Metro Bank H1 2022 Results

28 July 2022

Daniel Frumkin (CEO)

PRESENTATION

Daniel Frumkin

Good morning and thank you so much for joining us. This is the half one 2022 results presentation of Metro Bank. You'll hear my dulcet tones for the whole session I'm afraid. I'm going to cover off both the strategic bits and the financial bits. As you've seen, we've just appointed James as CFO, and we're quite pleased that James Hopkins has chosen to join us and he will come to meet most of you over the next few months, and you'll see him at the year end presentation. I think before I even click forward, there's a couple of points that I want to really make clear. The numbers show the momentum in the business. The numbers show the strategy delivering. The numbers show the balance sheet being rebuilt to generate sustainable profitability going forward. We're in a position now where we are now demonstrating the actions we've taken and we're really pleased.

So let me kick off the presentation. So we start here and we'll always start here because the key to making Metro Bank successful, the key to actually making Metro Bank win day in and day out is our colleagues and their focus on the communities in which we operate. By holding dear the values which are the foundations of Metro, it allows us to compete and win on a daily basis. And that service and focus on service quality and the desire to create FANS comes through when you look at the CMA rankings, where we've been number one on the high street since the rankings began. We continue to win awards, be it for mortgages, credit cards, or even our current account proposition. We continue to grow customer numbers and we continue to do things in our local communities that keep us local. The key to winning as a community bank is staying local, and that's what we do. And the way we win is through exemplary customer service that is still disruptive in UK banking.

Now we've been asked this question repeatedly, so if the model works, when do you start making money? We reach break even during quarter one of 2023. And again, just in case you missed it, we repeated it on the slide. So we're saying it twice, once as the header and once in the blue box. We will reach monthly break even during quarter one 2023. And the way we do that is pretty straightforward. It's having built a balance sheet that generates more lending yield and being disciplined around cost of deposits, which expands NIM, which allows us to generate enough revenue to cover our costs. We always said this was about growing into our skin. We always said this was about how we generate more revenue for every risk adjusted pound of capital and that's what we have successfully done. So you can see lending yield increasing to 356 basis points, you can see cost of deposits even after the rate rises being 15 basis points in quarter two. You can see the metrics down below where over the last couple of years we've increased NIM by 76 basis points, we've increased lending yield by almost 100 basis points, and we've brought down the cost income ratio by 34 percentage points. On the right hand side, the way we've done that is we've changed the lending mix significantly, having grown consumer from pretty much nothing to 10% of our lending book, having grown government-backed lending from 5% to 12%, having shrunk the commercial book slightly and shrunk mortgages slightly. That's allowed us to generate the graph on the bottom. And again, the team humours me a little bit with this graph, but fundamentally it's interest income divided by risk weighted assets. So it is a proxy for return for every pound of risk weighted assets and we've grown that by 260 basis points, 260 basis points in a little over two years. That is what leads us to be able to grow NII by 12% half on half and 35% year on year. It allows total revenue to grow by 8% half on half and 31% year on year. It is that focus on generating as much revenue as we can for every pound of risk weighted assets that allowed us to get the jaws on the left and get the slope of the line on the right. In addition to being focused on the assets side, we've been very focused on the liability side. So the doughnut in the upper right, we have significantly shrunk our fixed term deposit book. The mix of our deposits are now very much focused on current accounts and demand savings accounts and that allows us to have a relatively low cost of deposits, which again helps the jaws to allow us to get to break even. So this isn't a one off jiggery pokery, this isn't some magic trick, this is good old fashioned banking, good old fashioned community banking where we're building a balance sheet that's appropriate for the business we run, both on the liability side and on the asset side.

The five pillars. Again, I think the five pillars are relatively straightforward. They will stay the five pillars as we move forward. I think broadly, every bank and pretty much every business should be focused on these five pillars. We continue to make progress against all five of the pillars. On cost, you'll see later costs are actually down half on half and year on year. We've made some real progress on the infrastructure be it around financial crime or other activities. Revenue growth, as I've said, is quite strong. I think our communications, both internally and externally, are significantly enhanced. And balance sheet optimisation, again, it is not easy to change the mix of a balance sheet the way we have it. It's not easy to expand margin as much as we have. It is not easy to change the risk adjusted return on regulatory capital as much as we have. We've worked very hard to optimise the balance sheet we have.

And again, the KPIs, relatively straightforward. I would draw your attention to the second from the left on the bottom row. Net interest margin is up 45 basis points in a year. It's up 22 basis points in a half. It is going really well. And if you look at the KPI next to it, the underlying loss before tax, we've cut it by more than half. So it's down 56% year on year and down about 22% half on half. The progress in the business I think is relatively self-evident. I do know people's eyes will be drawn to customer deposits being flat because I do know it's a way that the prior management would talk about the success of the business. Actually, when we come on to customer deposits in the next slides, I'll spend a bit more time on it because actually the fact that it's flat is covering up an extremely strong story.

So deposits. So we have grown current accounts by 15% year on year. So while deposits are flat, it's because we have exited the fixed term savings market for all intents and purposes, and shrunk that business while in turn growing current accounts and in a rising rate environment that leads us to be able to expand NIM in a way that folks who don't operate current accounts can't do. So the value of our current account franchise, the value of the stores, the value of the model increases dramatically as rates come off the bottom as long as we remain disciplined about deposit pricing, which we have. Lending. So one of the other things we've done extremely well is change the mix of our lending portfolio. So the upper left shows that mix change over time and the growth in consumer. It shows that we've shrunk commercial a bit and mortgages a bit. And again, repeating on the upper right, you'll see lending yield increasing by 100 basis points and you see the risk adjusted return increasing by 260 basis points. The bottom left is slightly distorted because actually it's kind of a net movement. We've done a fair amount of new originations on mortgages, but we've had obviously some attrition, as one does. I think you will see lending movement in the second half of the year be stronger than the first half of the year. We think year on year loan growth will be upper single digits to potentially low double digits. That will be driven by the fact that mortgages had an extremely strong second quarter. Applications for mortgages were up 87% second quarter versus first quarter, and they were up 133% second quarter versus fourth quarter of 2021. We have more than doubled application activity from the fourth quarter and again, we're quite pleased with the margins we're now seeing in the mortgage business. We're quite pleased we save some RWA headroom to be able to take advantage of the dislocation occurring in the mortgage market as we speak. The consumer loan business continues to go from strength to strength. It is a fintech embedded within the bank. It is very technologically capable and it's been averaging about £105 million a month of originations, all of high quality with an approval rate that's less than a third.

The deposit discipline combined with the asset mix shift, the discipline around pricing around mortgages, allows us to get to this kind of revenue growth. So if you just take a look at the NIM bridge and you take a look at the second half of 20 and adjusted for the mortgage sale, we started the second half of 2020, the start of 2021 with a 97 basis point net interest margin. There's not a bank in the world that can make money at a 97 basis point net interest margin. We've taken that 97 basis points in over a couple of years, not even 18 months, we've managed to expand it from 97 basis points to 173 basis points. That's a 76 basis point increase in net interest margin, it's down to the repositioning of the balance sheet and the discipline around deposit pricing. It's a lot of hard work and a lot of graft to make that happen. It is not rates. It is not the movement in rates. Some of that will bleed through and provide more momentum as we move forward. It is down to the hard work of changing the lending mix and being disciplined around deposit pricing. Fees on the bottom left have recovered, their flat half on half broadly, up significantly year on year. And fees again are driven by activity levels, as we've seen activity levels increase, the reality is fees increase with activity levels.

Costs. So we said at year end that we would actually reduce costs this year, which I think might be the first year in the history of Metro that we actually reduce costs year on year. The reality is, in the first half we reduced costs 3% year on year and 2% half on half. And again, there were no big one offs. That was just running staffing levels a little thinner. It was doing some property transactions that made some sense. It was doing what we needed to do to reduce costs. We anticipate costs reducing further as we get into the second half of the year. And again, we expect year on year to be down low single digits as we guided. I will say we're seeing some pressure as we go into 2023 and I would expect costs to be flat to slightly up as we start to move into 2023. The inflationary pressures eventually bleed through into the P&L and we've always talked about this being a revenue story, not a cost out story. And I think if you look at the doughnut on the bottom right, the reality is, is that a huge proportion of our costs are human beings and systems and stores. We need the human beings because we're a regulated business. The systems and stores are key to providing the service quality that allows us to stay number one in the CMA rankings for high street banks. All of that fits together to create a cost base that really is broadly fixed. And I don't anticipate meaningful reductions in the cost base. What I do anticipate is that the denominator in the cost:income ratio in the upper right will continue to grow. The pace at which we're growing revenue significantly outpaces what is reducing costs or flat costs on our overall cost base. So you see the cost income ratio in the upper right. We've gone from 147% down to 113%. That is huge progress, mainly driven by discipline around costs to hold them flat and growing revenue significantly. The width of our jaws is the path back to break even.

The ECL slide. There's not much to say on here. I think whenever you see an ECL and asset quality slide that doesn't have many bullet points on it, it's a good sign. So at the end of the day, you'll see we have one bullet point on here and it just basically tells you that the majority of the provision in the first half of 2022, which we show in the walk in the bottom left, is down to the fact that we're growing our consumer lending business. Under IFRS 9, we have to provide upfront, we provide up front as we generate new volume. As we grow that business, we have to create new provisions. As that business gets to be its natural size and new originations equal run off. Obviously the burden on provisions reduces as the run off equals new originations. I would like to say what every other I think bank has said through the reporting cycle so far. We are seeing no signs of credit stress yet anywhere in our portfolio, no early delinquency, no issues whatsoever we're seeing. In the bottom right, you'll see non-performing loans are down significantly year on year. They're down and retail mortgages are down and commercial and consumer are broadly flat, up slightly, which is just a seasoning of the portfolio, and overall, they're down by almost 100 basis points. We have held provisions. We've not done significant releases last year and we've not done significant releases in the first half of this year. I think it puts us in a good place with our coverage ratios and puts us in a good place with our post-model overlays and our post-model adjustments to give us some flexibility as we move forward.

Capital. Again, I think one of the things we've done really, really well is manage our capital stack. I know this creates difficulty for people. I know that people get concerned about us operating within buffers. I want to be clear we are comfortable operating within buffers. We believe the regulator understands our position and is comfortable with us operating within buffers, and we will continue to operate within buffers until we can get access to debt capital markets. We are making progress on our AIRB application, as I used the analogy at year end and I'll use it again, it's like playing tennis. They hit the ball back to us, we hit the ball back to them. We do a bit of work, they do a bit of work, and eventually we will get to the resolution we hope to achieve. But the reality is, I don't know if it's a five set tennis match or a four set tennis match or a three set tennis match. I do not yet know when we will get to it. It is not within my gift to be able to pick a timeline. All we can do is play the game as well as we can. And we put a ton of effort and a ton of energy into preparing high class materials and doing high quality modelling. That puts us in a good position in the conversations with the regulator, and it'll come when it comes. Our current requirements have been reduced. You have seen we got a Pillar 2A offset from the regulator. I think it's a sign from the regulator about their belief in the turnaround, about their belief in the quality of our balance sheet, about the belief and the credit quality of our consumer and mortgage lending that allow them to be comfortable to provide us a bit of Pillar 2A relief. And the Resolution Directorate was kind enough to accelerate our end state MREL to match our interim MREL.

This slide we will spend some more time on year end. But for now, the bit I don't want people to lose is there is a lot of momentum in the business, but there are a lot of things we're constrained from doing because we have to manage capital as aggressively as we have to manage capital. Yeah. So there's further upside on rates, there's further upside on mortgage applications, as we talked about. There's further upside on consumer lending as that book continues to grow. We're launching auto lending in quarter four, which will be quite successful. We're pretty confident in the processes we built and we've launched a digital SME product that seems to be really well received. But we are throttling growth in our commercial business and our regional commercial business. And while we're stretching our legs in invoice finance and asset finance, there's more we could do in that space. There are businesses on the asset generating side that we could unleash and will unleash once we have access to debt capital markets. And the liability engine continues to produce. The fact that we grew current accounts 15% year on year is a sign of the quality of our liability engine. We do have commitments under BCR to open further stores up north. We're revisiting those decisions now. We're figuring out where they would be, what the stores would look like. What I can tell you is whatever we do, we will live within our means. We do not anticipate doing an equity capital raise and we believe we can fund the growth going forward. The upper right is rate sensitivity. Again, we have £9 billion sitting in the Treasury portfolio. If you exclude cash, durations a little over two years. The reality is, as that cash rolls back in year two and year three. the reality is rate rises are very beneficial for us. And some of that's coming marginally through the P&L now because we're still in the early stages of those rate rises. But as we get into next year and the year after, there is clearly wind in our sails.

Outlook and guidance. We're reaffirming what we said at year end. I think we've done a really nice job of delivering across all of it, margin in particular, the exit run rate for NIM was 156 basis points. We posted a 173 basis points NIM for the first half and our exit run rate for NIM was closer to the mid to upper one eighties. The only number that's slightly challenging is the exceptional line being less than 20% of last year. We had a write off of a system in the first half of the year that made exceptions a bit higher. We're still confident we can get the overall exceptional line to come in below 20%. And on the right, I just can't say this strongly enough. There is a clear path to profitability. We will be profitable in the first quarter of 2023. And that monthly break even isn't predicated on AIRB occurring and it's not predicated on significant rate rises. We have forecast broadly flat rates and not having AIRB and we still get to break even in the first quarter of 2023. And it's all because of the balance sheet we built, the discipline on deposit pricing and the margin expansion by changing the mix of lending. So with that. I'm happy to take questions.

Q&A

Benjamin Toms

Morning. And thank you very much for taking my questions. Forgive me please, can you walk through some of the more details on your assumptions in relation to the assertion of being profitable on a monthly basis in Q1 2023? You mentioned rate rises, but can you just give some colour on the assumption on deposit betas and whether the assumption is that this is on a reported or an adjusted basis? And then secondly, in relation to NIM, can you give us a feeling of where you think the exit rate for NIM could be by the end of this year? Thank you very much.

Daniel Frumkin

Yeah, sure, Ben. Thanks for the question. So we have rates built into the forecast that gets us to break even that the Bank of England base rate will be 1.4% at the end of the year. And that rate rise, which is a bit odd because a 15 basis point rate rises isn't actually going to happen. But fine it's what we modelled and that rate rise would occur in December. So we had basically flat rates from here that gets us to break even. In terms of the beta that we use for our asset sensitivity, we still use a 60% beta. But the reality is, as you can tell from our cost of deposits, we've not come close to a 60% beta in the first 110 basis points movements, 115 basis points of movements from 10 basis points to 125 basis points. So we continue to model 60% beta, but we hope to be able to beat that as we move forward. And in terms of NIM forecast for the end of the year, again, exit run rate was closer to 185 / 186 basis points than the 173 basis points. And we think there's some more momentum in that number, but we're not guiding to what that will be Ben.

Benjamin Toms

Thank you. Just to clarify on the profitability point, is that on an adjusted or reported basis reported.

Daniel Frumkin

On an underlying basis. Thanks.

Grace Dargan

Morning. Thank you for taking my questions. And maybe just a follow up on the profitability. I appreciate the macro uncertainty, but if things progress as economists currently predict, would you then expect to be profitable on a monthly basis throughout all of full year 2023 and onwards? And then secondly, just on the asset quality of unsecured consumer, completely understand the point about day one ECL charges, but also looking at your stage coverage ratios. So your Stage 3 coverage ratio for unsecured has increased. Stage 1 and 2 have decreased. I guess why is this and is there something you're particularly concerned about or you're seeing in your Stage 3? Thank you.

Daniel Frumkin

Good questions. Good questions. Grace, thank you so much for taking the time. So in terms of the stage three provisions, we did have a consumer back book. There was a bit of lending we did through another provider and we did ourselves, which is maturing through the cycles and rolling through. It's not the RateSetter book that that we're having those issues with and overall we're not actually, it's in run off, it's a small book and we're in pretty good shape actually. I think the quality of that book is holding up well it's really we did some loans through another provider not RateSetter and those loans are just maturing we're getting to the tail end of that so we're left with kind of a few problem credits. What was the first question again Grace?

Grace Dargan

So whether you think that monthly profitability could hold throughout all of 2023 if kind of the macro evolves as we currently expect, appreciate there is uncertainty.

Daniel Frumkin

Yeah, so great. Listen, I think I forgot your question on purpose actually, now that you've asked it. So this is the biggest debate we've had probably internally. We've had it at the board, we had it amongst the executive. And we just, the level of uncertainty about what the second half of 2023 looks like from a macro perspective makes us really unwilling to commit. So we have built a sustainably profitable business there. This is not one offs. This is about building a balance sheet that generates enough margin to pay for our cost. So assuming the ECL line doesn't bounce around or become overly problematic because of a macro event, or that our fee income doesn't drop dramatically because we go through another lockdown, or people have decided, given the inflationary pressure, they're going to stop sort of basic activity levels. You know, we just don't know. I mean, we just don't have enough confidence in the macro environment to be able to forecast what the rest of 2023 is going to look like. But there's nothing in the balance sheet that gives us cause for concern that we're not building a sustainable model. Yeah.

Grace Dargan

Okay. Thank you.

Perlie Mong

Hi, good morning and thanks for taking my question. So your NIM obviously is very strong this quarter, 173 basis points. Just wondering, just expanding a bit on that, just how much of that is the benefit from the rate rise? Because if I look at your sensitivity table, it's sort of very little in year one, but with a sort of half of your funding base being deposits, you would imagine some of it probably is from rate rises. Just wondering sort of orders of magnitude, where are you in terms of that? And then secondly, sorry to ask this again, but, and definitely hear you on, you know, timing of the market off, it’s not something you can control. But, you know, if the environment continues to be a little bit choppy in the debt market, then what are the options that you are thinking of? Is it going to be asset sales? Is it going to be slowing down growth potentially to make sure that you don't go below, say, 17% MREL.

Daniel Frumkin

Yeah. Okay, great. Two really good questions. So there's a NIM bridge on page seven of the of the slide deck. And you can see a lot of the pickup is in lending yield, which is a bit of repricing, but also a bit of the mortgage market getting ahead of us. You also see that we pick up a little bit on lending mix. And the Treasury yield of sort of that 5 basis points is really what we've seen in the early stages of the rate rises. Because you're right, we're less asset sensitive in year one than we are in year two and year three. So the majority of the NIM pick up has been good old fashioned changing the nature of the balance sheet. I think if you go into the half year results and take a look at the interim and you go to footnote two. I think footnote two is really good, , sorry, I’ve got to flip to it and I'll give you the page number when I get there. Footnote two gives you a pretty good split of how we're generating interest income, and it will give you a pretty good idea of what is related to the base rate increases versus the graft of doing. So if you take a look at, sorry, I'm getting there. If you go to take a look at page 36 and you look at footnote two, footnote two gives you interest income. And if you take a look at the interest income on cash and investment securities, you see investment securities is up about £12 million and cash is up about £7 million. So that's about £19 million up. But you need to offset it with the increase in cost of deposits from central banks, which is up about 11 million. So we've definitely had some benefit from the rising rate environment. But the reality is, is that the majority of the NIM uplift is because we've changed the asset mix and we're getting better pricing on mortgages. And then in terms of the environment, I think you're spot on. I don't know when we get access to capital markets and I don't know when the yield to maturity start to adjust and recognise the viability of the franchise. But if that doesn't occur in a timely fashion, then we would do exactly as you said. We would either slow asset growth or more likely start to do some securitizations and or asset sales to manage the balance sheet more aggressively.

Perlie Mong

Very clear. Thank you.

Daniel David

Good morning. Thanks for taking my questions. I’ve just got a couple on capital. I'm just wondering if you can give us a bit more detail on the Pillar 2A reduction. I guess when I look at comparative Pillar 2A’s your quite a lot below some of the UK peers. And just any more information you can give us on what caused that reduction? It would be interesting to hear. And then secondly, just I guess this probably answered somewhat in the previous question, but pick up the bullet point on slide ten, which says with breakeven approaching, loan growth is expected to absorb capital rather than losses. So are we right to kind of read that the capital will stay at the same sort of level in the next couple of years. And in the short term and any kind of boost to capital in MREL will be driven by debt market activity whenever that becomes available. Thanks.

Daniel Frumkin

Two really good questions, Daniel. And thanks for taking the time. So in terms of the Pillar 2A offset, it came about through general discussions with the regulator. We didn't really, I mean, at some point we did ask for it, but they had done the work on our balance sheet. They'd taken a look at our lending portfolios. And, you know, the reason you get a Pillar 2A offset and other banks have achieved it is because actually the standardised method creates too much capital and therefore they reduce Pillar 2A, because the nature of your balance sheet is conservative enough that they think when you run the math on the capital charges under standardised basis that there's room to be able to provide some relief. I do fully acknowledge our Pillar 2A is below other financial organisations. I think it's the nature of our balance sheet that it's quite conservative. I mean I know we're growing it, but it's mainly a mortgage balance sheet with a pretty good, high quality consumer lending book and a pretty conservative commercial book. So at the end of the day, you know, our average debt to value on our mortgage book, and average debt to value on our commercial book is still quite low. It's in the mid fifties on both of them. I think it's the conservative nature of our balance sheet that got them comfortable. But I would say, Daniel, that I think it's unusual and I'm genuinely appreciative of the regulator's efforts on our behalf for them to provide Pillar 2A relief during the middle of a turnaround. So I do think at a personal level and I might be slightly delusional, but I think at a personal level I am really pleased that they had enough confidence in the turnaround plan and enough confidence in the leadership team and enough confidence in the governance structures, including the board, to feel comfortable that the turnaround plan was going to deliver. And I think it's a real statement of belief. In terms of loan growth, I couldn't have said it better, Daniel. So the reality is, is that where we are at the moment is that we are going to run capital tight to maximise the amount of lending we can do to try to generate as much earnings as possible out of the limited amount of capital we have. So even if and when we got AIRB, the reality is, is the capital that AIRB frees up will be reinvested into additional lending to generate additional earnings, to grow profitability and generate enhanced returns for all stakeholders. We will continue to operate within buffers for the foreseeable future based on that strategy until debt capital markets reopen to us and are willing to price the debt at something reasonable. Now, based on conversations with various fixed income investors, we think we need to get to break even and we need to get AIRB before they will genuinely consider lending to us at reasonable rates. That's fine. I think that's a reasonable thing for them to say. We would hope to be able to get AIRB and we would hope to be profitable as we've stated. And then we will have discussions about when debt capital markets open. But we will continue to operate within buffers and we'll continue to operate reasonably deeply in buffers to maximise the profitability of the franchise within the capital constraints we have.

Daniel David

Thanks. And maybe just a follow up on it and link the two, is there any read across to be made between the Pillar 2A cut and AIRB approval, anything there?

Daniel Frumkin

No. Daniel. So, I do know some people have written that and I don't see it. It wasn't discussed. It's not in the letters we've received. It's not in the discussions. They really are slightly disconnected. Yeah. And so I don't know. I mean, we get a new capital guidance from the regulator every year. We go through ICAAP process with the regulator, we go through an ICAAP process internally, we go through a CSREP process with the regulator. They determine Pillar 2A at their discretion.

And as we go through this process it could go up, it could go down. I have no idea. But there's no direct linkage that I'm aware of.

Daniel David

Understood. Thanks a lot.

Daniel Crowe

Hi there, good morning. Thanks for taking the call. I was just wondering if you could give a bit of guidance on your core RWA into the second half of the year as obviously your asset mix is changing a little bit and we're seeing growth there. And then I guess as a follow on from that, with the CCyB coming through later in the year, capital will look quite tight at the Tier 1 level. And so is there any assumption on the profit break even next year, if you had to do some asset sales, as you said, to manage capital?

Daniel Frumkin

Yeah. So listen, Daniel, two really good questions. And listen, we think the thing that's creating capital strain for us now, interestingly, is less the losses and more the growth on the asset side, which is a great place to be. Let's not kid ourselves. The fact of the matter is, is that, you know, we're now getting to a point where we're operating, you know, will be operating near break even, at break even by the time we get to quarter one of 2023. That means the capital bleed from the underlying operations has kind of gone away. The problem we have is that we use up capital because we're actually growing the lending side of the balance sheet. That means we'll have to do certain things because we can't breach regulatory minima. So regulatory minima for us is 17%. And we will do what we need to do to stay above that number. And if that means we have to securitise some assets or sell some loans, we will do that. The good bit that wasn't the case two years ago is we have now asset generating engines that really are quite spectacular. So, even if we begin to securitise unsecured or we sell a bit of mortgages, we have enough pipeline to be able to refill those numbers kind of at pace. So we're pretty confident in the earnings trajectory of the organisation even with our need to be able to manage the capital stack pretty aggressively. In terms of the CCyB, I don't mean to be flippant because I do really appreciate the discretion we're given by the regulator to operate within buffers. But honestly, it's just another buffer. So we will just be operating within buffers and it can just be added to the total of buffers we're operating within. I think, I don't think there's much else to say about the CCyB it's just going to change and in terms of buffers, because I do know this has come up, and I do know another analyst who's raised it, I've not been given any comment by the regulator that what type of buffer we're operating in matters. So, if it's the Tier 1 buffer or if it's the CET1 buffer or if it's the total MREL buffer, it's a buffer and we'll operate within them. And as long as we can demonstrate to the regulators there is a path forward and that it's a viable business, I don't think it matters what buffer we're in.

Daniel Crowe

Thanks. And I guess from what you're saying, the regulator isn't pressuring you for MREL until you can actually issue.

Daniel Frumkin

So far I think the regulator has been very supportive because a bit like this presentation, listen, you win the right for the regulator to be supportive, and you win the right for the regulator to be supportive by delivering every day and doing exactly what you said you're going to do. I think by now, if people can't see in the numbers that we've done exactly what we said we were going to do, I don't know what else we need to do. So the regulator has confidence in the business plan of Metro. It has confidence in our ability to deliver that business plan. And as long as those two things are true, the regulator will remain supportive.

Daniel Crowe

Okay, thank you.

Daniel Frumkin

Thank you so much. Listen, I just want to thank everybody for the time today. I really appreciate it. I know it's a very busy day and thank you for making the time. And again, just to close where we started, you know, there is very clear path back to break even. We now are guiding that we will be operating at break even in quarter one of 2023. And it's done through good old fashioned banking by expanding margin and changing the nature of the balance sheet. So thank you all for the time. And everybody, have a great day.