

Metro Bank

H125 results

H125 results see underlying PBT treble

Metro Bank reported underlying PBT of £45.1m in H125 (+246% half-on-half) due to a strong exit net interest margin (NIM) of 2.95% and costs down by 8% year-on-year. The repositioning of the business model towards higher-return commercial and specialist mortgage lending, coupled with the lowest exit cost of deposits on the UK high street (1.02%), has proved effective. Management expects revenue growth to continue apace in H225, with an £800m corporate and commercial credit pipeline already in place (vs £700m of gross new lending in H224). Management guidance remains the same for FY25 given the macro uncertainty prevalent in the UK. However, by delivering a 'mid- to upper-single-digit' return on tangible equity (RoTE) and a double-digit RoTE in FY26, with mid- to upper teens thereafter, Metro's strong growth trajectory remains on track. Metro shares traded at 0.57x book value per share (BVPS) of 217p at the end of June. Given there has been no change in guidance, our FY25–27 estimates are unchanged.

Year end	PBT (£m)	TBVPS (p)	RoTE (%)	DPS (p)	P/TBV (x)	Yield (%)
12/24	(14.0)	121.3	4.7	0.00	1.03	N/A
12/25e	57.0	131.4	7.0	0.00	0.95	N/A
12/26e	132.4	151.1	12.3	0.00	0.83	N/A
12/27e	211.7	182.5	16.6	0.00	0.69	N/A

Note: PBT is on an underlying basis. TBVPS = tangible book value per share. RoTE = return on tangible equity.

Metro delivered H125 revenue of £286m (+22% y-o-y) as NIM increased to 2.87% from 2.22% in H224. Additionally, exit NIM of 2.95% was just shy of Metro's year-end guidance of 3.00–3.25%. Management has maintained its guidance for continued NIM expansion driven by asset rotation. The exit NIMs in FY25, FY26 and FY27 are guided to be 3.00–3.25%, 3.60–4.00% and 4.00–4.50%, respectively. NIM expansion is driven by three factors: the maturity of the low-yielding securities portfolio, a repricing of the deposit book and a shift in lending mix towards higher-return commercial and specialist mortgage loans. On the last point, the corporate and commercial credit pipeline for H225 is already £800m (+14% vs H224), highlighting Metro's continued growth in the second half of the fiscal year.

Metro's cost reduction plan delivered an 8% half-on-half decline in operating expenses to £234.7m which, coupled with the group's strong revenue growth, delivered underlying PBT of £45.1m (+246% half-on-half). The combination of rising NIM and cost control will drive earnings higher without dramatically growing the asset base, thus boosting RoTE. Metro's loan to deposit ratio was 65% in H125, providing further capacity for growth.

Metro expects to be reclassified as a transfer firm under the Bank of England's revised policy on the minimum requirement for own funds and eligible liabilities (MREL) by January 2026. Management continues to review its liability structure on an economic basis and believes it will benefit from the reclassification. The shares traded on 0.57x BVPS of 217p at the end of June.

Banks

6 August 2025

Price	125.20p
Market cap	£828m
Shares in issue	673.2m
Code	MTRO
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



Business description

Metro Bank is a community bank that serves both retail and commercial customers in major cities in the UK. It operates a network of more than 70 'stores' in prime locations, a key source of new lending and low-cost deposits. Metro Bank is undertaking a strategic repositioning towards a mid- to upper-teens return business model focused on commercial, corporate and SME lending and specialist mortgages.

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