	**–**	**(965)**	**-**	**–**	**–**	**–**
Capital reduction of Metro Bank Holdings PLC share capital	**(965)**	**–**	**–**	**965**	**–**	**–**	**–**
Shares issued	**–**	**150**	**–**	**–**	**–**	**–**	**150**
Cost of shares issued	**–**	**(6)**	**–**	**–**	**–**	**–**	**(6)**
Balance as at 31 December 2023	**–**	**144**	**–**	**978**	**(11)**	**23**	**1,134**

Consolidated cash flow statement

For the year ended 31 December 2024

	Notes	Years ended 31 December 2024 £'million	2023 £'million
Reconciliation of loss before tax to net cash flows from operating activities:			
(Loss)/profit before tax		(212)	31
Adjustments for non-cash items	18	(359)	(376)
Interest received		948	834
Interest paid		(585)	(370)
Changes in other operating assets		3,320	744
Changes in other operating liabilities		(4,497)	(235)
Net cash (outflows)/inflows from operating activities		(1,385)	628
Cash flows from investing activities			
Sales, redemptions and paydowns of investment securities		1,017	1,870
Purchase of investment securities		(630)	(816)
Purchase of property, plant and equipment	11	(41)	(12)
Purchase and development of intangible assets	12	(19)	(26)
Net cash inflows from investing activities		327	1,016
Cash flows from financing activities			
Repayment of capital elements of leases	13	(22)	(23)
Issuance of new shares		-	150
Cost of share issuance		-	(6)
Issuance of debt securities		0	175
Cost of debt issuance		(0)	(5)
Net cash (outflows)/inflows from financing activities		(22)	291
Net (decrease)/increase in cash and cash equivalents		(1,080)	1,935
Cash and cash equivalents at start of year		3,891	1,956
Cash and cash equivalents at end of year		2,811	3,891

1. Basis of preparation and significant accounting policies

Basis of preparation

Our unaudited condensed consolidated financial statements have been prepared using International Financial Reporting Standards (IFRSs) as adopted by the UK. There have been no changes in the accounting policies compared with the prior year. They were authorised by the Board for issue on 26 February 2025.

2. Net interest income

Interest income

	2024 £'million	2023 £'million

	2024 £'million	2023 £'million
Cash and balances held with the Bank of England	**193.1**	120.9
Loans and advances to customers	**586.2**	599.9
Investment securities held at amortised cost	**126.1**	118.6
Investment securities held at FVOCI	**18.3**	6.8
Interest income calculated using the effective interest rate method	**923.7**	846.2
Derivatives in hedge relationships	**11.7**	9.5
Total interest income	**935.4**	855.7

Interest expense

	2024 £'million	2023 £'million
Deposits from customers	**303.6**	147.8
Deposits from central banks	**124.2**	161.3
Debt securities	**84.8**	55.7
Lease liabilities	**12.4**	13.1
Repurchase agreements	**26.5**	50.1
Interest expense calculated using the effective interest rate method	**551.5**	428.0
Derivatives in hedge relationships	**6.0**	15.8
Total interest expense	**557.5**	443.8

3. Net fee and commission income

	2024 £'million	2023 £'million
Service charges and other fee income	**38.6**	36.8
Safe deposit box income	**19.0**	18.2
ATM and interchange fees	**40.4**	40.0
Fee and commission income	**98.0**	95.0
Fee and commission expense	**(4.8)**	(4.6)
Total net fee and commission income	**93.2**	90.4

4. Net loss on sale of asset

	2024 £'million	2023 £'million
Investment securities held at amortised cost	**-**	2.9
Loan portfolios	**(101.4)**	(0.2)
Total (loss)/gain on sale of assets	**(101.4)**	2.7

Loan portfolio sales
Loss on sale relates to £2.5 billion of prime residential mortgages to NatWest Group PLC. Metro Bank completed the sale on 30 September 2024.

5. Other income

	2024 £'million	2023 £'million
Foreign currency transactions	**29.7**	34.0
Gain on debt extinguishment	**-**	100.0
Other income	**5.9**	9.9
Total other income	**35.6**	143.9

6. General operating expenses

	2024 £'million	2023 £'million
People costs	**209.6**	241.2
Information technology costs	**60.1**	59.7
Occupancy costs	**30.9**	31.7
Money transmission and other banking-related costs	**49.3**	49.2
Transformation costs	**31.1**	20.2
Remediation costs	**21.3**	–
Capability and Innovation Fund costs	**3.4**	2.4
Legal and regulatory fees	**9.0**	7.0
Professional fees	**27.7**	23.2
Printing, postage and stationery costs	**7.5**	7.2
Travel costs	**1.4**	1.5

Marketing costs	**9.4**	7.7
Costs associated with capital raise	**0.1**	26.0
Holding company insertion costs	**0.0**	1.8
Other	**28.2**	24.1
Total general operating expenses	**489.0**	502.9

7. Taxation

Tax expense

	2024 £'million	2023 £'million
Current tax		
Current tax	**(0.0)**	(0.1)
Total current tax expense	**(0.0)**	(0.1)
Deferred tax		
Origination and reversal of temporary differences	**(254.1)**	(0.5)
Effect of changes in tax rates	**0.0**	(0.4)
Adjustment in respect of prior years	**(0.5)**	–
Total deferred tax expense	**(254.6)**	(0.9)
Total tax expense	**(254.6)**	(1.0)

Reconciliation of the total tax expense

	2024 £'million	Effective tax rate %	2023 £'million	Effective tax rate %
Accounting (loss)/profit before tax	**(212.1)**		30.5	
Tax expense at statutory tax rate of 25% (2023: 23.5%)	**53.0**	**25.0%**	(7.2)	23.5%
Tax effects of:				
Non-deductible expenses – depreciation on non-qualifying fixed assets	**(3.0)**	**(1.4%)**	(2.5)	8.3%
Non-deductible expenses – investment property impairment	**–**	**-**	–	–
Non-deductible expenses – remediation	**–**	**-**	–	–
Non-deductible expenses – other	**(7.7)**	**(3.6%)**	(0.8)	2.6%
Impact of intangible asset write-off on research and development deferred tax liability	**-**	**-**	0.1	(0.3%)
Share-based payments	**(0.2)**	**(0.1%)**	(1.2)	3.9%
Adjustment in respect of prior years	**0.6**	**0.3%**	–	–
Current year losses for which no deferred tax asset has been recognised	**-**	**-**	(15.4)	50.5%
Losses offset against current year profits	**-**	**-**	1.1	(3.6%)
Movement in recognised deferred tax asset for unused tax losses	**211.7**	**99.9%**	1.8	(5.9%)
Effect of changes in tax rates	**-**	**-**	(0.4)	1.3%
Income tax not taxable	**-**	**-**	23.5	(77.0%)
Tax expense reported in the consolidated income statement	**254.6**	**120.0%**	(1.0)	3.3%

Deferred tax assets

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

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

	31 December 2024					
	Unused tax losses £'million	Investment securities and impairments £'million	Share-based payments £'million	Property, plant and equipment £'million	Intangible assets £'million	Total £'million
Deferred tax assets	**269**	**1**	**1**	**–**	**–**	**271**
Deferred tax liabilities	**–**	**3**	**–**	**(31)**	**(3)**	**(31)**
Deferred tax assets (net)	**269**	**4**	**1**	**(31)**	**(3)**	**240**
1 January 2024	**14**	**6**	**1**	**(29)**	**(5)**	**(13)**
Prior year movement	**(1)**	**(1)**	**-**	**-**	**1**	**(1)**
Income statement	**256**	**-**	**-**	**(2)**	**1**	**255**
Other comprehensive income	**-**	**(1)**	**-**	**-**	**-**	**(1)**

31 December 2024	269	4	1	(31)	(3)	240

	31 December 2023					
	Unused tax losses £'million	Investment securities and impairments £'million	Share-based payments £'million	Property, plant and equipment £'million	Intangible assets £'million	Total £'million
Deferred tax assets	14	2	1	–	–	17
Deferred tax liabilities	–	4	–	(29)	(5)	(30)
Deferred tax liabilities (net)	14	6	1	(29)	(5)	(13)
1 January 2023	12	7	1	(26)	(6)	(12)
Income statement	2	(1)	–	(3)	1	(1)
Other comprehensive income	14	6	1	(29)	(5)	(13)
31 December 2023	14	2	1	–	–	17

Offsetting of deferred tax assets and liabilities
We have presented all the deferred tax assets and liabilities above on a net basis within the balance sheet. This is on the basis that all our deferred tax assets and liabilities relate to taxes levied by HMRC and we have a legally enforceable right to offset these.

Deferred Tax on unused Tax losses
We have total unused tax losses of £1,073m, and a deferred tax asset has been recognised on these losses. The future profit projections as per the board approved long-term plan support the recognition of the deferred tax asset. There is no time limit on the utilisation of tax losses.

8. Financial instruments

Our financial instruments primarily comprise customer deposits, loans and advances to customers and investment securities, all of which arise as a result of our normal operations.

The main financial risks arising from our financial instruments are credit risk, liquidity risk and market risks (price and interest rate risk).

The financial instruments we hold are simple in nature and we do not consider that we have made any significant or material judgements relating to the classification and measurement of financial instruments under IFRS 9.

Cash and balances with the Bank of England, trade and other receivables, trade and other payables and other assets and liabilities which meet the definition of financial instruments are not included in the following tables.

Classification of financial instruments

	31 December 2024			
	Fair value through profit and loss £'million	FVOCI £'million	Amortised cost £'million	Total £'million
Assets				
Loans and advances to customers	**–**	**–**	**9,013**	**9,013**
Investment securities	**–**	**377**	**4,113**	**4,490**
Derivative financial assets	**16**	**–**	**–**	**16**
Liabilities				
Deposits from customers	**–**	**–**	**14,458**	**14,458**
Deposits from central bank	**–**	**–**	**400**	**400**
Debt securities	**-**	**–**	**675**	**675**
Derivative financial liabilities	**1**	**-**	**-**	**1**
Repurchase agreements	**–**	**–**	**391**	**391**

	31 December 2023			
	Fair value through profit and loss £'million	FVOCI £'million	Amortised cost £'million	Total £'million
Assets				
Loans and advances to customers	–	–	12,297	12,297
Investment securities	–	476	4,403	4,879
Derivative financial assets	36	–	–	36
Liabilities				
Deposits from customers	–	–	15,623	15,623
Deposits from central bank	–	–	3,050	3,050
Debt securities	–	–	694	694

Repurchase agreements	–	–	1,191	1,191

9. Loans and advances to customers

	31 December 2024			31 December 2023		
	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million	Gross carrying amount £'million	ECL allowance £'million	Net carrying amount £'million
Consumer lending	**745**	**(108)**	**637**	1,297	(108)	1,189
Retail mortgages	**5,145**	**(15)**	**5,130**	7,817	(19)	7,798
Commercial lending	**3,314**	**(68)**	**3,246**	3,382	(72)	3,310
Total loans and advances to customers	**9,204**	**(191)**	**9,013**	12,496	(199)	12,297

Gross loans and advances by product category

	31 December 2024 £'million	31 December 2023 £'million
Overdrafts	**39**	40
Credit cards	**20**	28
Term loans	**679**	1,219
Consumer auto-finance	**7**	10
Total consumer lending	**745**	1,297
Residential owner occupied	**3,692**	5,851
Retail buy-to-let	**1,453**	1,966
Total retail mortgages	**5,145**	7,817
Total retail lending	**5,890**	9,114
Professional buy-to-let	**283**	465
Bounce back loans	**346**	524
Coronavirus business interruption loans	**47**	86
Recovery loan scheme[1]	**260**	328
Core commercial lending	**1,599**	1,341
Commercial term loans	**2,535**	2,744
Overdrafts and revolving credit facilities	**220**	172
Credit cards	**7**	4
Asset and invoice finance	**552**	462
Total commercial lending	**3,314**	3,382
Gross loans and advances to customers	**9,204**	12,496

Recovery loan scheme includes £45 million acquired from third parties under forward flow arrangements (31 December 2023: £70 million). The loans are held in a trust arrangement in which we hold 99% of the beneficial interest, with the issuer retaining the remaining 1% (the trust retains the legal title loans).

10. Investment securities

	31 December 2024 £'million	31 December 2023 £'million
Investment securities held at FVOCI	**377**	476
Investment securities held at amortised cost	**4,113**	4,403
Total investment securities	**4,490**	4,879

Investment securities held at FVOCI

	31 December 2024 £'million	31 December 2023 £'million
Sovereign bonds	**149**	220
Residential mortgage-backed securities	**0**	-
Covered bonds	**83**	112
Multi-lateral development bank bonds	**145**	144

Total investment securities held at FVOCI	**377**	476

Investment securities held at amortised cost

	31 December 2024 £'million	31 December 2023 £'million
Sovereign bonds	**875**	938
Residential mortgage-backed securities	**876**	954
Covered bonds	**478**	594
Multi-lateral development bank bonds	**1,576**	1,729
Asset backed securities	**308**	188
Total investment securities held at amortised cost	**4,113**	4,403

11. Property, plant and equipment

	Investment property £'million	Leasehold improvements £'million	Freehold land and buildings £'million	Fixtures, fittings and equipment £'million	IT Hardware £'million	Right-of-use assets £'million	Total £'million
Cost							
1 January 2024	**12**	**256**	**386**	**23**	**10**	**279**	**966**
Additions	**0**	**1**	**37**	**0**	**2**	**1**	**41**
Disposals	**–**	**-**	**–**	**–**	**–**	**(25)**	**(25)**
Transfers	**–**	**(13)**	**13**	**–**	**–**	**–**	**–**
31 December 2024	**12**	**244**	**436**	**23**	**12**	**255**	**982**
Accumulated depreciation							
1 January 2024	**8**	**79**	**42**	**21**	**4**	**89**	**243**
Depreciation charge	**0**	**5**	**12**	**1**	**4**	**12**	**34**
Impairments	**-**	**-**	**-**	**-**	**-**	**1**	**1**
Disposals	**–**	**(0)**	**–**	**–**	**–**	**(7)**	**(7)**
Transfers	**–**	**3**	**(3)**	**–**	**–**	**–**	**-**
31 December 2024	**8**	**87**	**51**	**22**	**8**	**95**	**271**
Net book value	**4**	**157**	**385**	**1**	**4**	**160**	**711**

	Investment property £'million	Leasehold improvements £'million	Freehold land and buildings £'million	Fixtures, fittings and equipment £'million	IT Hardware £'million	Right-of-use assets £'million	Total £'million
Cost							
1 January 2023	12	261	372	22	8	283	958
Additions	–	–	9	1	2	–	12
Disposals	–	–	–	–	–	(4)	(4)
Transfers	–	(5)	5	–	–	–	–
31 December 2023	12	256	386	23	10	279	966
Accumulated depreciation							
1 January 2023	8	69	34	20	2	77	210
Depreciation charge	–	13	5	1	2	13	34
Disposals	–	–	–	–	–	(1)	(1)
Transfers	–	(3)	3	–	–	–	–
31 December 2023	8	79	42	21	4	89	243
Net book value	4	177	344	2	6	190	723

12. Intangible assets

	Goodwill £'million	Brands £'million	Software £'million	Total £'million
Cost				
1 January 2024	**10**	**2**	**355**	**367**
Additions	**–**	**–**	**19**	**19**
Write-offs	**–**	**–**	**(85)**	**(85)**
31 December 2024	**10**	**2**	**289**	**301**
Accumulated amortisation				
1 January 2024	**–**	**1**	**173**	**174**
Amortisation charge	**–**	**-**	**43**	**43**
Write-offs	**–**	**–**	**(42)**	**(42)**
31 December 2024	**–**	**1**	**174**	**175**
Net book value	**10**	**1**	**115**	**126**

	Goodwill £'million	Brands £'million	Software £'million	Total £'million
Cost				
1 January 2023	10	2	338	350
Additions	–	–	26	26
Write-offs	–	–	(9)	(9)
31 December 2023	10	2	355	367
Accumulated amortisation				
1 January 2023	–	–	134	134
Amortisation charge	–	1	43	44
Write-offs	–	–	(4)	(4)
31 December 2023	–	1	173	174
Net book value	10	1	182	193

13. Leases

Lease liabilities

	2024 £'million	2023 £'million
1 January	**234**	248
Additions and modifications	**1**	–
Disposals	**(20)**	(4)
Lease payments made	**(22)**	(23)
Interest on lease liabilities	**12**	13
31 December	**205**	234

Minimum lease payments

	31 December 2024 £'million	31 December 2023 £'million
Within one year	**20**	22
Due in one to five years	**74**	83
Due in more than five years	**101**	145
Total	**195**	250

14. Expected credit losses and credit risk

Expected credit loss expense

	2024 £'million	2023 £'million
Retail mortgages[1]	**(4)**	(1)
Consumer lending[1]	**(0)**	33
Commercial lending[1]	**(4)**	(20)
Investment securities	**-**	1
Write-offs and other movements	**15**	20
Total expected credit loss expense	**7**	33

1. Represents the movement in ECL stock during the year and therefore excludes write-offs which are shown separately.

Loss allowance

Total loans and advances to customers

	Gross carrying amount					Loss allowance					Net carrying amount				
£million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2024	**10,596**	**1,511**	**389**	**0**	**12,496**	**(63)**	**(43)**	**(93)**	**–**	**(199)**	**10,533**	**1,468**	**296**	**0**	**12,297**
Transfers to/(from) Stage 1[1]	**385**	**(368)**	**(17)**	**-**	**-**	**(11)**	**10**	**1**	**-**	**(0)**	**374**	**(358)**	**(16)**	**-**	**-**
Transfers to/(from) Stage 2	**(409)**	**416**	**(7)**	**-**	**-**	**2**	**(2)**	**-**	**-**	**-**	**(407)**	**414**	**(7)**	**-**	**-**
Transfers to/(from) Stage 3	**(192)**	**(100)**	**292**	**-**	**-**	**4**	**7**	**(11)**	**-**	**-**	**(188)**	**(93)**	**281**	**-**	**-**
Net remeasurement due to transfers[2]	**-**	**-**	**-**	**-**	**-**	**9**	**(14)**	**(40)**	**-**	**(45)**	**9**	**(14)**	**(40)**	**-**	**(45)**
New lending[3]	**1,716**	**147**	**1**	**–**	**1,864**	**(11)**	**(3)**	**(1)**	**–**	**(15)**	**1,705**	**144**	**-**	**–**	**1,849**
Repayments, additional drawdowns and interest accrued	**(619)**	**(120)**	**(33)**	**(1)**	**(773)**	**-**	**-**	**-**	**-**	**-**	**(619)**	**(120)**	**(33)**	**(1)**	**(773)**
Derecognitions[4]	**(3,755)**	**(507)**	**(121)**	**-**	**(4,383)**	**11**	**11**	**20**	**-**	**42**	**(3,744)**	**(496)**	**(101)**	**-**	**(4,341)**
Changes to model assumptions[5]	**-**	**-**	**-**	**-**	**-**	**20**	**5**	**-**	**1**	**26**	**20**	**5**	**-**	**1**	**26**
31 December 2024	**7,722**	**979**	**504**	**(1)**	**9,204**	**(39)**	**(29)**	**(124)**	**1**	**(191)**	**7,683**	**950**	**380**	**-**	**9,013**
Off-balance sheet items															
Commitments and guarantees[6]					**718**					**-**					**718**

	Gross carrying amount					Loss allowance					Net carrying amount				
£million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2023	10,849	2,088	352	–	13,289	(66)	(51)	(70)	–	(187)	10,783	2,037	282	–	13,102
Transfers to/(from) Stage 1[1]	872	(857)	(15)	-	-	(15)	15	-	-	-	857	(842)	(15)	-	-
Transfers to/(from) Stage 2	(581)	589	(8)	-	-	4	(6)	2	-	-	(577)	583	(6)	-	-
Transfers to/(from) Stage 3	(170)	(71)	241	-	-	3	4	(7)	-	-	(167)	(67)	234	-	-
Net remeasurement due to transfers[2]	-	-	-	-	-	12	(13)	(38)	-	(39)	12	(13)	(38)	-	(39)
New lending[3]	2,060	239	16	–	2,315	(18)	(6)	(6)	–	(30)	2,042	233	10	–	2,285
Repayments, additional drawdowns and interest accrued	(685)	(172)	(40)	-	(897)	-	-	-	-	-	(685)	(172)	(40)	-	(897)
Derecognitions[4]	(1,749)	(305)	(157)	–	(2,211)	13	10	26	–	49	(1,736)	(295)	(131)	–	(2,162)
Changes to model assumptions[5]	-	-	-	-	-	4	4	-	-	8	4	4	-	-	8
31 December 2023	**10,596**	**1,511**	**389**	**–**	**12,496**	**(63)**	**(43)**	**(93)**	**–**	**(199)**	**10,533**	**1,468**	**296**	**–**	**12,297**
Off-balance sheet items															
Commitments and guarantees[6]				718					-					718	

1. Represents stage transfers prior to any ECL remeasurements.
2. Represents the remeasurement between the 12 month and lifetime ECL due to stage transfer. In addition, it includes any ECL change resulting from model assumptions and forward-looking information on these loans.
3. Represents the increase in balances resulting from loans and advances that have been newly originated, purchased or renewed as well as any ECL that has been recognised in relation to these loans during the year.
4. Represents the decrease in balances resulting from loans and advances that have been fully repaid, sold or written off.
5. Represents the change in ECL to those loans that remain within the same stage through the year.

Retail mortgages

	Gross carrying amount					Loss allowance					Net carrying amount				
£million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2024	**6,887**	**784**	**146**	**-**	**7,817**	**(7)**	**(6)**	**(6)**	**-**	**(19)**	**6,880**	**778**	**140**	**–**	**7,798**
Transfers to/(from) Stage 1	**146**	**(138)**	**(8)**	**-**	**-**	**(1)**	**1**	**-**	**-**	**-**	**145**	**(137)**	**(8)**	**-**	**-**
Transfers to/(from) Stage 2	**(171)**	**173**	**(2)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(171)**	**173**	**(2)**	**-**	**-**
Transfers to/(from) Stage 3	**(53)**	**(46)**	**99**	**-**	**-**	**-**	**1**	**(1)**	**-**	**-**	**(53)**	**(45)**	**98**	**-**	**-**
Net remeasurement due to transfers	**-**	**-**	**-**	**-**	**-**	**1**	**(1)**	**(2)**	**-**	**(2)**	**1**	**(1)**	**(2)**	**-**	**(2)**
New lending	**728**	**126**	**-**	**-**	**854**	**(1)**	**(2)**	**-**	**–**	**(3)**	**727**	**124**	**-**	**-**	**851**
Repayments, additional drawdowns and interest accrued	**(113)**	**(12)**	**1**	**-**	**(124)**	**-**	**-**	**-**	**-**	**-**	**(113)**	**(12)**	**1**	**-**	**(124)**
Derecognitions	**(3,066)**	**(303)**	**(33)**	**-**	**(3,402)**	**3**	**2**	**2**	**-**	**7**	**(3,063)**	**(301)**	**(31)**	**-**	**(3,395)**
Changes to model assumptions	**-**	**-**	**-**	**-**	**-**	**1**	**1**	**-**	**-**	**2**	**1**	**1**	**-**	**-**	**2**
31 December 2024	**4,358**	**584**	**203**	**-**	**5,145**	**(4)**	**(4)**	**(7)**	**-**	**(15)**	**4,354**	**580**	**196**	**-**	**5,130**

	Gross carrying amount					Loss allowance					Net carrying amount				

£million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2023	6,195	1,343	111	–	7,649	(6)	(11)	(3)	–	(20)	6,189	1,332	108	–	7,629
Transfers to/(from) Stage 1	745	(737)	(8)	–	–	(6)	6	–	–	–	739	(731)	(8)	–	–
Transfers to/(from) Stage 2	(193)	199	(6)	–	–	–	–	–	–	–	(193)	199	(6)	–	–
Transfers to/(from) Stage 3	(38)	(29)	67	–	–	–	–	–	–	–	(38)	(29)	67	–	–
Net remeasurement due to transfers	–	–	–	–	–	5	(2)	(2)	–	1	5	(2)	(2)	–	1
New lending	1,195	147	1	–	1,343	(1)	(1)	–	–	(2)	1,194	146	1	–	1,341
Repayments, additional drawdowns and interest accrued	(177)	(18)	–	–	(195)	–	–	–	–	–	(177)	(18)	–	–	(195)
Derecognitions	(840)	(121)	(19)	–	(980)	1	1	–	–	2	(839)	(120)	(19)	–	(978)
Changes to model assumptions	–	–	–	–	–	–	1	(1)	–	–	–	1	(1)	–	-
31 December 2023	**6,887**	**784**	**146**	**–**	**7,817**	**(7)**	**(6)**	**(6)**	**–**	**(19)**	**6,880**	**778**	**140**	**–**	**7,798**

Consumer lending

	Gross carrying amount					Loss allowance					Net carrying amount				
£million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2024	906	314	77	-	1,297	(26)	(16)	(66)	-	(108)	880	298	11	-	1,189
Transfers to/(from) Stage 1	80	(79)	(1)	-	-	(3)	3	-	-	-	77	(76)	(1)	-	-
Transfers to/(from) Stage 2	(74)	74	-	-	-	1	(1)	-	-	-	(73)	73	-	-	-
Transfers to/(from) Stage 3	(27)	(14)	41	-	-	1	4	(5)	-	-	(26)	(10)	36	-	-
Net remeasurement due to transfers	-	-	-	-	-	2	(4)	(25)	-	(27)	2	(4)	(25)	-	(27)
New lending	4	-	-	-	4	-	-	-	-	-	4	-	-	–	4
Repayments, additional drawdowns and interest accrued	(226)	(83)	(10)	(1)	(320)	-	-	-	-	-	(226)	(83)	(10)	(1)	(320)
Derecognitions	(167)	(59)	(10)	-	(236)	4	2	9	-	15	(163)	(57)	(1)	-	(221)
Changes to model assumptions	-	-	-	-	-	9	3	(1)	1	12	9	3	(1)	1	12
31 December 2024	496	153	97	(1)	745	(12)	(9)	(88)	1	(108)	484	144	9	-	637

	Gross carrying amount					Loss allowance					Net carrying amount				
£million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2023	1,180	250	50	–	1,480	(21)	(12)	(42)	–	(75)	1,159	238	8	–	1,405
Transfers to/(from) Stage 1	34	(34)	–	–	–	(2)	2	–	–	–	32	(32)	–	–	–
Transfers to/(from) Stage 2	(182)	182	–	–	–	2	(2)	–	–	–	(180)	180	–	–	–
Transfers to/(from) Stage 3	(35)	(9)	44	–	–	1	2	(3)	–	–	(34)	(7)	41	–	–
Net remeasurement due to transfers	–	–	–	–	–	2	(6)	(28)	–	(32)	2	(6)	(28)	–	(32)
New lending	311	78	7	–	396	(9)	(4)	(6)	–	(19)	302	74	1	–	377
Repayments, additional drawdowns and interest accrued	(217)	(111)	(10)	–	(338)	–	–	–	–	–	(217)	(111)	(10)	–	(338)
Derecognitions	(185)	(42)	(14)	–	(241)	3	2	12	–	17	(182)	(40)	(2)	–	(224)
Changes to model assumptions	–	–	–	–	–	(2)	2	1	–	1	(2)	2	1	–	1
31 December 2023	**906**	**314**	**77**	**–**	**1,297**	**(26)**	**(16)**	**(66)**	**–**	**(108)**	**880**	**298**	**11**	**–**	**1,189**

Commercial lending

	Gross carrying amount					Loss allowance					Net carrying amount				
£million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2024	2,803	413	166	–	3,382	(30)	(21)	(21)	–	(72)	2,773	392	145	–	3,310
Transfers to/(from) Stage 1	159	(151)	(8)	–	-	(7)	6	1	–	-	152	(145)	(7)	–	-
Transfers to/(from) Stage 2	(164)	169	(5)	–	-	1	(1)	-	–	-	(163)	168	(5)	–	-
Transfers to/(from) Stage 3	(112)	(40)	152	–	-	3	2	(5)	–	-	(109)	(38)	147	–	-
Net remeasurement due to transfers	–	–	–	-	-	6	(9)	(13)	–	(16)	6	(9)	(13)	-	(16)
New lending	984	21	1	–	1,006	(10)	(1)	(1)	–	(12)	974	20	-	–	994
Repayments, additional drawdowns and interest accrued	(280)	(25)	(24)	-	(329)	–	–	–	–	–	(280)	(25)	(24)	-	(329)
Derecognitions	(522)	(145)	(78)	–	(745)	4	7	9	–	20	(518)	(138)	(69)	–	(725)
Changes to model assumptions	–	–	–	–	–	10	1	1	-	12	10	1	1	-	12
31 December 2024	2,868	242	204	-	3,314	(23)	(16)	(29)	-	(68)	2,845	226	175	-	3,246

	Gross carrying amount					Loss allowance					Net carrying amount				
£million	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total
1 January 2023	3,474	495	191	–	4,160	(39)	(28)	(25)	–	(92)	3,435	467	166	–	4,068
Transfers to/(from) Stage 1	93	(86)	(7)	–	–	(7)	7	–	–	–	86	(79)	(7)	–	–
Transfers to/(from) Stage 2	(206)	208	(2)	–	–	2	(4)	2	–	–	(204)	204	–	–	–
Transfers to/(from) Stage 3	(97)	(33)	130	–	–	2	2	(4)	–	–	(95)	(31)	126	–	–

Net remeasurement due to transfers	–	–	–	–	–	5	(5)	(8)	–	(8)	5	(5)	(8)	–	(8)
New lending	554	14	8	–	576	(8)	(1)	–	–	(9)	546	13	8	–	567
Repayments, additional drawdowns and interest accrued	(291)	(43)	(30)	–	(364)	–	–	–	–	–	(291)	(43)	(30)	–	(364)
Derecognitions	(724)	(142)	(124)	–	(990)	9	7	14	–	30	(715)	(135)	(110)	–	(960)
Changes to model assumptions	–	–	–	–	–	6	1	–	–	7	6	1	–	–	7
31 December 2023	**2,803**	**413**	**166**	**–**	**3,382**	**(30)**	**(21)**	**(21)**	**–**	**(72)**	**2,773**	**392**	**145**	**–**	**3,310**

Credit risk exposures

Retail mortgages

	31 December 2024					31 December 2023				
£million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Up to date	4,356	504	57	–	4,917	6,885	695	37	–	7,617
1 to 29 days past due	2	21	11	–	34	2	28	10	–	40
30 to 89 days past due	–	59	21	–	80	–	61	16	–	77
90+ days past due	–	–	114	–	114	–	–	83	–	83
Gross carrying amount	4,358	584	203	–	5,145	6,887	784	146	–	7,817

Consumer lending

	31 December 2024					31 December 2023				
£million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Up to date	496	141	2	(1)	638	900	297	3	–	1,200
1 to 29 days past due	0	2	1	–	3	6	2	–	–	8
30 to 89 days past due	0	10	5	–	15	–	15	7	–	22
90+ days past due	0	0	89	–	89	–	–	67	–	67
Gross carrying amount	496	153	97	(1)	745	906	314	77	–	1,297

Commercial lending

	31 December 2024					31 December 2023				
£million	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI Lifetime ECL	Total
Up to date	2,841	205	86	-	3,132	2,768	350	83	–	3,201
1 to 29 days past due	27	16	2	–	45	35	24	5	–	64
30 to 89 days past due	–	21	60	–	81	–	39	20	–	59
90+ days past due	–	–	56	–	56	–	–	58	–	58
Gross carrying amount	2,868	242	204	-	3,314	2,803	413	166	–	3,382

Credit risk concentration

Retail mortgage lending by repayment type

	31 December 2024 £million			31 December 2023 £million		
	Retail owner occupied	Retail buy-to-let	Total retail mortgages	Retail owner occupied	Retail buy-to-let	Total retail mortgages
Interest only	1,330	1,398	2,728	1,933	1,878	3,811
Capital and repayment	2,362	55	2,417	3,918	88	4,006
Total retail mortgage lending	3,692	1,453	5,145	5,851	1,966	7,817

Retail mortgage lending by geographic exposure

	31 December 2024 £million			31 December 2023 £million		
	Retail owner occupied	Retail buy-to-let	Total retail mortgages	Retail owner occupied	Retail buy-to-let	Total retail mortgages
Greater London	1,324	808	2,132	2,040	1,091	3,131
South-east	975	283	1,258	1,564	381	1,945
South-west	313	63	376	487	87	574
East of England	379	114	493	590	150	740
North-west	155	44	199	268	65	333
West Midlands	154	47	201	240	71	311
Yorkshire and the Humber	107	25	132	185	32	217
East Midlands	104	40	144	180	53	233
Wales	67	13	80	111	17	128
North-east	34	7	41	60	8	68
Scotland	80	9	89	126	11	137

Total retail mortgage lending	**3,692**	**1,453**	**5,145**	5,851	1,966	7,817

Retail mortgage lending by DTV

	31 December 2024 £'million			31 December 2023 £'million		
	Retail owner occupied	Retail buy-to-let	Total retail mortgages	Retail owner occupied	Retail buy-to-let	Total retail mortgages
Less than 50%	**1,282**	**263**	**1,545**	1,994	439	2,433
51–60%	**601**	**210**	**811**	1,069	375	1,444
61–70%	**611**	**417**	**1,028**	1,044	642	1,686
71–80%	**761**	**543**	**1,304**	1,100	493	1,593
81–90%	**397**	**16**	**413**	550	16	566
91–100%	**39**	**3**	**42**	89	–	89
More than 100%	**1**	**1**	**2**	5	1	6
Total retail mortgage lending	**3,692**	**1,453**	**5,145**	5,851	1,966	7,817

Commercial lending – excluding BBLS by repayment type

	31 December 2024 £'million			31 December 2023 £'million		
	Professional buy-to-let	Other term loans	Total commercial term loans	Professional buy-to-let	Other term loans	Total commercial term loans
Interest only	**270**	**393**	**663**	438	222	660
Capital and repayment	**13**	**1,513**	**1,526**	27	1,533	1,560
Total commercial term loans	**283**	**1,906**	**2,189**	465	1,755	2,220

Commercial term lending – excluding BBLS by geographic exposure

	31 December 2024 £'million			31 December 2023 £'million		
	Professional buy-to-let	Other term loans	Total commercial term loans	Professional buy-to-let	Other term loans	Total commercial term loans
Greater London	**181**	**813**	**994**	298	880	1,178
South-east	**48**	**334**	**382**	88	340	428
South-west	**10**	**90**	**100**	15	111	126
East of England	**20**	**200**	**220**	31	122	153
North-west	**7**	**115**	**123**	11	106	117
West Midlands	**3**	**185**	**188**	4	101	105
Yorkshire and the Humber	**2**	**11**	**13**	2	17	19
East Midlands	**6**	**55**	**60**	9	44	53
Wales	**2**	**4**	**6**	3	8	11
North-east	**2**	**73**	**75**	3	19	22
Scotland	**1**	**1**	**2**	–	5	5
Northern Ireland	**-**	**3**	**3**	1	2	3
National	**1**	**22**	**23**	0	-	-
Total commercial term loans	**283**	**1,906**	**2,189**	465	1,755	2,220

Commercial term lending – excluding BBLS by sector exposure

	31 December 2024 £'million			31 December 2023 £'million		
	Professional buy-to-let	Other term loans	Total commercial term loans	Professional buy-to-let	Other term loans	Total commercial term loans
Real estate (rent, buy and sell)	**283**	**414**	**697**	465	509	974
Hospitality	**–**	**442**	**442**	–	368	368
Health and social work	**–**	**430**	**430**	–	298	298
Legal, accountancy and consultancy	**–**	**207**	**207**	–	150	150
Retail	**–**	**122**	**122**	–	136	136
Real estate (develop)	**–**	**14**	**14**	–	14	14
Recreation, cultural and sport	**–**	**82**	**82**	–	72	72
Construction	**–**	**36**	**36**	–	48	48
Education	**–**	**13**	**13**	–	19	19
Real estate (management of)	**–**	**5**	**5**	–	7	7
Investment and unit trusts	**–**	**6**	**6**	–	7	7
Other	**–**	**135**	**135**	–	127	127
Total commercial term loans	**283**	**1,906**	2,189	465	1,755	2,220

Commercial term lending – excluding BBLS by DTV

	31 December 2023 £'million			31 December 2022 £'million		
	Professional buy-to-let	Other term loans	Total commercial term loans	Professional buy-to-let	Other term loans	Total commercial term loans
Less than 50%	**81**	**578**	**659**	160	707	867
51–60%	**39**	**414**	**453**	59	319	378
61–70%	**59**	**275**	**334**	105	185	290
71–80%	**64**	**65**	**129**	76	79	155
81–90%	**38**	**82**	**120**	60	21	81
91–100%	**1**	**45**	**46**	2	11	13
More than 100%	**1**	**447**	**448**	3	433	436
Total commercial term loans	**283**	**1,906**	**2,189**	465	1,755	2,220

15. Legal and regulatory matters

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

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

16. Fair value of financial instruments

	31 December 2024				
	Carrying value £'million	Quoted market price Level 1 £'million	Using observable inputs Level 2 £'million	With significant unobservable inputs Level 3 £'million	Total fair value £'million
Assets					
Loans and advances to customers	**9,013**	**-**	**-**	**8,982**	**8,982**
Investment securities held at fair value through other comprehensive income	**377**	**377**	**–**	**–**	**377**
Investment securities held at amortised cost	**4,113**	**2,857**	**1,122**	**–**	**3,979**
Derivative financial assets	**16**	**–**	**16**	**–**	**16**
Liabilities					
Deposits from customers	**14,458**	**–**	**–**	**14,459**	**14,459**
Deposits from central bank	**400**	**–**	**–**	**400**	**400**
Debt securities	**675**	**–**	**711**	**–**	**711**
Derivative financial liabilities	**1**	**-**	**1**	**-**	**1**
Repurchase agreements	**391**	**–**	**–**	**391**	**391**

31 December 2023

	Carrying value £'million	Quoted market price Level 1 £'million	Using observable inputs Level 2 £'million	With significant unobservable inputs Level 3 £'million	Total fair value £'million
Assets					
Loans and advances to customers	**12,297**	**–**	**–**	**12,156**	**12,156**
Investment securities held at fair value through other comprehensive income	**476**	**476**	**–**	**–**	**476**
Investment securities held at amortised cost	**4,403**	**3,143**	**1,072**	**–**	**4,215**
Derivative financial assets	**36**	**–**	**36**	**–**	**36**
Liabilities					
Deposits from customers	**15,623**	**–**	**–**	**15,622**	**15,622**
Deposits from central bank	**3,050**	**–**	**–**	**3,050**	**3,050**
Debt securities	**694**	**–**	**585**	**–**	**585**
Repurchase agreements	**1,191**	**–**	**–**	**1,191**	**1,191**

Information on how fair values are calculated are explained below:

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

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

Financial assets held at fair value through profit and loss
The financial assets at fair value through profit and loss relate to the loans and advances previously assumed by the RateSetter provision fund. They are measured at the fair value of the amounts that we expect to recover on these loans.

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

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

Deposits from central banks/repurchase agreements
Fair values are estimated using discounted cash flows, applying current rates. Fair values approximate carrying amounts as their balances are either short-dated or are on a variable rate which aligns to the current market rate.

Derivative financial liabilities
The fair values of derivatives are obtained from discounted cash flow models as appropriate.

17. Earnings per share

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

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

As we were loss making in the year ended 31 December 2024, the share options would be antidilutive, as they would reduce the loss per share. Therefore, all the outstanding options have been disregarded in the calculation of dilutive EPS for 2024.

	2024	2023
Profit/(loss) attributable to ordinary equity holders (£'million)	42.5	29.5
Weighted average number of ordinary shares in issue (thousands)		
Basic	672,784	214,297
Adjustment for share awards	2,466	6,459
Diluted	675,250	220,756
Earnings per share (pence)		
Basic	6.3	13.8
Diluted	6.3	13.4

In Q4, 2023, shareholders approved a £925 million capital package that included £150 million of new equity made up of 500,000 shares. The new shares increased the weighted average number of ordinary shares in issue from 214,297 thousand in 2023 to 672,784 thousand in 2024.

18. Non-cash items

	2024 £'million	2023 £'million
Interest income	**(935)**	(856)
Interest expense	**558**	444
Depreciation and amortisation	**77**	78
Impairment and write-offs of property, plant, equipment and intangible assets	**44**	5
Expected credit loss expense	**7**	33
Share option charge	**2**	3
Grant income recognised in the income statement	**(3)**	(2)
Amounts provided for (net of amounts released)	**(8)**	16
Haircut on Tier 2 debt	**-**	(100)
(Loss)/gain on sale of assets	**(101)**	3
Total adjustments for non-cash items	**(359)**	(376)

19. Post balance sheet events

On 26th February 2025, Metro Bank confirmed entering into an agreement to sell a portfolio of approximately £584 million performing unsecured personal loans. 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.

Reconciliation from statutory to underlying results

Year ended 31 December 2024	**Statutory basis £'million**	Impairment and write-off of property, plant, equipment and intangible assets £'million	Net C&I costs £'million	Transformation costs £'million	Remediation costs £'million	Mortgage Sale £'million	Cost associated with capital raise[1] £'million	**Underlying basis £'million**
Net interest income	**377.9**	–	–	–	–	–	–	**377.9**
Net fee and commission income	**93.2**	–	–	–	–	–	–	**93.2**
Net loss on sale of assets	**(101.4)**	–	–	–	–	**101.4**	–	**0.00**
Other income	**35.6**	–	**(3.4)**	–	–	**0.2**	**-**	**32.4**
Total income	**405.3**	–	**(3.4)**	–	–	**101.6**	**-**	**503.5**
General operating expenses	**(489.0)**	–	**3.4**	**31.1**	**21.3**	**-**	**0.1**	**(433.1)**
Depreciation and amortisation	**(77.3)**	–	–	–	–	–	–	**(77.3)**
Impairment and write-offs of PPE and intangible assets	**(44.0)**	**44.0**	–	–	–	–	–	–
Total operating expenses	**(610.3)**	**44.0**	**3.4**	**31.1**	**21.3**	**-**	**0.1**	**(510.4)**
Expected credit loss expense	**(7.1)**	–	–	–	–	–	–	**(7.1)**
(loss)/profit before tax	**(212.1)**	**44.0**	–	**31.1**	**21.3**	**101.6**	**0.1**	**(14.0)**

Year ended 31 December 2023	**Statutory basis £'million**	Impairment and write-off of property, plant, equipment and intangible assets £'million	Net C&I costs £'million	Transformation costs £'million	Remediation costs £'million	Holding company insertion costs £'million	Capital raise and refinancing £'million	**Underlying basis £'million**
Net interest income	**411.9**	–	–	–	–	–	–	**411.9**
Net fee and commission income	**90.4**	–	–	–	–	–	–	**90.4**
Net gains on sale of assets	**2.7**	–	–	–	–	–	–	**2.7**
Other income	**143.9**	–	**(2.4)**	–	–	–	**(100.0)**	**41.5**
Total income	**648.9**	–	**(2.4)**	–	–	–	**(100.0)**	**546.5**
General operating expenses	**(502.9)**	–	**2.4**	**20.2**	–	**1.8**	**26.0**	**(452.5)**
Depreciation and amortisation	**(77.7)**	–	–	–	–	–	–	**(77.7)**
Impairment and write-offs of PPE and intangible assets	**(4.6)**	**4.6**	–	–	–	–	–	–
Total operating expenses	**(585.2)**	**4.6**	**2.4**	**20.2**	–	**1.8**	**26.0**	**(530.2)**
Expected credit loss expense	**(33.2)**	–	–	–	–	–	–	**(33.2)**
Profit/(loss) before tax	**30.5**	**4.6**	–	**20.2**	–	**1.8**	**(74.0)**	**(16.9)**

1. Relates to capital raise in Q4 2023.

Capital information

Key metrics

	31 December 2024 £'million	31 December 2023 £'million
Available capital		
CET1 capital	**808**	985
Tier 1 capital	**808**	985
Total capital	**958**	1,135
Total capital + MREL	**1,479**	1,655
Risk-weighted assets		
Total risk-weighted assets	**6,442**	7,533
Risk-based capital ratios as % of risk-weighted assets		
CET1 ratio	**12.5%**	13.1%
Tier 1 ratio	**12.5%**	13.1%
Total capital ratio	**14.9%**	15.1%
MREL ratio	**23.0%**	22.0%
Additional CET1 buffer requirements as % of risk-weighted assets		
Capital conservation buffer requirement	**2.5%**	2.5%
Countercyclical buffer requirement	**2.0%**	2.0%
Total of bank CET1 specific buffer requirements	**4.5%**	4.5%
Leverage ratio		
UK leverage ratio	**5.6%**	5.3%
Liquidity coverage ratio		
Liquidity coverage ratio	**337%**	332%

Leverage ratio

The table below shows our Tier 1 Capital and Total Leverage Exposure that are used to derive the UK leverage ratio. The UK leverage ratio is the ratio of Tier 1 Capital to Total Leverage exposure.

	31 December 2024 £'million	31 December 2023 £'million
Common equity tier 1 capital	**808**	985
Additional tier 1 capital	**-**	–
Tier 1 capital	**808**	985
CRD IV leverage exposure	**14,416**	18,420
UK leverage ratio	**5.6%**	5.3%

Liquidity coverage ratio

The table below shows the bank's Total HQLA and total net cash outflow that are used to derive the liquidity coverage ratio.

	31 December 2024 £'million	31 December 2023 £'million
Total high-quality liquid assets	**6,071**	6,656
Total net cash outflow	**1,799**	2,002
Liquidity coverage ratio	**337%**	332%

Overview of risk-weighted assets and capital requirements

	31 December 2024 £'million	31 December 2023 £'million	Pillar 1 capital required 31 December 2024 £'million
Credit risk (excluding counterparty credit risk (CCR))	**5,703**	6,804	456
Of which the standardised approach	**5,703**	6,804	456
CCR	**19**	26	2
Of which mark to market	**19**	26	2
Of which CVA	**0**	0	0
Market risk	**0**	0	0
Operational risk	**720**	703	58
Of which basic indicator approach	**–**	–	
Of which standardised indicator approach	**720**	703	
Amounts below the thresholds for deduction (subject to 250% risk weight)	**–**	–	

Total	**6,442**	7,533	515

Credit risk exposures by exposure class

Our Pillar 1 capital requirement for credit risk is set out in the table below.

	31 December 2024 £'million		31 December 2023 £'million	
	Exposure value	Capital required	Exposure value	Capital required
Central governments or central banks	**4,521**	**1**	5,997	1
Exposures to multilateral development banks	**1,465**	**–**	1,614	–
Institutions	**2**	**0**	9	–
Corporates	**1,100**	**78**	702	49
Retail	**1,048**	**58**	1,639	93
Secured by mortgages on immovable property	**6,206**	**210**	9,061	291
Covered bonds	**561**	**4**	706	6
Claims on institutions and corporates with a short-term credit assessment	**61**	**1**	133	3
Securitisation position	**1,122**	**10**	1,075	10
Exposure at default	**304**	**26**	210	17
Collective investment undertakings	**115**	**–**	58	–
Items associated with particularly high risk	**4**	**0**	12	1
Other exposures	**907**	**68**	973	72
Total	**17,416**	**456**	22,189	544

Capital resources

The table below summarises the composition of regulatory capital on a proforma basis, including the profit for the year[1].

	31 December 2024 £'million	31 December 2023 £'million
Share capital and premium	**144**	144
Retained earnings	**978**	949
Profit/(loss) for the year[1]	**43**	29
Other reserves	**18**	12
Intangible assets	**(126)**	(193)
Other regulatory adjustments	**(249)**	44
CET 1 capital	**808**	985
Tier 1 capital	**808**	985
Tier 2 capital	**150**	150
Total capital resources	**958**	1,135
MREL eligible debt	**521**	520
TCR + MREL	**1,479**	1,655

1. The profit for the year is included to show our capital resources on a proforma basis as at 31 December 2024. The profit will only be eligible to be included in our capital resources following the completion of our audit and publication of our Annual Report and accounts.

Our capital adequacy was in excess of the minimum required by the regulators at all times.

ISIN: GB00BMX3W479
Category Code: FR
TIDM: MTRO
LEI Code: 984500CDDEAD6C2EDQ64
OAM Categories: 3.1. Additional regulated information required to be disclosed under the laws of a Member State
Sequence No.: 377364
EQS News ID: 2092289